



U.S. SECURITIES AND  
EXCHANGE COMMISSION

FISCAL YEAR 2018

# Congressional Budget Justification Annual Performance Plan

FISCAL YEAR 2016

# Annual Performance Report



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## ABOUT THIS REPORT

The Congressional Budget Justification (CBJ) is the annual presentation to Congress that justifies the U.S. Securities and Exchange Commission's (SEC) budget request. This report also includes the Annual Performance Plan (APP) for fiscal year (FY) 2018 and the Annual Performance Report (APR) for FY 2016, focusing on the agency's strategic goals and performance results. This report provides information that satisfies requirements contained in the following laws and regulations listed below.

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

An electronic version of this document and its components is available at [www.sec.gov/about/offices/ofm/ofm-documents.htm](http://www.sec.gov/about/offices/ofm/ofm-documents.htm). To comment on the SEC's FY 2018 CBJ and APP and FY 2016 APR, email [PerformancePlanning@sec.gov](mailto:PerformancePlanning@sec.gov).

# Agency and Mission Information

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## Executive Summary

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The U.S. Securities and Exchange Commission (SEC) is pleased to submit its budget request for fiscal year (FY) 2018. The SEC is requesting \$1.602 billion in support of 4,543 positions and 4,542 full-time equivalents (FTE) for FY 2018. This requested budget level is essentially flat compared to the FY 2017 level and contemplates continued access to the Commission's Reserve Fund to fund long-term capital investments in information technology.

The SEC remains steadfastly devoted to our core mission—protecting investors, maintaining fair and orderly markets, and facilitating capital formation—which is the foundation of everything we do. With the exceptional work and commitment of our dedicated staff, the SEC will continue striving to maintain and expand an environment conducive to capital formation while ensuring investor protection.

As markets have evolved—including as a result of innovation, technology, and globalization—the SEC's responsibilities have continued to grow and become more complex. Currently, the SEC is charged with overseeing over 26,000 market participants, which includes approximately 12,000 investment advisers, approximately 10,000 mutual funds and exchange traded funds, over 4,000 broker-dealers, over 650 mutual advisors, and 400 transfer agents. The agency also oversees 21 national securities exchanges, 10 credit rating agencies, and seven active registered clearing agencies, as well as the Public Company Accounting Oversight Board (PCAOB), Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), the Securities

Investor Protection Corporation (SIPC), and the Financial Accounting Standards Board (FASB). In addition, the SEC is responsible for selectively reviewing the disclosures and financial statements of over 8,800 reporting companies. Of the top 100 public companies in the world, 77 fall under the SEC's reporting requirements.

The FY 2018 request will seek to solidify and maintain progress in key areas, including:

- Using leading technologies to support our economic and risk analysis functions and permit the SEC to better keep pace with the entities and markets we regulate;
- Promoting firms' access to the capital markets to generate economic growth while maintaining investor protection;
- Maintaining our enforcement program's investigative and litigation capabilities to swiftly and effectively pursue wrongdoing, especially retail fraud; and
- Continuing a risk-based focus on examinations of investment advisers and other key entities who interact with retail and institutional investors.

We believe this budget provides sufficient funding to continue meeting our important mission, even in the midst of difficult fiscal realities. Within this overall level, the agency will reallocate funds in order to accommodate some necessary cost increases by identifying offsetting savings. As part of this effort, the SEC will maintain an agency-wide hiring freeze with very limited exceptions for critical positions. We will also accelerate and expand our ongoing efforts to find efficiencies throughout our operations.

The SEC has made progress in modernizing its technology systems, with the benefits of streamlining operations, increasing our use of data analytics, and increasing the effectiveness of its programs. The agency aims to continue this progress with the help of the SEC's Reserve Fund, which has been critically important in our efforts to keep pace with the rapid technology advancements occurring in our regulatory areas as well as meeting the challenges of cybersecurity. Key information technology (IT) initiatives include those listed below.

- Expanding data analytic tools to integrate and analyze the large and ever-increasing volumes of financial data we receive, enabling us to detect fraud or suspicious behavior earlier and allocate resources more effectively.
- Increasing investments in information security to address, as a top priority, the ability to monitor and avoid advanced persistent threats, and to improve risk management and monitoring.
- Redesigning the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system, an ongoing, multi-year effort to simplify the financial reporting process, promote automation, reduce filer burdens, and provide improved access to better data.
- Improving examinations through risk assessment and surveillance tools that will help identify high-risk areas for further examination.

- Enhancing the systems supporting enforcement investigations and litigation to more efficiently handle the substantial volume of materials produced during investigations and litigation.
- Investing further in business process automation and improvement to enhance the efficiency and effectiveness of the agency in serving the public.

In addition to our request of \$1.602 billion, the SEC is requesting funds necessary for the buildout of a new headquarters building, should such a new building be the winning alternative in a competitive procurement process to be conducted by the General Services Administration (GSA). GSA estimates those costs would equal approximately \$245 million. According to GSA's current schedule, a new lease will be awarded in FY 2018. None of these funds would be used for the operations of the SEC, and the proposed appropriations language provides a mechanism whereby any unused portion of these funds would be refunded to fee payers.

It is important to note that the SEC's funding is deficit-neutral, which means that any amount appropriated to the agency will be offset by transaction fees and therefore will not impact the deficit or the funding available for other agencies.

# Mission, Vision, Values, and Goals

## MISSION

The mission of the SEC is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

## VISION

The SEC strives to promote a securities market that is worthy of the public's trust and characterized by transparency and integrity.

## VALUES

Integrity  
Excellence

Accountability  
Effectiveness

Teamwork  
Fairness





## Strategic Goals and Objectives of the FY 2014–2018 Strategic Plan

Strategic Goal 1: Establish and maintain an effective regulatory environment

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

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

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

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

Strategic Goal 2: Foster and enforce compliance with the federal securities laws

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

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

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

Strategic Goal 3: Facilitate access to the information investors need to make informed investment decisions

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

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

Strategic Goal 4: Enhance the Commission's performance through effective alignment and management of human, information, and financial capital

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

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

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

## History and Purpose

During the peak of the Great Depression, Congress passed the Securities Act of 1933<sup>1</sup> (Securities Act) and the Securities Exchange Act of 1934<sup>2</sup> (Exchange Act), which established the SEC.

These laws were designed to regulate the financial markets and restore investor confidence in U.S. capital markets by providing investors and the markets with reliable information and clear rules to ensure honest dealings. The main purpose of these laws was to ensure the following:

- Companies that publicly offer securities for investment dollars are publically transparent about their businesses, the securities they are selling, and the risks involved with investing; and
- People who sell and trade securities—brokers, dealers, and exchanges—treat investors fairly and honestly, putting investors’ interests first.

The SEC is responsible for overseeing the nation’s securities markets and certain primary participants such as broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges, as well as organizations such as the Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), and Public Company Accounting Oversight Board (PCAOB). Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010<sup>3</sup> (Dodd-Frank Act), the agency’s jurisdiction expanded to include certain participants in the derivatives markets, private fund advisers, and municipal advisers.

The SEC consists of five presidentially-appointed Commissioners—one of whom is designated as the Chairman of the Commission—with staggered five-year terms. Former President Franklin Delano Roosevelt appointed Joseph P. Kennedy as the first Chairman of the SEC.

By law, no more than three of the Commissioners may belong to the same political party. The Commission convenes regularly at meetings that are open to the public and the news media unless the discussion pertains to a confidential subject, such as whether or not to begin an enforcement investigation.

Each year, the SEC brings hundreds of civil enforcement actions against individuals and companies for violating securities laws. The SEC also has long focused on preventing and deterring retail fraud. Examples of infractions are insider trading, accounting fraud, and providing false or misleading information about securities and/or the issuing companies. One of the major sources of information that the SEC relies on to bring enforcement action are the investors themselves, which is yet another reason why educated and informed investors are critical to the functioning of efficient markets.

To help investors stay informed, the SEC offers the public a wealth of educational information on its website at [Investor.gov](http://Investor.gov), as well as through an online database of disclosure documents that public companies and other market participants are required to file with the SEC. These can be found at: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

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1 More information about the Securities Act of 1933 can be found at [www.sec.gov/about/laws/sa33.pdf](http://www.sec.gov/about/laws/sa33.pdf)

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

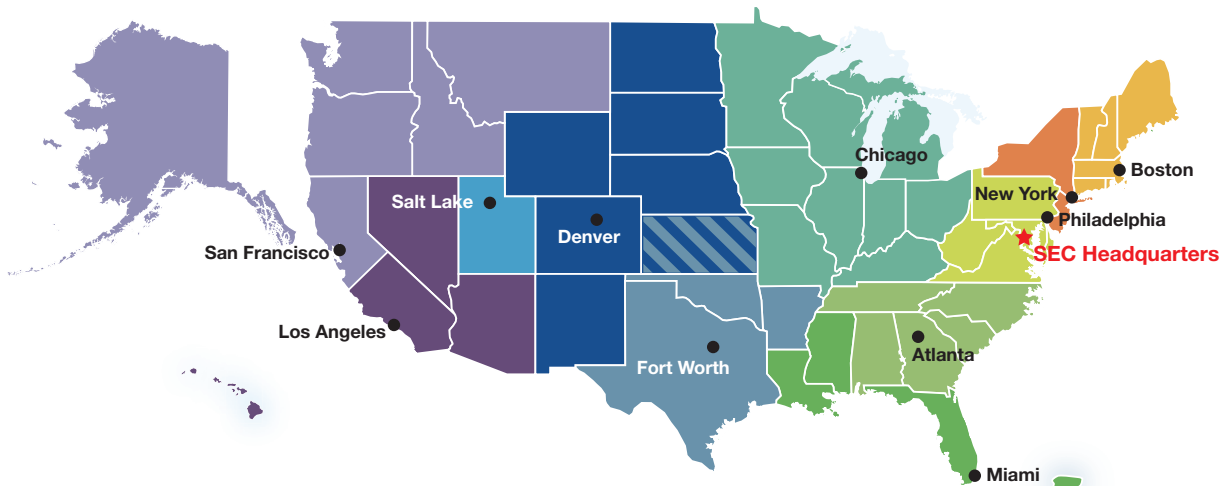
3 More information about the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 can be found at [www.sec.gov/about/laws/wallstreetreform-cpa.pdf](http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf)

# Organizational Structure and Resources

## SEC Office Locations

The SEC’s headquarters are in Washington, DC, and the agency has 11 regional offices located throughout the country. The regional offices are responsible for investigating and litigating potential violations of the securities laws. The regional

offices also have examination staff who inspect regulated entities such as investment advisers, investment companies, and broker-dealers. The chart below illustrates the locations of the regional offices and the areas that are included within each region.



- ★ **SEC Headquarters**
- **Atlanta Regional Office**  
Georgia, North Carolina, South Carolina, Tennessee, Alabama
- **Boston Regional Office**  
Connecticut, Maine, Massachusetts, New Hampshire, Vermont, Rhode Island
- **Chicago Regional Office**  
Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio, Wisconsin
- **Denver Regional Office**  
Colorado, Kansas, Nebraska, New Mexico, North Dakota, South Dakota, Wyoming
- **Fort Worth Regional Office**  
Texas, Oklahoma, Arkansas, Kansas (except for the exam program, which is administered by the Denver Regional Office)
- **Los Angeles Regional Office**  
Arizona, Hawaii, Guam, Nevada, Southern California (zip codes 93599 and below, except for 93200-93299)
- **Miami Regional Office**  
Florida, Mississippi, Louisiana, U.S. Virgin Islands, Puerto Rico
- **New York Regional Office**  
New York, New Jersey
- **Philadelphia Regional Office**  
Delaware, Maryland, Pennsylvania, Virginia, West Virginia, District of Columbia
- **Salt Lake Regional Office**  
Utah
- **San Francisco Regional Office**  
Washington, Oregon, Alaska, Montana, Idaho, Northern California (zip codes 93600 and up, plus 93200-93299)

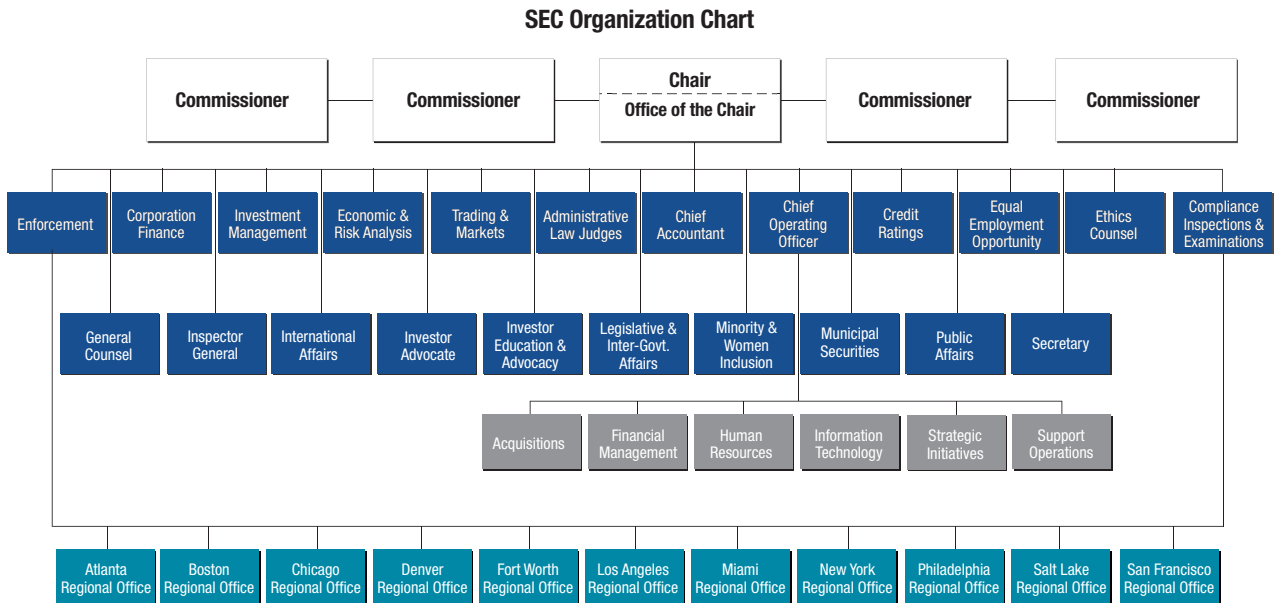
### SEC Organizational Structure

The SEC is an independent federal agency established pursuant to the Exchange Act. It is headed by a bipartisan five-member Commission, comprised of the Chairman and four Commissioners, who are appointed by the President and confirmed by the Senate. The Chairman serves as the chief executive. The agency’s functional responsibilities are currently organized into five divisions and 24 offices, each of which is

headquartered in Washington, DC. The SEC also has 11 regional offices that are comprised of staff from the national enforcement and examination programs.

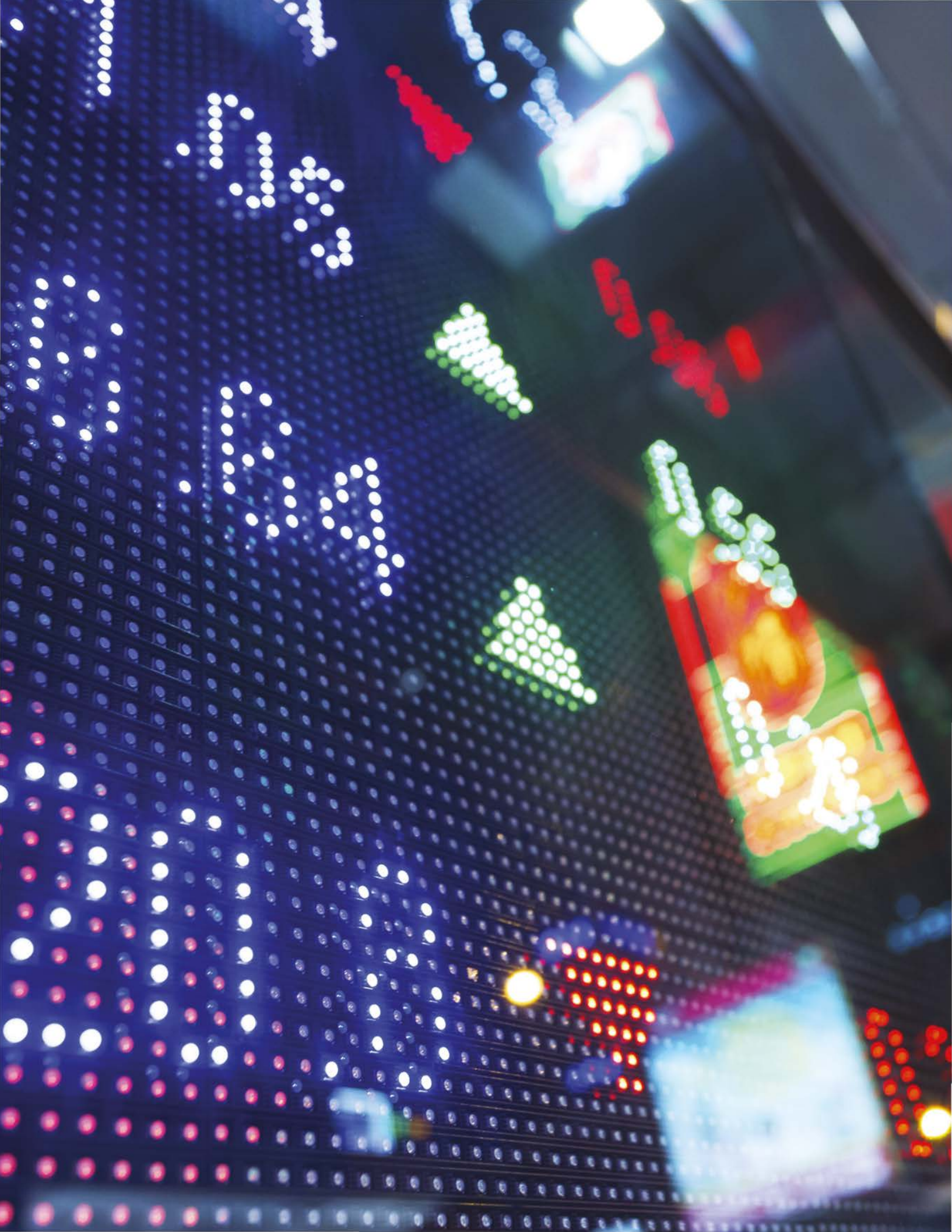
In FY 2016, the agency employed 4,554 full-time equivalents (FTE).

The SEC organization chart below is as of September 30, 2016.



# FY 2018 Budget Request Tables

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## Full-Time Equivalents (FTE) and Positions by Program

	FY 2016 Actual		FY 2017 Annualized CR <sup>1</sup>		FY 2018 Request <sup>1</sup>	
	FTE	Actual Positions	FTE	Budgeted Positions	FTE	Budgeted Positions
<b>Enforcement</b>	1,380	1,440	1,377	1,362	1,343	1,329
<b>Compliance Inspections and Examinations</b>	1,023	1,145	1,069	1,083	1,044	1,055
<b>Corporation Finance</b>	477	506	460	465	448	453
<b>Trading and Markets</b>	258	284	266	269	261	262
<b>Investment Management</b>	183	204	183	183	179	178
<b>Economic and Risk Analysis</b>	151	179	163	166	160	162
<b>General Counsel</b>	138	154	143	144	139	140
<b>Other Program Offices</b>						
Chief Accountant	48	51	48	49	47	48
Investor Education and Advocacy	42	46	44	43	43	42
International Affairs	52	59	54	56	53	54
Administrative Law Judges	13	15	13	14	13	14
Investor Advocate	9	13	10	11	10	11
Credit Ratings	46	50	46	45	45	44
Municipal Securities	7	10	9	10	9	10
Advocate for Small Business Capital Formation	N/A	N/A	0	1	3	6
Total	217	244	224	229	223	229
<b>Agency Direction and Administrative Support</b>						
Executive Staff	35	40	29	38	29	34
Public Affairs	12	13	14	15	14	15
Secretary	23	28	24	26	24	25
Chief Operating Officer	17	18	17	16	17	16
Financial Management	100	107	100	96	98	94
Information Technology	173	185	175	169	172	165
Human Resources	117	129	125	124	123	121
Acquisitions	56	62	57	56	56	55
Support Operations	102	108	101	100	99	98
Strategic Initiatives	12	15	20	18	20	18
Ethics Counsel	17	19	17	17	17	17
Minority and Women Inclusion	8	12	9	9	9	9
Equal Employment Opportunity	11	13	13	14	13	14
Total	683	749	701	698	691	681
<b>Inspector General</b>	44	54	51	54	54	54
<b>Total FTE and Positions</b>	<b>4,554</b>	<b>4,959</b>	<b>4,637</b>	<b>4,653</b>	<b>4,542</b>	<b>4,543</b>

<sup>1</sup> Estimated End of Year Positions for FY 2017 and FY 2018 reflect the effects of an agency-wide hiring freeze. The actual impact to individual organizations may vary.

## Obligations by Object Class

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual <sup>1</sup>	FY 2017 Annualized Continuing Resolution	FY 2018 Request
<b>Personnel Compensation and Benefits</b>			
Total Personnel Compensation (11.0)	\$ 827,604	\$ 853,301	\$ 867,035
Civilian Personnel Benefits (12.0)	286,826	272,055	255,578
<b>Subtotal Cost of Compensation</b>	<b>\$ 1,114,430</b>	<b>\$ 1,125,356</b>	<b>\$ 1,122,612</b>
<b>Other Expenses</b>			
Benefits for Former Personnel (13.0)	564	2,267	2,267
Travel and Transportation of Persons (21.0)	12,924	13,654	10,654
Transportation of Things (22.0)	171	210	210
Rent, Communications & Utilities (23.0)	34,454	37,765	37,765
Printing and Reproduction (24.0)	13,106	3,766	3,766
Other Contractual Services (25.0)	381,923	388,611	363,751
Supplies and Materials (26.0)	2,364	2,462	2,303
Equipment (31.0)	41,342	10,521	9,873
Building Alterations (32.0)	6,695	2,039	1,907
Claims and Indemnities (42.0)	457	978	978
<b>Subtotal Cost of Other Expenses</b>	<b>\$ 493,999</b>	<b>\$ 462,273</b>	<b>\$ 433,473</b>
<b>Subtotal, Obligations</b>	<b>\$ 1,608,429</b>	<b>\$ 1,587,629</b>	<b>\$ 1,556,085</b>
Budget Authority used to Liquidate Prior Obligations for Deficient Leases, per an October 3, 2011, Report from the Comptroller General	73,453	74,320	70,915
<b>FY 2018 Total Budget Authority</b>	<b>\$ 1,681,882</b>	<b>\$ 1,661,949</b>	<b>\$ 1,627,000</b>
Less: Anticipated Recoveries of Prior Budget Years Obligations			(25,000)
<b>FY 2018 Appropriation Request for SEC Operations</b>			<b>\$ 1,602,000</b>
<b>GSA Estimate of Potential Buildout Costs Associated with New Headquarters Lease Replacement (BOC 23.0)</b>			<b>\$ 244,507</b>

<sup>1</sup> The FY 2016 actual obligations differ from those shown in the President's budget because they include only FY 2016 activity.



## Strategic Goal and Program

(DOLLARS IN THOUSANDS)

SEC Program	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request				FY 2018 Request
			Goal 1 Effective Regulatory Environment	Goal 2 Enforce Securities Laws	Goal 3 Facilitate Access To Information	Goal 4 Align & Manage Resources	
Enforcement	\$ 528,973	\$ 517,905	\$ 5,075	\$ 482,105	\$ -	\$ 20,299	\$ 507,479
Compliance Inspections and Examinations	349,091	346,211	3,408	323,764	3,408	10,224	340,804
Corporation Finance	158,173	149,942	25,117	1,478	110,812	10,342	147,750
Trading and Markets	89,663	86,778	41,227	21,472	23,190	-	85,889
Investment Management	60,649	61,406	23,755	17,055	18,882	1,218	60,911
Economic and Risk Analysis	70,782	70,559	28,959	24,132	9,653	6,205	68,950
General Counsel	48,518	48,925	8,691	28,488	1,449	9,657	48,285
Other Program Offices	82,299	82,250	20,762	28,353	28,268	4,848	82,231
Agency Direction and Administrative Support	206,529	207,074	6,414	2,848	15,350	171,429	196,040
Inspector General	13,750	16,581	-	-	-	17,747	17,747
<b>Subtotal</b>	<b>\$ 1,608,429</b>	<b>\$ 1,587,629</b>	<b>\$ 163,409</b>	<b>\$ 929,694</b>	<b>\$ 211,012</b>	<b>\$ 251,970</b>	<b>\$ 1,556,085</b>
Budget Authority used to Liquidate Prior Obligations for Deficient Leases, per an October 3, 2011, Report from the Comptroller General	73,453	74,320	-	-	-	-	70,915
<b>FY 2018 Budget Authority</b>	<b>\$ 1,681,882</b>	<b>\$ 1,661,949</b>					<b>\$ 1,627,000</b>
Less: Anticipated Recoveries of Prior Years Obligations							(25,000)
<b>FY 2018 Appropriation Request for SEC Operations</b>							<b>\$ 1,602,000</b>
Potential Buildout Costs Associated with New Headquarters Lease							244,507

## Summary of Changes

<i>(DOLLARS IN THOUSANDS)</i>	Positions	FTE	Amount
<b>FY 2017 Continuing Resolution (Annualized)</b>	<b>4,653</b>	<b>4,637</b>	<b>\$ 1,661,949</b>
<b>FY 2018 Base Changes</b>			
Annualization of Prior Year Staffing Actions	—	(38)	(9,742)
Impact of Continuing Hiring Freeze in FY 2018	(110)	(57)	(14,612)
FY 2018 Pay Raise, 1.9% Effective January 2018	—	—	22,149
Merit Pay and Other Increases for Eligible Staff	—	—	34,461
Base Adjustments	—	—	(67,206)
<b>Subtotal, Base Changes</b>	<b>(110)</b>	<b>(95)</b>	<b>(34,950)</b>
<b>FY 2018 Budget Authority</b>	<b>4,543</b>	<b>4,542</b>	<b>\$ 1,627,000</b>
Less: Anticipated Recovery of Prior Fiscal Years Obligations			(\$25,000)
<b>FY 2018 Appropriation Request for SEC Operations</b>	<b>4,543</b>	<b>4,542</b>	<b>\$ 1,602,000</b>
<b>GSA Estimate of Potential Buildout Costs Associated with New Headquarters Lease</b>			<b>\$ 244,507</b>

*Note: These figures include amounts in FY 2017 and FY 2018 necessary to liquidate prior obligations on deficient leases.*

# FY 2018 Appropriations Language

For necessary expenses for the Securities and Exchange Commission, including services as authorized by 5 U.S.C. 3109, the rental of space (to include multiple year leases) in the District of Columbia and elsewhere, and not to exceed \$3,500 for official reception and representation expenses, \$1,602,000,000, to remain available until expended; of which not less than \$14,748,358 shall be for the Office of Inspector General; of which not to exceed \$75,000 shall be available for a permanent secretariat for the International Organization of Securities Commissions; and of which not to exceed \$100,000 shall be available for expenses for consultations and meetings hosted by the Commission with foreign governmental and other regulatory officials, members of their delegations and staffs to exchange views concerning securities matters, such expenses to include necessary logistic and administrative expenses and the expenses of Commission staff and foreign invitees in attendance including: (1) incidental expenses such as meals; (2) travel and transportation; and (3) related lodging or subsistence.

In addition to the foregoing appropriation, for costs associated with relocation under a replacement lease for the Commission's headquarters facilities, not to exceed \$244,507,052, to remain available until expended.

For purposes of calculating the fee rate under section 31(j) of the Securities Exchange Act of 1934 (15 U.S.C. 78ee(j)) for fiscal year 2018, all amounts appropriated under this heading shall

be deemed to be the regular appropriation to the Commission for fiscal year 2018.

*Provided*, That fees and charges authorized by section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) shall be credited to this account as offsetting collections: *Provided further*, That not to exceed \$1,602,000,000 of such offsetting collections shall be available until expended for necessary expenses of this account and not to exceed \$244,507,052 of such offsetting collections shall be available until expended for costs under this heading associated with relocation under a replacement lease for the Commission's headquarters facilities: *Provided further*, That the total amount appropriated under this heading from the general fund for fiscal year 2018 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2018 appropriation from the general fund estimated at not more than \$0: *Provided further*, That if any amount of the appropriation for costs associated with relocation under a replacement lease for the Commission's headquarters facilities is subsequently de-obligated by the Commission, such amount that was derived from the general fund shall be returned to the general fund, and such amounts that were derived from fees or assessments collected for such purpose shall be paid to each national securities exchange and national securities association, respectively, in proportion to any fees or assessments paid by such national securities exchange or national securities association under section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) in fiscal year 2018.

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## A Reader's Guide to SEC Performance Information

The following chapters comprise the agency's FY 2016 APR and FY 2018 APP, which explain how the SEC uses resources to achieve each of its four strategic goals. These strategic goals, strategic objectives, and performance goals and indicators were developed as part of the Strategic Plan process for FY 2014–2018.

The following is a brief description of each of the major components of the performance section.

**Strategic Goal Summary:** Each strategic goal section opens by reviewing the purpose of the goal, followed by information identifying the resources allocated toward achieving the goal.

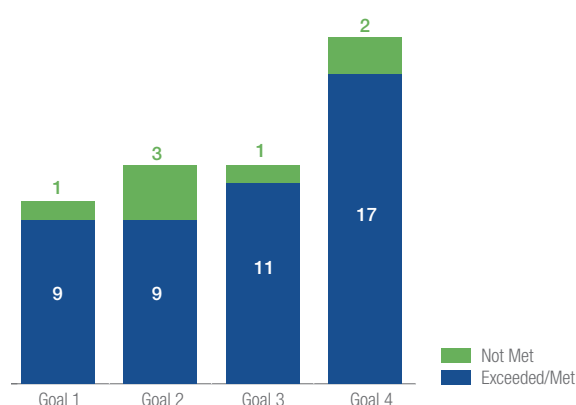
**Strategic Objective:** This section provides a description of the SEC's strategic objectives that gauge the agency's performance within each strategic goal.

**Performance Goals and Indicators:** Each strategic goal section includes a presentation of performance goals and performance indicators by objective, comparing planned and actual performance levels for FY 2016. Four years of historical data is provided for performance goals and performance indicators where available.

## FY 2016 APR and FY 2018 APP Summary

The SEC focuses its resources on: (1) establishing and maintaining an effective regulatory environment; (2) fostering and enforcing compliance with the federal securities laws; (3) facilitating access to the information investors need to make informed investment decisions; and (4) enhancing the agency's performance through effective alignment and management of human, information, and financial capital. In FY 2016, total SEC obligations were \$1.682 billion in support of 4,554 total full-time equivalents (FTE). Of 53 total performance targets, the agency met or exceeded 46 and did not meet seven. The budget request for FY 2018 totals \$1.602 billion, which is equal to the annualized funding level provided by the FY 2017 Continuing Resolution.

FY 2016 Performance Results Summary Table



## Performance Summary by Strategic Goal and Strategic Objective

### STRATEGIC GOAL 1: Establish and Maintain an Effective Regulatory Environment

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

In FY 2016, approximately \$167.9 million and 459 full-time equivalents (FTE) were directed at achieving results in Strategic Goal 1. Of 10 performance targets, the agency met or exceeded nine and did not meet one. The SEC devotes a large share of resources responding to no-action letters and interpretive and other requests from regulated entities, public companies, and other outside parties. The agency is committed to speeding the response to such requests.

In FY 2018, the agency is requesting a total of \$163.4 million and 464 FTEs toward achieving results in establishing an effective regulatory environment. Capital formation, investor protection, and market stability remain central to the SEC’s rulemaking agenda. The Division of Trading and Markets (TM) will work to develop measures to improve the design, deployment, integrity, and operation of automated systems controlled by exchanges, other market centers, and market participants. In coordination with other divisions and offices, TM will also work to improve its ability to quickly review and analyze equity and equity options market data.

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of projects	2	2	0	0	0	0

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

**Data Source:** Microsoft Office Suite Tools

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Within 45 days	82%	75%	74%	75%	63%	60%	60%	60%	60%

**Target:** Met

**Analysis:** During FY 2016, the SEC approved or disapproved 215 SRO rule changes filed pursuant to Section 19(b)(2) of the Exchange Act. Of the 215 filings, 60 percent were approved or disapproved within the 45-day standard for publication, which meets the target established.

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Percentage	77%	72%	78%	72%	78%	77%

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

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



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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual <sup>1</sup>
Percentage	99%	99%	98%	99%	99%	99%

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

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

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

**Description:** Market outages reflect problems in the systems' underlying the securities markets that could have an adverse effect on the markets' ability to function as required. The SEC assesses the reliability and resiliency of these systems to minimize the number and duration of outages.

This metric gauges how quickly outages are resolved so that market activity can resume.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual <sup>1</sup>
Within 2 hours	88%	71%	80%	80%	63%	41%
Within 4 hours	94%	89%	86%	85%	77%	54%
Within 24 hours	100%	100%	98%	96%	96%	71%

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

**Data Source:** SROs

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

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

<sup>1</sup> Performance data reported for this measure from FY 2011–FY 2015 was reported under the agency's voluntary Automation Review Policy program (ARP). During FY 2016, Regulation SCI went into effect, effectively replacing this voluntary program. Under the old ARP program, entities reported on outages, but under Regulation SCI, entities are now being asked to report "disruptions." Disruptions are a broader list of events that may have resulted in longer periods of event duration. In addition, there is a greater breadth of events being reported, as there has been a significant increase in the number of entities now being required to report.

**PERFORMANCE GOAL 1.3.1**  
**Length of time to respond to written requests for no-action letters (NAL),  
 exemptive applications, and written interpretive requests**

**Description:** The SEC staff responds to requests for guidance from individuals and market participants about specific provisions of the federal securities laws. These queries may seek interpretations of the securities laws or regulations, or assurances that no enforcement action will be taken if the individual or market participant engages in a specified activity. The staff also reviews applications for exemptions from the securities laws. Written responses to such requests for guidance, when provided, are generally available to the public, as are applications and related notices and orders, when issued. This metric gauges the timeliness of initial comments issued by the Divisions of Trading and Markets, Investment Management, and Corporation Finance.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Division of Trading and Markets: No-action letters, exemptive applications, and written interpretive requests (combined figure)									
Percentage within required timeframe	98.5%	89%	93%	83%	88%	80%	81%	80%	80%

**Target:** Exceeded

**Analysis:** TM met the established target for FY 2016. The target is based on a fixed deadline for responses to written requests for no-action letters, exemptive applications, and written interpretive requests (collectively, "requests"). Some requests are extremely complex and require extensive consideration and consultation both within and outside TM. TM's approach has been to allow these requests the thorough consideration they demand, even when that means the request is not closed within the targeted timeframe, so that nuance and detail can be properly taken into account.

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

**Data Source:** TM Request Tracking Log

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

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

**Analysis:** For the eighth year in a row, IM exceeded its target for initial comments on exemptive applications within 120 days. The division considered but decided against raising its target percentage because the ability to meet the target is dependent on factors that can change materially during any fiscal year, such as the total number of applications filed, concentration of filings at any particular time period (surges), and the type and complexity of the applications filed. For the seventh year in a row, IM processed 100 percent of initial comments on no-action letters within three weeks, surpassing its target of "80 percent within three weeks." IM has been able to achieve this level of success because of its continued emphasis on providing initial comments within the targeted timeframe as a key priority.

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

**Data Source:** CCO Project Tracker

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

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

**Analysis:** CF surpassed its FY 2016 target by providing initial comments on no-action letters within 30 days for 93 percent of requests. CF achieved its target of responding to 100 percent of shareholder proposal requests prior to the company's proxy filing date.

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Respond to or refer inquiries within 2 weeks	Prior-year data not available			99%	98%	95%	99%	95%	95%

**Target:** Exceeded

**Analysis:** TM surpassed its FY 2016 target by responding to or referring inquiries within 2 weeks for 99 percent of inquiries.

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

**Data Source:** Division of Trading and Markets Office of Interpretation and Guidance Log and email box

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of reports	N/A	N/A	23	15	29	22

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

**Data Source:** SEC.gov

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of amendments	Prior-year data not available			117	161	160

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

**Data Source:** Manual spreadsheets

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of registrations	Prior-year data not available			12	9	6

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

**Data Source:** ATS Database

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of submissions	Prior-year data not available			2,047	2,285	4,635

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

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

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Supervisory cooperation requests from foreign authorities	Prior-year data not available		25	117	113	116	148	152	157
SEC requests for assistance on supervisory cooperation from foreign authorities	Prior-year data not available		118	96	135	139	135	139	143

**Target:** Supervisory cooperation – Exceeded; SEC requests – Not Met

**Analysis:** The greater than expected FY 2016 results can be attributed to foreign authorities becoming more aware of OIA's Supervisory Cooperation section, which came into existence in FY 2013. During FY 2016, the supervisory cooperation group handled an increased volume of requests in cross-border supervisory cooperation matters, including cross-border examinations, asset verifications, and registrations.

**Plan for Improving Performance:** The FY 2016 actual results were less than the target because requests from OCIE and OCR were fewer than anticipated. They were, however, more complicated and labor intensive.

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of non-U.S. regulators	1,765	1,785	1,716	2,382	1,666	1,700	2,145	1,800	1,800

**Target:** Exceeded

**Analysis:** The FY 2016 actual results exceeded the target because foreign authorities were able to sponsor more programs than had been anticipated.

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

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

**STRATEGIC GOAL 2: Foster and Enforce Compliance with Federal Securities Laws**

Fostering compliance with federal securities laws is interwoven through all of the SEC’s programs and is central to fulfilling the critical mission of the agency. Through disclosure reviews and examinations of broker-dealers, investment advisers, self-regulatory organizations (SRO), and other market participants, the SEC seeks both to detect violations of the securities laws and rules, and to foster strong compliance and risk management practices within these firms and organizations. The SEC’s enforcement program also investigates and prosecutes violations of the law with the aim of holding wrongdoers accountable, returning funds to harmed investors whenever possible, and building deterrence against future violations. In FY 2016, approximately \$960.7 million and 2,629 full-time equivalents (FTE) were directed at achiev-

ing results in Goal 2. Of 12 performance targets, the agency met or exceeded nine and did not meet three.

For FY 2018, the agency is requesting a total of \$929.7 million and 2,617 FTEs for Goal 2. These resources will allow the SEC to continue addressing the disparity between the reach of the exam staff and the growing number and complexity of registered firms and building out the agency’s new responsibility areas. Additionally, the Commission will be able to take prompt action to halt misconduct, sanction wrongdoers effectively, and return funds to harmed investors.

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

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

**PERFORMANCE GOAL 2.1.1**  
**Number of industry outreach and education programs targeted to areas identified as raising particular compliance risks**

**Description:** Targeted communication with industry participants on topics shaping the examination program is intended to enhance compliance practices and prevent violations before they occur. This metric identifies the number of major outreach efforts conducted, including the SEC’s national and regional compliance outreach events, published risk alerts, and other educational programs and initiatives.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of major outreach efforts	5	12	15	63	129	100	158	100	100

**Target:** Exceeded

**Analysis:** The SEC seeks to encourage a strong culture of ethical behavior and decision-making at organizations, and to promote compliance with federal securities laws. As part of its efforts to promote compliance within the industry, OCIE conducted more than 150 outreach and educational program events during the year, including Compliance Outreach seminars and various other outreach initiatives with registrants, regulators, and industry groups. As part of this work, the National Exam Program (NEP) also issued three National Risk Alerts, presented at SEC Speaks, and published other significant materials during the year. In addition, staff from throughout the program participated in a number of other outreach efforts, including speaking at more than 100 industry conferences and related engagements that are not reflected in the above numbers.

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

**Data Source:** Internal tracking, although many of the events noted above are referenced on the SEC’s website

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percentage	93%	92%	86%	89%	90%	90%	88%	89%	90%

**Target:** Not Met

**Analysis:** During examinations in FY 2016, the staff identified a number of areas where firms appeared not to be in compliance with federal securities laws. In response to deficiency letters that were sent to firms by the staff, the vast majority of registrants stated they are taking corrective action in response to the staff's findings. This measure continues to show that registrants are using examination results to improve operations and compliance with federal securities laws.

**Plan for Improving Program Performance:** Overall, the performance goal was set at an approximate level and the deviation from the target was not significant, however; OCIE will continue to focus efforts on promoting compliance by improving dialogue and communication with firms, including at the most senior levels. This type of communication will be aimed at ensuring there is a clear understanding of issues between the staff and registrants, with the ultimate goal of increasing compliance efforts or remedial actions taken by registrants.

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

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

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Investment advisers	8%	8%	9%	10%	10%	11%	11%	13%	13%
Investment companies	13%	12%	11%	10%	15%	15%	17%	10%	10%
Broker-dealers (exams by SEC and SROs)	58%	49%	46%	49%	51%	50%	50%	48%	48%

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

**Analysis:** Building and maintaining its examination coverage of the industry helps the Commission promptly detect violations of federal securities laws and promote compliance with such laws. The staff continued to enhance its risk assessment and surveillance capabilities to ensure that the program is spending its limited time and resources on those firms presenting the highest risk. Overall, the program exceeded expectations and completed more examinations than in any of the previous seven fiscal years. In addition, the NEP engaged in other critical efforts intended to improve the long-term performance of the program, including industry outreach initiatives, rulemaking projects, and other program improvement efforts.

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percentage	Prior-year data not available		100%	100%	100%	100%	100%	100%	100%

**Target:** Met

**Analysis:** The staff’s goal is to identify and communicate potential issues to firms to ensure that compliance problems and issues are quickly corrected. During FY 2016, all completed examinations were done within OCIE’s statutory deadline. Overall, this performance goal helps the SEC ensure that deficiencies are promptly resolved by firms.

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

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



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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of joint exams, active sharing agreements, and formal meetings	Prior-year data not available			391	442	400	445	375	375

**Target:** Exceeded

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

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Percentage that identify deficiencies	82%	80%	80%	76%	77%	72%
Percentage that result in a "significant finding"	42%	42%	35%	30%	31%	27%
Percentage referred to Division of Enforcement	Prior-year data not available		13%	12%	11%	9%

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of cause exams	Prior-year data not available		222	149	173	191

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of rulemaking initiatives assisted by the NEP	Prior-year data not available			30	26	24

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

**Data Source:** Internal tracking

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of investigations	349	296	289	291	325	336

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

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

**PERFORMANCE INDICATOR (OUTPUT) 2.2.5**  
**SEC investigations in which requests for access to information were granted by the SEC to other authorities, such as SROs or other state, federal, and foreign enforcement authorities**

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of investigations	586	515	504	501	498	496

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

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

**PERFORMANCE INDICATOR (OUTPUT) 2.2.6**  
**Requests from foreign authorities for SEC assistance and SEC requests for assistance from foreign authorities**

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of requests from foreign authorities	492	450	508	541	531	636
Number of SEC requests	772	718	717	966	929	1,027

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

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

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

Goal Leader(s): Director, Division of Enforcement

**PERFORMANCE GOAL 2.3.1**  
**Percentage of enforcement actions in which the Commission obtained relief on one or more claims**

**Description:** This metric identifies, as to all parties to enforcement actions that were resolved in the fiscal year, the percentage against whom the Commission obtained a judgment or order entered on consent, a default judgment, a judgment of liability on one or more charges, and/or the imposition of monetary or other relief.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percentage	93%	89%	93%	94%	95%	92%	97%	92%	92%

**Target:** Exceeded

**Analysis:** In addition to victories in the cases the agency brings to trial, the SEC's litigation efforts also help the SEC obtain strong settlements in other cases by providing a credible trial threat and making it clear that the SEC will go deep into litigation and to trial, if necessary, in order to obtain appropriate relief. The SEC has implemented controls and strategies to resolve actions quickly and on a favorable basis, while at the same time, it does not hesitate to file matters on a contested basis where a favorable settlement was unavailable before filing.

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percentage	61%	63%	58%	64%	58%	65%	53%	65%	65%

**Target:** Not Met

**Analysis:** In FY 2016, the percentage of first enforcement actions filed within two years of the opening of the matter under inquiry (MUJ) or investigation was 53 percent, which is a decrease compared to the FY 2015 result (58 percent). While timeliness in filing actions can be influenced by a number of factors, it is important because it can enhance the action's deterrent impact.

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

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Months	22	21	21	21	24	20	24	20	20

**Target:** Not Met

**Analysis:** In FY 2016, the average number of months between opening a MUI or investigation and commencing an enforcement action was 24 months, which was the same as FY 2015. Timeliness in filing actions is important because it can enhance the action's deterrent impact. At the same time, many of the Division's cases are complex and can take extended periods of time to develop successfully.

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

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percentage	91%	92%	95%	92%	95%	92%	96%	92%	92%

**Target:** Exceeded

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

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

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

### PERFORMANCE GOAL 2.3.5

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

**Description:** In addition to other types of relief, the SEC may seek orders requiring parties to disgorge any money obtained through wrongdoing. The SEC also is empowered to seek civil penalties for violations of the securities laws. Where appropriate, the SEC has sought to return disgorged funds to harmed investors and, as a result of the Fair Funds provisions in law, to combine amounts paid as penalties with disgorged funds, or to create a Fair Fund from penalties only, to reduce losses to injured parties and to maximize funds available for distribution. This metric identifies the percentage of distribution plans that reached a critical mass during the fiscal year and within 24 months of the approval of the distribution plan. The distribution plan includes the timeline and procedures required to return the funds to injured investors. This reflects Commission-wide efforts to implement plans to return money to investors quickly. Any funds not returned to investors are sent to the U.S. Treasury or the Investor Protection Fund established pursuant to Section 21F(g) of the Securities Exchange Act of 1934. Neither disgorgement nor penalties are used for the SEC's own expenses.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percentage	Prior-year data not available	80%	73%	81%	96%	80%	93%	80%	80%

**Target:** Exceeded

**Analysis:** In FY 2016, the Division exceeded the target by 13 percentage points. Going forward, the Division will continue its efforts to prioritize the timeliness and efficiency of distributing funds, which have been enhanced through such efforts as centralizing the function and implementing various process improvements.

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

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

### PERFORMANCE INDICATOR (CONTEXTUAL) 2.3.1

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Percentage	Prior-year data not available			62%	58%	57%

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

**Data Source:** Qualitative Index Spreadsheet

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Amount distributed (dollars in millions)	Prior-year data not available	\$815	\$251	\$424	\$158	\$140
Number of Fair Funds	Prior-year data not available	31	22	28	34	35

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Percentage	10%	20%	15%	16%	25%	27%

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of criminal investigations	134	126	126	127	134	109

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

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

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

**Description:** In addition to other types of relief, the SEC may seek orders requiring parties to disgorge any money obtained through wrongdoing. The SEC is also empowered to seek civil penalties for violations of the securities laws. In some cases, the SEC will seek to obtain large monetary sanctions, even in instances where the prospect of collecting on a judgment is slight. The rationale for seeking monetary relief in these circumstances is that such relief, even when likely uncollectible, might become collectible in the future based on the defendant's changed circumstances, and also because such relief can serve to deter others from violating the securities laws. Where appropriate, the SEC has sought to return disgorged funds to harmed investors. Funds not returned to investors are sent to the Treasury or the Investor Protection Fund established pursuant to Section 21F(g) of the Securities Exchange Act of 1934. This indicator lists disgorgement and penalties ordered as a result of SEC cases in each fiscal year and the amounts collected in those actions as of the end of FY 2015. The indicator for collected amounts could change over time based on various factors.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Ordered amounts (dollars in millions)	\$2,806	\$3,104	\$3,424	\$4,166	\$4,195	\$4,082
Collected amounts (dollars in millions)	\$1,478	\$1,232	\$2,330	\$2,542	\$2,127	\$3,040

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

**Data Source:** DELPHI



**STRATEGIC GOAL 3: Facilitate Access to the Information Investors Need to Make Informed Investment Decisions**

A strong economy and a vibrant securities market rely on investor confidence and the widespread availability of relevant information about those securities. The SEC promotes informed investment decisions through two main approaches: The first is to require that investors have accurate, adequate, and timely public access to disclosure materials that are easily understood and analyzed; the second is to implement a variety of investor education initiatives aimed at giving investors a better understanding of the operations of the nation’s securities markets. In FY 2016, the agency dedicated approximately \$222.1 million and 634 FTEs toward achieving

results in Goal 3. Of 12 performance targets, the agency met or exceeded 11 and did not meet one. For FY 2018, the SEC is requesting a total of \$211.0 million and 618 FTEs toward achieving results in Strategic Goal 3.

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

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

**PERFORMANCE GOAL 3.1.1**  
**Percentage of public companies and investment companies with disclosures reviewed each year**

**Description:** The Sarbanes-Oxley Act requires that the SEC review, at least once every three years, the disclosures of all companies and investment company portfolios reporting under the Exchange Act. These reviews help improve the information available to investors and may identify possible violations of the federal securities laws. This metric gauges the number of public companies and investment companies reviewed each year.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Division of Investment Management									
Investment company portfolios	33%	36%	34%	35%	35%	33%	36%	33%	33%

**Target:** Exceeded

**Analysis:** Consistent with Section 408 of the Sarbanes Oxley-Act of 2002, IM strives to review disclosures made by certain public issuers, including issuers’ financial statements, no less than once every three years. The targeted number of annual reviews assumes that IM meets this goal.

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

**Data Source:** Microsoft Office Suite Tools

Division of Corporation Finance									
Corporations	48%	48%	52%	52%	51%	33%	56%	33%	33%

**Target:** Exceeded

**Analysis:** CF exceeded its planned level of companies reviewed in FY 2016. This review level is expected to deter fraud in public securities transactions and should help investors receive accurate material information about the companies in which they invest.

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

**Data Source:** Electronic Data Gathering, Analysis, and Retrieval (EDGAR), Filing Activity Tracking System (FACTS)

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Days	24.4	24.9	25.6	25.8	26.0	<30	25.50	<30	<30

**Target:** Exceeded

**Analysis:** CF achieved its goal of having an average response time for initial comments of less than 30 days. The Division's timely review allows companies to raise capital and build offering schedules around this de facto standard.

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Initial registration statements	92%	96%	98%	98%	98%	85%	98%	85%	85%
Post-effective amendments	94%	95%	99%	99%	98%	90%	100%	90%	90%
Preliminary proxy statements	98%	100%	98%	99%	98%	99%	99%	99%	99%

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

**Analysis:** IM strives to review all significant disclosures made by registrants in Commission filings under the Investment Company Act, including initial registration statements and post-effective amendments with material changes. IM may limit the scope of a review, through selective review procedures, to a review of only the disclosure in a filing that has not been previously reviewed. During periods of increased filings, IM is able to handle the increased workload largely through the use of such selective review procedures.

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
SEC.gov page views	Prior-year data not available		3.72B	5.57B	6.37B	7.9B
Social media followers	193,837	236,700	258,733	308,261	382,702	399,086
Total email/mobile subscriptions	519,602	631,839	740,318	799,055	982,817	1,051,625
Total email bulletins sent	23.97M	33.44M	40.85M	47.01M	56.45M	57.64M
Total mobile bulletins sent	107,848	150,303	238,815	366,302	461,753	614,325

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

**Data Source:** Akamai Technologies, Google Analytics, GovDelivery, Hootsuite, social media channels

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of page views (in millions)	Prior-year data not available		12.1	22.2	23.6	30	23.7	8	10
Number of in-person events	Prior-year data not available		52	51	71	75	112	80	90

**Target:** Number of page views – Not Met; Number of “in-person” events – Exceeded

**Analysis:** Despite significant increases in the number of users and sessions, OIEA did not meet its target for the number of page views. Technical changes to Investor.gov in FY 2016 helped users navigate the site more efficiently, resulting in fewer site page views.

OIEA exceeded its target by participating in over 100 in-person events focused primarily on senior citizens, military personnel, millennials, and affinity groups.

**Plan for Improving Program Performance:** Target will be adjusted based on technical changes.

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

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

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

**Description:** Each year, OIEA serves investors who contact the SEC with investment-related complaints and questions. The staff aims to close out as many new investor assistance matters as possible within seven to 30 business days.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Closed within 7 days	67%	54%	62%	62%	65%	62%	64%	62%	62%
Closed within 30 days	92%	93%	93%	92%	93%	90%	92%	90%	90%

**Target:** Closed within 7 days – Exceeded; Closed within 30 days – Exceeded

**Analysis:** OIEA continued to focus its efforts on identifying and referring key investor assistance matters to the agency’s Tips, Complaints, and Referrals (TCR) system and exceeded its seven-day and 30-day targets for FY 2016.

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

**Data Source:** Internal log using IRIS data

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Satisfaction index	Prior-year data not available		81	83	84	Benchmark for federal government websites (73)	83	TBD	TBD

**Target:** Exceeded

**Analysis:** Investor.gov’s customer satisfaction score (83) continued to exceed the federal government benchmark (73) due in part to site refinements based on feedback from Investor.gov visitors.

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

**Data Source:** ForeSee results online portal

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of education materials	24	24	26	28	31	32	32	32	32

**Target:** Met

**Analysis:** In FY 2016, OIEA published 32 investor alerts and bulletins to meet its goal, many of which were focused on warning investors about possible fraudulent schemes.

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of projects	2	2	0	0	0	0

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

**Data Source:** Microsoft Office Suite Tools

**PERFORMANCE INDICATOR (PROCESS) 3.2.2**  
**Number of sets of recommendations prepared by the investor advisory committee**

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Actual
Number of sets of recommendations	Prior-year data not available	0	4	4	4	4

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

**Data Source:** SEC.gov

**Strategic Goal 4: Enhance the Commission's Performance through Effective Alignment and Management of Human, Information, and Financial Capital**

The investing public and the securities markets are best served by an efficient, well-managed, and agile SEC. The Office of the Chief Operating Officer (OCOO) and its six operational offices—the Office of Support Operations (OSO), the Office of Financial Management (OFM), the Office of Human Resources (OHR), the Office of Strategic Initiatives (OSI), the Office of Acquisitions (OA), and the Office of Information Technology (OIT)—will focus on providing organizational and infrastructure improvements necessary to advance the Commission’s mission. The SEC is also extremely mindful of its responsibility to maximize the impact of public funds.

In FY 2016, approximately \$257.7 million and 832 FTEs were directed at achieving results in Strategic

Goal 4. Of 19 performance targets, the agency met or exceeded 17 and did not meet two. During FY 2018, the agency will continue to focus on recruiting and retaining high-performing staff, and updating the expertise of SEC employees so they are abreast of the latest developments in the industry. Furthermore, the SEC will continue to strengthen internal controls. The agency is requesting a total of \$252.0 million and 843 FTEs in FY 2018 to achieve results in Strategic Goal 4.

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

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

**PERFORMANCE GOAL 4.1.1  
Turnover**

**Description:** When employee morale and engagement are high, high-performing employees tend to remain in the organization. Although turnover can fluctuate based on a variety of factors, the SEC aims to keep its turnover rate relatively low, below 8 percent per year.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percentage turnover	6.4%	6.6%	6.6%	5.6%	6.2%	<8%	3.6%	<8%	<8%

**Target:** Met

**Analysis:** The SEC continued to maintain an attrition rate well below the FY 2016 target. In FY 2016, the attrition due to ‘leaving government for the private sector’ accounted for 54 percent of departures; attrition due to ‘agency retirement’ accounted for approximately 25 percent of departures.

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

**Data Source:** Interior Business Center

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

**Description:** Internal training and hiring programs are designed to help the agency recruit and develop a diverse and qualified staff with the key skills, industry knowledge, and expertise to support the SEC mission. In particular, there is a need to train examiners, attorneys, economists, and other experts for subject matter expertise relevant to the marketplace and investment and trading practices. This metric tracks whether certain areas requiring significant training are being addressed. The agency will track the number of SEC staff participants in mission-focused training and development programs, and will report on specific items through the use of post-course evaluations to assess the impact and results of this training on a 5-point scale.

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Mission-focused training attendance	Prior-year data not available			16,270	17,090	17,500	17,273	16,000	16,000
Post-course evaluations of mission-focused training (rating on a 5-point scale)	Prior-year data not available			4.14	4.24	4.30	4.33	4.30	4.30

**Target:** Mission-focused training attendance – Not Met; Post-course evaluations of mission-focused training – Exceeded

**Analysis:** The agency's results were within 1.3 percent of the target goal for FY 2016. This metric tracks instructor-led training. During FY 2016, the agency began offering more virtual training to enhance the accessibility of real-time training and reduce costs associated with classroom-based training. During FY 2016, the agency had over 43,000 instances of virtual training.

The agency's results were on target. An average rating of 4.3 on a 5-point scale is extremely strong for post-course training evaluations.

**Plan for Improving Program Performance:** The FY 2018 target reflects the agency's change in strategy to deliver more virtual training to reduce costs and to achieve greater efficiencies. The greater emphasis on virtual training allows employees to receive job-related content and learning opportunities—when it is required—at a lower cost. Additionally, in-class learning will comprise a smaller proportion of the FY 2018 training budget by relying more on internal instructional talent than external trainers.

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

**Data Source:** Course attendance identified in the learning management system (instructor-led courses only) and End of Course Evaluation Report Summary

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of partnerships/alliances	10	12	13	18	18	18	18	20	20

**Target:** Met

**Analysis:** OMWI met its goal for the number of partnerships/alliances in FY 2016 by building upon its relationships with various diverse organizations and associations, and by proactively seeking additional partnerships.

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

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

### PERFORMANCE GOAL 4.1.4 Survey rankings

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
<i>Best Places to Work</i> ranking	Ranked #27	Ranked #19	Ranked #15	Ranked #14	Ranked #10	Ranked #9	Ranked #6	Ranked #5	Ranked #4
Average of employee engagement and global satisfaction index	Prior-year data not available		61%	66%	68%	69%	75%	75%	75%

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

**Analysis:** In 2016, the SEC ranked 6th out of 24 mid-sized federal agencies. In addition, nine of the 11 qualifying divisions/offices were ranked in the top 50 subcomponents (out of over 300) within the entire federal government.

The 2016 FEVS results are the highest scores the agency has received in the past six years. The SEC experienced increases across all indices and in 69 of 71 core FEVS items. In addition, the SEC had its highest FEVS response rate (76.2 percent) to date.

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

**Data Source:** Annual Partnership for Public Service calculated ranking based on Annual Employee Viewpoint Survey (EVS) administered by OPM and Average of Employee Engagement and Global Satisfaction Index from OPM Employee Viewpoint Survey (EVS)

### PERFORMANCE GOAL 4.1.5 Bench strength

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percentage	Prior-year data not available			68%	149%	230%	266%	280%	300%

**Target:** Exceeded

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

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

**Data Source:** Course Attendance Identified in the learning management system (instructor-led courses only) and End of Course Evaluation Report Summary



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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percentage of servers virtualized	38%	79%	93%	95%	95%	95%	95%	95%	95%
Percentage fail over within 8 hours	Prior-year data not available			100%	100%	100%	100%	100%	100%

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

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

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

**Data Source:** OIT Network Operations Center (NOC) – automated network monitoring tools

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of enterprise solutions	20%	25%	30%	35%	40%	45%	45%	45%	45%

**Target:** Met

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

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

**Data Source:** Approved software applications list

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Availability rate for VTC solutions	Prior-year data not available		80.00%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%

**Target:** Met

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

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

**Data Source:** Telecommunications monitoring system

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percent reduction in operational run cost leveraging technology and process efficiencies	Prior-year data not available		18.7% cost reduction in steady state run costs	1% reduction in cost	1% reduction in cost	1% reduction in cost	1% reduction in cost	1% reduction in cost	1% reduction in cost

**Target:** Met

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

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

**Data Source:** OIT Network Operations Center (NOC)

**PERFORMANCE GOAL 4.2.5**  
**Enhance the SEC's enterprise data warehouse infrastructure and performance**

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Availability rate for the EDW infrastructure components in production	Prior-year data not available			99%	99%	99%	99%	99%	99%

**Target:** Met

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

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

**Data Source:** OIT Network Operations Center (NOC) – automated network monitoring tools

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

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

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Unqualified opinion	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Material weaknesses	0	0	0	0	0	0	0	0	0
Significant deficiency	4	2	1	1	0	0	0	0	0

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

**Analysis:** In FY 2016, GAO issued an unmodified opinion on SEC's financial statements and internal controls, which found no material weaknesses or significant deficiencies.

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

**Data Source:** GAO SEC Financial Audit Report

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Unqualified opinion	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Material weakness	0	0	0	0	0	0	0	0	0

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

**Analysis:** For FY 2016, the SEC issued an unqualified opinion and identified no material weaknesses.

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

**Data Source:** SEC Financial Audit Report

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

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

Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Plan	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
OIG recommendations completed in less than one year	Prior-year data not available		78%	76%	74%	75%	67%	75%	75%

**Target:** Not Met

**Analysis:** In FY 2016, the SEC closed 29 OIG recommendations. Sixty-seven percent of the recommendations were closed in less than one year. While audit follow-up remained a priority in FY 2016, some recommendations proved to be labor-intensive and took longer to fully implement.

**Plan for Improving Program Performance:** OCOO will continue to encourage timely completion of OIG audit recommendations with responsible divisions and offices.

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

**Data Source:** Audit Recommendation Tracking System

<sup>1</sup> This measure was developed as part of the FY 2014–2018 SEC strategic planning process and is under evaluation.

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## Division of Enforcement

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	532	537	525
Regions	848	840	818
<b>Total Full-Time Equivalents</b>	<b>1,380</b>	<b>1,377</b>	<b>1,343</b>
<b>Cost:</b>			
Salaries and Benefits	\$ 345,173	\$ 342,269	\$ 343,007
Non-Personnel Expenses	183,800	175,636	164,471
<b>Total Costs</b>	<b>\$ 528,973</b>	<b>\$ 517,905</b>	<b>\$ 507,479</b>

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) supports this mandate by conducting investigations into potential violations of the securities laws and litigating the Commission's civil enforcement proceedings in federal district court and 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 together with prejudgment interest that, along with monetary penalties, may, in appropriate cases, 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.

## Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate <sup>2</sup>	FY 2018 Request
<b>Intelligence Analysis</b>			
Investor Tips and Complaints	16,080	16,080	16,080
Matters Under Inquiry (MUI) Opened	1,127	1,000	1,000
<b>Investigations</b>			
Opened	1,063	1,050	1,050
Ongoing at End of Year <sup>1</sup>	1,729	1,725	1,725
<b>Proceedings</b>			
Administrative:			
Opened	692	600	600
Pending at End of Year <sup>3</sup>	708	700	700
Civil Litigation:			
Opened	176	165	165
Pending at End of Year <sup>3</sup>	1,536	1,500	1,500

- 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 onboard 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.
- 3 "Pending at End of Year" refers to those enforcement actions, filed civilly or administratively, that remain open due to ongoing litigation and post-judgment issues, including delinquent debts and distributions.



## Office of Compliance Inspections and Examinations

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	229	274	268
Regions	794	795	776
<b>Total Full-Time Equivalents</b>	<b>1,023</b>	<b>1,069</b>	<b>1,044</b>
<b>Cost:</b>			
Salaries and Benefits	\$ 253,060	\$ 258,740	\$ 259,116
Non-Personnel Expenses	96,031	87,471	81,688
<b>Total Costs</b>	<b>\$ 349,091</b>	<b>\$ 346,211</b>	<b>\$ 340,804</b>

The Office of Compliance Inspections and Examinations (OCIE) plays a critical role in protecting investors and the integrity of our capital markets. 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. As its primary

responsibility, OCIE conducts thousands of exams each year of registered entities to evaluate their compliance with applicable regulatory requirements. The results of OCIE's examinations are utilized by the agency to identify and monitor risks, improve industry compliance, prevent fraud, and inform regulatory policy.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate <sup>1</sup>	FY 2018 Request <sup>1</sup>
Investment Adviser Examinations	1,447	1,750	1,850
Investment Company Examinations (includes administrators)	184	100	100
Broker-Dealer Examinations	543	310	320
Transfer Agent Examinations	50	49	46
Municipal Advisor Examinations	67	74	80
Market Oversight Inspections <sup>2</sup>	68	82	128
Technology Controls Program Inspections	61	70	75
Clearing Agency Examinations	7	14	10

<sup>1</sup> 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 firms being examined; higher than anticipated attrition rates; and the timing and amounts of the resources made available.

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

## Division of Corporation Finance

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	477	460	448
<b>Cost:</b>			
Salaries and Benefits	\$ 117,713	\$ 114,360	\$ 114,251
Non-Personnel Expenses	40,460	35,581	33,499
<b>Total Costs</b>	<b>\$ 158,173</b>	<b>\$ 149,942</b>	<b>\$ 147,750</b>

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.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
<b>Review</b>			
Reporting Company Reviews	4,400	4,400	4,400
Number of New Issuer Reviews			
IPO 1933 Act	405	400	400
New 1934 Act	105	100	100
New Issuer Reviews <sup>1</sup>	510	500	500
Total Reviews	4,910	4,900	4,900
<b>Rulemaking and Interpretive</b>			
General Advice and Coordination			
No-Action Letters/Interpretive Requests	120	120	120
No-Action Letters (Shareholder Proposals)	250	250	250

<sup>1</sup> 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

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	258	266	261
<b>Cost:</b>			
Salaries and Benefits	\$ 64,798	\$ 65,881	\$ 66,367
Non-Personnel Expenses	24,865	20,897	19,522
<b>Total Costs</b>	<b>\$ 89,663</b>	<b>\$ 86,778</b>	<b>\$ 85,889</b>

The mission of the Division of Trading and Markets (TM) is to establish and maintain standards for fair, orderly, and efficient markets while fostering investor protection and confidence in the markets. To meet the mission requirements, TM has five functions, each of which is focused on a specific part of the markets. These include Broker-Dealer Finance/Broker-Dealer Risk, Chief Counsel Clearance and Settlement, Derivatives Policy and Trading Practices, and Market Supervision. In addition, the Division has two groups that serve in supporting

functions: the Office of Analytics and Research and the Office of the Managing Executive.

Overall, TM supervises the major market participants in the U.S. securities markets, including 21 securities exchanges (equities and options), 81 alternative trading systems (ATS), over 4,000 broker-dealers, seven active clearing agencies, nearly 400 transfer agents, FINRA, and securities information processors.

## Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
<b>Securities Firm Supervision</b>			
SRO Proposed Rule Changes Reviewed <sup>1</sup>	75	105	114
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	8	5	5
Interpretive, Exemptive, and No-Action Request Letters Closed <sup>2</sup>	34	30	30
Reviews of Potential Enforcement Actions	1,300	1,300	1,300
Registered Representative Reentry Applications Filed	22	25	25
Provision of Interpretation and Guidance and Responding to General Questions <sup>3</sup>	12,300	12,500	12,500
TCRs	22	25	25
Risk Assessment of Broker-Dealers Filing Form 17-H			
Firms Assessed <sup>4</sup>	90	100	125
Filings Reviewed	290	300	325
Risk Supervision of Alternative Net Capital Broker-Dealers			
Firms Assessed	7	7	8
Filings Reviewed	84	84	84
Risk Supervision of OTC Derivatives Dealers and Security-Based Swap Dealers			
Firms Assessed	7	8	12
Filings Reviewed	84	96	144
Applications Reviewed	3	1	4
Broker-Dealers			
Registrants	4,075	3,950	3,850
Registration Applications Filed	166	150	145
Registration Amendments Filed	11,583	11,550	11,525
Registrations Withdrawn or Cancelled	360	350	340
Financial Reports Filed	5,940	5,500	5,100
Security-Based Swap Dealers <sup>5</sup>			
Registrants	0	0	15
Registration Applications Filed	1	0	15
Major Security-Based Swap Participants <sup>5</sup>			
Registrants	0	0	2
Registration Applications Filed	0	0	2
Funding Portals <sup>6</sup>	67	100	150

continued on next page

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

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

3 Calls and emails received by TM staff directly from the public increased dramatically over last year. This increase was driven in large part by a move to allow certain registrants to file certain filings electronically, which generated significant questions and requests for assistance.

4 In FY 2016, staff selected additional 40 firms for annual review of 17-H filings for completeness and modified risk assessment reviews. TM staff plans to expand the modified review firms from 40 to 50 in FY 2017.

5 These data are included because of the expanded responsibilities assigned to the Commission under current law. 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.

6 Regulation Crowdfunding was in effect for the latter part of FY 2016. TM anticipates that registrations will continue to increase.

Workload Data (continued)

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
<b>Securities Market &amp; Infrastructure Supervision</b>			
SRO Proposed Rule Changes and Advance Notices Reviewed <sup>1</sup>	3,149	3,380	3,694
NMS & SRO Plan Amendments Filed	25	20	20
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	23	10	10
Interpretive, Exemptive, and No-Action Request Letters Closed <sup>2</sup>	40	10	10
Securities Exchanges			
Registrants	20	21	22
Registration Applications Filed	1	1	1
Registration Amendments Filed	197	210	220
Registrations Withdrawn or Cancelled	0	0	0
Alternative Trading Systems			
Registrants	81	83	85
Initial Operations Reports Filed	6	8	8
Initial Operations Report Amendments Filed	155	160	160
Cessations	9	6	6
Quarterly Reports	333	332	340
Security-Based Swap Execution Facilities			
Registrants	0	0	10
Registration Applications Filed	0	0	10
Proposed Rule Changes Filed	0	0	0
Clearing Agencies (Active)			
Registrants	7	8	8
Registration Applications Filed	3	1	1
Security-Based Swap Data Repositories			
Registrants	0	2	2
Registration Applications Filed	2	2	2
Transfer Agents <sup>7</sup>			
Registrants	307	315	315
Registration Applications Filed	8	10	10
Registration Amendments Filed	194	195	195
Registrations Withdrawn or Cancelled	14	15	20
Annual Reports Filed	229	250	250
Large Traders			
Registrants	5,978	6,578	7,178
Registration Applications Filed	724	600	600
Registration Amendments Filed	2,579	3,000	3,200
Terminated or Inactive	307	300	300
Annual Reports Filed	3,183	6,161	6,761

<sup>7</sup> This data includes only SEC-registered transfer agents and omits the approximate 90 transfer agents who are registered with a bank regulatory agency, which the Commission also oversees.

## Division of Investment Management

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	183	183	179
<b>Cost:</b>			
Salaries and Benefits	\$ 47,655	\$ 48,242	\$ 48,507
Non-Personnel Expenses	12,994	13,164	12,404
<b>Total Costs</b>	<b>\$ 60,649</b>	<b>\$ 61,406</b>	<b>\$ 60,911</b>

The Division of Investment Management (IM) works to fulfill the SEC’s mission by administering the Investment Company Act of 1940 and Investment Advisers Act of 1940, and by developing regulatory policy for open-end management investment companies (commonly known as mutual funds), exchange-traded funds (ETF), and other investment companies, and investment advisers.

Investment companies—including mutual funds, ETFs, closed-end funds, and variable insurance products—are one of the nation’s leading investment products, particularly for retail investors. Investment companies provide a crucial link between U.S. households seeking an investment return on dollars saved for education or retirement and U.S. corporations, non-profits, and national, state, and local governments seeking capital from the securities markets to fund projects that provide needed goods, services, and economic growth.

Investment companies supply significant amounts of debt and equity capital to a variety of issuers.

They hold (in terms of percentage of market value of outstanding securities):

- 29 percent of U.S. corporate stock
- 19 percent of U.S. and foreign corporate bonds
- 26 percent of U.S. Treasury and government agency securities
- 25 percent of U.S. municipal securities

As of October 1, 2016, there were 12,200 SEC-registered investment advisers reporting approximately \$66.9 trillion in regulatory assets under management, approximately the same as in 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 and private equity funds with gross assets of about \$10.7 trillion. In addition to registered investment advisers, the SEC also receives reports from approximately 3,381 exempt reporting advisers (i.e., advisers exempt from registration with the SEC because they are venture capital fund advisers or mid-sized private fund advisers) who report managing approximately \$2.5 trillion in private funds.

## Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
<b>Disclosure</b>			
<b>Investment Company Filings</b>			
New Portfolios and Insurance Contracts Filed on Registration Statements	2,930	2,975	2,975
New Portfolio Disclosures and Insurance Contracts Reviewed	1,756	1,915	1,925
Existing Portfolios and Insurance Contracts Filed on Post-Effective Amendments <sup>1, 2</sup>	32,723	32,225	32,425
Existing Portfolio Disclosures and Insurance Contracts Reviewed <sup>2</sup>	4,951	4,828	4,857
Portfolios and Insurance Contracts Filed on Proxy Statements	1,143	1,175	1,175
Portfolios and Insurance Contracts Filed on Proxy Statements Reviewed	1,143	1,175	1,175
Annual and Periodic Reports Filed	14,283	14,300	14,375
Annual and Periodic Reports Partially Reviewed	4,953	4,953	4,979
Total Filings	51,079	50,675	50,950
Total Filings Reviewed	12,803	12,871	12,936
Percent Reviewed	25%	25%	25%
<b>Interpretive Guidance</b>			
Formal and Informal Requests for Guidance	1,340	1,307	1,307
Enforcement-Related Matters Reviewed	2,064	2,100	860
Exemptive Relief Requests Concluded	213	275	275

<sup>1</sup> Included in post-effective amendments are open-end, closed-end, and unit investment trust portfolios.

<sup>2</sup> 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. Because of their repetitive nature, amendments to UIT portfolios are generally not reviewed.

## Division of Economic and Risk Analysis

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	151	163	160
<b>Cost:</b>			
Salaries and Benefits	\$ 39,031	\$ 40,256	\$ 40,647
Non-Personnel Expenses	31,752	30,303	28,303
<b>Total Costs</b>	<b>\$ 70,782</b>	<b>\$ 70,559</b>	<b>\$ 68,950</b>

The Division of Economic and Risk Analysis (DERA) continues to provide a powerful combination of sophisticated economic, financial and legal expertise, and rigorous data analytic and quantitative methodologies in furtherance of the SEC's mission. The Division works collaboratively across the enterprise supporting core mission activities including policy development, rulemaking, risk assessment, enforcement, and data governance and access. As the agency's "think tank," DERA relies on a variety of academic disciplines, quantitative and non-quantitative approaches, and knowledge of market institutions and practices to help the

Commission approach complex matters in a fresh light.

The Division produces high-quality, data-driven analyses that address the economic issues associated with the regulation of the financial markets and the enforcement of federal securities laws. DERA's support for the SEC primarily falls into three categories: informing policymaking by analyzing the economic effects for regulations; improving access to, and usability of, SEC data; and enhancing inspections and enforcement through customized analytic tools and analyses.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Reviews of Commission Rules <sup>1</sup>	82	40	45
Reviews of SRO Rules <sup>1</sup>	60	30	35
Regulatory Flexibility Analyses <sup>1</sup>	48	25	35
Advice on Regulatory, Enforcement, and Risk Assessment Issues <sup>2</sup>	3,200	3,000	2,800
Interactive Data Compliance Monitoring <sup>3</sup>	8,731	8,464	8,205
Interactive Data Programs Supported <sup>4</sup>	12	13	13

1 The workload estimates for FY 2017 reflect a 50 percent reduction from the FY 2016 actuals for reviews of Commission rules, SRO rules, and the flexibility analyses associated with the 10-year rule reviews. For FY 2018, DERA is projecting a slight increase over the FY 2017 estimate in activity across all three indicators, noting that these estimates may require further modification.

2 DERA is trending toward document collaboration via SharePoint versus email and, as a result, is experiencing an overall reduction in archiving activities, a trend that is expected to continue.

3 A program in which 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

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	138	143	139
<b>Cost:</b>			
Salaries and Benefits	\$ 36,331	\$ 37,277	\$ 37,258
Non-Personnel Expenses	12,187	11,648	11,027
<b>Total Costs</b>	<b>\$ 48,518</b>	<b>\$ 48,925</b>	<b>\$ 48,285</b>

The General Counsel serves as the chief legal officer of the Commission and heads the Office of the General Counsel (OGC). OGC provides independent legal analysis and advice to the Chairman, Commissioners, and operating divisions on all aspects of the Commission's activities. OGC also defends the Commission in federal district courts, represents the Commission in appellate matters and

amicus curiae filings, and oversees the SEC's bankruptcy program. In addition, OGC represents the Commission and its members and employees at the trial and appellate levels when they are parties or witnesses in civil or administrative litigation arising from the performance of official functions. OGC also performs a wide variety of other legal functions in support of the Commission's operations.

## Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Appellate Cases:			
Open Matters	186	195	195
Adjudicatory Matters:			
Pending Beginning of Year	57	67	63
Received	59	44	44
Completed	49	48	48
Pending End of Year	67	63	59
Legislation:			
Testimony	12	20	20
Correspondence with Congress and Others	130	180	180
Legislative Analysis and Technical Assistance	296	380	380
Other	132	110	110
Advisory Services:			
SEC Statutes			
Analysis of Enforcement Memoranda	2,154	2,200	2,200
Review of Rulemaking and Other Projects	544	630	630
Review of Articles and Speeches	331	300	300
Non-SEC Statutes			
FOIA – Internal Appeals	653	637	645
Personnel Matters	230	235	240
Procurement Matters	737	746	746
Labor Matters	25	25	25
Attorney Misconduct Investigations	407	423	423
Other (Subpoenas)	57	60	60
Corporate Reorganization:			
Petitions Involving Public Investor Interest	80	65	65
Chapter 11 Cases: Appearances			
Filed	57	45	45
Closed	24	30	30
Chapter 11 Cases: Monitored			
Filed	23	20	20
Closed	11	15	15
Disclosure Statement Reviews	108	90	90
Disclosure Statements Commented On	70	55	55

## Other Program Offices

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Office of the Chief Accountant	48	48	47
Office of Investor and Education Advocacy	42	44	43
Office of International Affairs	52	54	53
Office of Administrative Law Judges	13	13	13
Office of the Investor Advocate	9	10	10
Office of Credit Ratings	46	46	45
Office of Municipal Securities	7	9	9
Office of the Advocate for Small Business Capital Formation	0	0	3
<b>Total Full-Time Equivalents</b>	217	224	223
<b>Cost:</b>			
Salaries and Benefits	\$ 55,599	\$ 57,680	\$ 59,101
Non-Personnel Expenses	26,700	24,570	23,131
<b>Total Costs</b>	<b>\$ 82,299</b>	<b>\$ 82,250</b>	<b>\$ 82,231</b>

This section of the SEC's request includes chapters that describe the responsibilities and activities of the agency's smaller program offices, as listed below.

**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 (SRO), 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 (NRSRO) 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 Advocate for Small Business Capital Formation:** Will be created by the SEC as required by the SEC Small Business Advocate Act of 2016 (P.L. 114-284). Among other functions, the Office will identify needs of small businesses and small business investors, and how the regulations of the Commission or SROs can be changed to better address those needs.

## Office of the Chief Accountant

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	48	48	47
<b>Cost:</b>			
Salaries and Benefits	\$ 14,262	\$ 14,062	\$ 14,194
Non-Personnel Expenses	4,827	4,145	3,873
<b>Total Costs</b>	<b>\$ 19,089</b>	<b>\$ 18,206</b>	<b>\$ 18,067</b>

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).

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Rulemaking Initiatives	8	8	16
U.S. Standard-Setting Projects/Issues Monitored	131	97	86
International:			
Consultations with Foreign Regulators on Accounting Interpretations/Compliance	60	65	65
IASB Standards/Interpretations Monitored	88	88	90
International Auditing and Independence Standards Monitored	11	13	13
SEC and IOSCO Rulemaking/Policy/Other Statements Issued	4	1	4
Registrant Contacts:			
Written Correspondence/Resolution of Accounting Issues	128	135	140
Consultation on Potential Enforcement Investigations	356	356	356
102 (e) Reinstatement Applications Processed	21	21	21
Member Appointments to PCAOB, Financial Accounting Foundation, and FASB	6	8	6
Quality Reviews of Accounting Firms Conducted by PCAOB Subject to SEC Oversight	273	270	270
Rules Adopted by PCAOB and Approved by SEC	3	0	0
Auditing Standards/Interpretations Issued by PCAOB and Approved by SEC	1	1	3
Independence Inquiries	304	350	400
Inspection of PCAOB programs	0	1	0
Public Awareness, Outreach, and Market Research Initiatives	43	82	86

## Office of Investor Education and Advocacy

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	42	44	43
<b>Cost:</b>			
Salaries and Benefits	\$ 10,332	\$ 10,339	\$ 10,362
Non-Personnel Expenses	8,162	7,610	7,226
<b>Total Costs</b>	<b>\$ 18,494</b>	<b>\$ 17,948</b>	<b>\$ 17,588</b>

The Office of Investor Education and Advocacy (OIEA) seeks 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.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Investor Assistance			
Total Investor Assistance Matters Closed	17,771	18,000	18,000
Percentage of Investor Assistance Matters Closed Within:			
7 Days	64%	62%	62%
30 Days	92%	90%	90%
Investor Education			
Page Views on OIEA Web Pages	23,700,000	8,000,000	10,000,000
In-Person Investor Events	112	80	90
Direct Mailing Campaign	4,700,000	7,500,000	7,500,000
Number of Investor Alerts and Bulletins Issued	32	32	32

## Office of International Affairs

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	52	54	53
<b>Cost:</b>			
Salaries and Benefits	\$ 12,857	\$ 13,537	\$ 13,657
Non-Personnel Expenses	4,626	3,984	3,673
<b>Total Costs</b>	<b>\$ 17,483</b>	<b>\$ 17,521</b>	<b>\$ 17,330</b>

The Office of International Affairs (OIA) advances the SEC's mission by promoting international enforcement and supervisory cooperation; developing and implementing strategies to further SEC policy interests in the regulation and oversight of cross-border securities activities; managing and

executing the SEC's participation in international regulatory bodies; engaging in regulatory dialogues with international counterparts; and providing technical assistance to strengthen partnerships with foreign authorities.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
SEC Enforcement Division Requests to SEC OIA for International Assistance <sup>1</sup>	1,027	1,110	1,193
Responses to Foreign Requests for SEC Enforcement Assistance <sup>1</sup>	636	676	716
Number of International Regulatory and Law Enforcement Officials Trained <sup>2</sup>	2,145	1,800	1,800
SEC Requests for Supervisory Cooperation Assistance <sup>3</sup>	135	139	143
Responses to Foreign Requests for SEC Supervisory Cooperation Assistance <sup>4</sup>	148	152	157
International Regulatory Initiatives <sup>5</sup>	170	170	178

- OIA's FY 2017 estimate and FY 2018 request use a linear trend analysis of actual results from the last five fiscal years in combination with FY 2017 Q1 and Q2 actual results. The FY 2017 estimate is higher than OIA's previous submission as a result of such analysis.
- OIA's FY 2017 and FY 2018 figures are contingent on the availability of sufficient domestic and foreign resources.
- OIA projects a three percent increase in the number of requests for supervisory cooperation from SEC staff including the Office of Compliance Inspections and Examinations, the Office of Credit Ratings, and the Division of Trading and Markets. The FY 2017 estimate is higher than OIA's previous submission because OIA used FY 2016 actual results to calculate the FY 2017 estimate.
- OIA projects a three percent increase in the number of foreign requests for SEC assistance in supervisory matters. The FY 2017 estimate is higher than OIA's previous submission because OIA used FY 2016 actual results to calculate the FY 2017 estimate.
- The Regulatory Policy Unit tracks bilateral and multilateral engagements for the Chairman, Commissioners, and OIA staff that the Regulatory Policy Unit coordinates and supports. The Regulatory Policy Unit also supports staff 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

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	13	13	13
<b>Cost:</b>			
Salaries and Benefits	\$ 2,573	\$ 2,817	\$ 2,895
Non-Personnel Expenses	737	719	672
<b>Total Costs</b>	<b>\$ 3,310</b>	<b>\$ 3,536</b>	<b>\$ 3,567</b>

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

Administrative law judges serve as independent adjudicators. Under the Administrative Proce-

dure 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.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Proceedings Inventory			
Pending Disposition Beginning of Year	90	84	84
Ordered for Hearing	201	200	200
Disposed	207	200	200
Canceled Before Hearing	50	50	50
Canceled After Hearing	0	0	0
Initial Decision Issued	157	150	150
Pending Disposition End of Year	84	84	84



## Office of the Investor Advocate

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	9	10	10
<b>Cost:</b>			
Salaries and Benefits	\$ 2,379	\$ 2,990	\$ 3,076
Non-Personnel Expenses	1,680	1,642	1,527
<b>Total Costs</b>	<b>\$ 4,059</b>	<b>\$ 4,632</b>	<b>\$ 4,603</b>

The Office of the Investor Advocate (OIAD) was created 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 (SRO), and for providing assistance to investors in resolving significant problems they may have with the SEC or SROs.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Investor Advocacy			
SEC Rulemakings Reviewed	22	30	30
SRO Rulemakings Reviewed	80	120	120
Policy Recommendations to SEC, SROs, or Congress	10	8	8
Outreach Events/Speeches	20	45	40
Ombudsman			
Investor Matters	222	250	275
Investor Contacts	1,224	1,500	1,800
Outreach Events/Speeches	8	11	14
Investor Advisory Committee Support			
In-Person Committee Meetings	4	4	4

## Office of Credit Ratings

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	46	46	45
<b>Cost:</b>			
Salaries and Benefits	\$ 11,378	\$ 11,666	\$ 11,714
Non-Personnel Expenses	5,963	5,799	5,400
<b>Total Costs</b>	<b>\$ 17,342</b>	<b>\$ 17,465</b>	<b>\$ 17,114</b>

The Office of Credit Ratings (OCR) is charged with administering Commission rules with respect to the practices of nationally recognized statistical rating organizations (NRSRO). These rules are aimed toward promoting accuracy in credit ratings issued by NRSROs, ensuring that credit ratings

are not unduly influenced by conflicts of interest, and helping to ensure that firms provide greater disclosure to investors. In support of this mission, OCR conducts policy oversight of NRSROs and conducts examinations.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Annual Examinations and Other Examination Compliance Activities	39	47	44
Studies, Reports, and Related Matters	24	29	25
Regulatory and Legislative Initiatives	7	7	6
Orders and No-Action Letters	5	5	5
Monitoring Meetings	33	32	32
Form NRSRO – Initial Applications and Annual Certifications	58	49	46
Enforcement/TCR	63	58	60
International Activities	68	96	100
Business Processes	35	37	39

## Office of Municipal Securities

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	7	9	9
<b>Cost:</b>			
Salaries and Benefits	\$ 1,818	\$ 2,270	\$ 2,337
Non-Personnel Expenses	704	671	628
<b>Total Costs</b>	<b>\$ 2,522</b>	<b>\$ 2,941</b>	<b>\$ 2,965</b>

The Office of Municipal Securities (OMS) was created in FY 2012 as an independent office that reports directly to the SEC Chairman. OMS is responsible for overseeing the \$3.8 trillion municipal securities market and administering the Commission's rules pertaining to municipal securities brokers and dealers, municipal advisors, investors in municipal securities, and municipal issuers. OMS also coordinates with the Municipal Securities Rulemaking Board (MSRB) on rulemaking and enforcement actions.

OMS advises the Commission on policy matters relating to the municipal securities market, and is responsible for policy development, coordination, and implementation of Commission initiatives to improve the municipal securities market. OMS provides technical assistance to other SEC offices and divisions, including the Office of Compliance Inspections and Examinations and the Division of Enforcement. OMS is responsible for reviewing and processing all MSRB proposed rule changes on behalf of the Commission. OMS also closely monitors current issues in the municipal securities market.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
SRO Proposed Rule Changes Reviewed <sup>1</sup>	17	17	18
SEC Rulemaking and Interpretive Actions	0	1	2
Interpretive, Exemptive, and No-Action Request Letters Closed	1	2	2
Reviews of Potential Enforcement Actions	18	21	23
Congressional, Governmental, Industry, and Public Correspondence and Inquiries <sup>2</sup>	600	625	700
Public Awareness and Market Outreach	26	27	30
Municipal Advisors <sup>3</sup>			
Registrants	668	743	818
Registration Applications Filed	58	75	75
Registration Amendments Filed	525	1,486	1,636
Registrations Withdrawn or Canceled	46	40	40

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

<sup>2</sup> This data combines correspondence and telephone/Internet inquiries.

<sup>3</sup> In addition, approximately 4,000 natural persons engaged in municipal advisory activities were registered on Form MA-1 in FY 2016.

## Office of the Advocate for Small Business Capital Formation

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	0	0	3
<b>Cost:</b>			
Salaries and Benefits	\$ —	\$ —	\$ 866
Non-Personnel Expenses	—	—	131
<b>Total Costs</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 997</b>

The Office of the Advocate for Small Business Capital Formation (OASB) was created by the SEC Small Business Advocate Act of 2016 (P.L. 114-284). The Act stated the following functions for the Office:

- (A) assist small businesses and small business investors in resolving significant problems such businesses and investors may have with the Commission or with self-regulatory organizations;
- (B) identify areas in which small businesses and small business investors would benefit from changes in the regulations of the Commission or the rules of self-regulatory organizations;
- (C) identify problems that small businesses have with securing access to capital, including any unique challenges to minority-owned and women-owned small businesses;
- (D) analyze the potential impact on small businesses and small business investors of—
  - (i) proposed regulations of the Commission that are likely to have a significant economic impact on small businesses and small business capital formation; and
  - (ii) proposed rules that are likely to have a significant economic impact on small businesses and small business capital formation of self-regulatory organizations registered under this title;

- (E) conduct outreach to small businesses and small business investors, including through regional roundtables, in order to solicit views on relevant capital formation issues;
- (F) to the extent practicable, propose to the Commission changes in the regulations or orders of the Commission and to Congress any legislative, administrative, or personnel changes that may be appropriate to mitigate problems identified under this paragraph and to promote the interests of small businesses and small business investors;
- (G) consult with the Investor Advocate on proposed recommendations made under subparagraph (F); and
- (H) advise the Investor Advocate on issues related to small businesses and small business investors.

The Act also created a Small Business Capital Formation Advisory Committee. The SEC plans to hire the Advocate in FY 2017 and complete staffing in FY 2018.

## Agency Direction and Administrative Support

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters			
Agency Direction			
Office of Executive Staff	35	29	29
Office of Public Affairs	12	14	14
Office of the Secretary	23	24	24
Subtotal	70	67	67
Administrative Support			
Office of the Chief Operating Officer	17	17	17
Office of Financial Management	100	100	98
Office of Information Technology	173	175	172
Office of Human Resources	117	125	123
Office of Acquisitions	56	57	56
Office of Support Operations	102	101	99
Office of Strategic Initiatives	12	20	20
Office of the Ethics Counsel	17	17	17
Office of Minority and Women Inclusion	8	9	9
Office of Equal Employment Opportunity	11	13	13
Subtotal	613	634	624
<b>Total Full-Time Equivalents</b>	<b>683</b>	<b>701</b>	<b>691</b>
<b>Cost:</b>			
Salaries and Benefits	\$ 144,748	\$ 148,597	\$ 140,980
Non-Personnel Expenses	\$ 61,782	\$ 58,477	\$ 55,060
<b>Total Costs</b>	<b>\$ 206,529</b>	<b>\$ 207,074</b>	<b>\$ 196,040</b>

This section of the FY 2018 request details the SEC's agency-wide executive activities, operations, and administrative functions.

Agency Direction: Includes the Chairman and Commissioners' Offices, Office of the Legislative and Intergovernmental Affairs (OLIA), Office of Public Affairs (OPA), and Office of the Secretary (OS).

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: Strives to enhance access to employment opportunities for the best and brightest talent and to foster an equitable work environment in which employees can perform the SEC's mission.

## Agency Direction

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters			
Office of Executive Staff	35	29	29
Office of Public Affairs	12	14	14
Office of the Secretary	23	24	24
<b>Total Full-Time Equivalents</b>	<b>70</b>	<b>67</b>	<b>67</b>
<b>Cost:</b>			
Salaries and Benefits	\$ 15,802	\$ 15,908	\$ 16,329
Non-Personnel Expenses	\$ 9,909	\$ 6,356	\$ 5,937
<b>Total Costs</b>	<b>\$ 25,711</b>	<b>\$ 22,264</b>	<b>\$ 22,267</b>

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).

## Executive Staff

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	35	29	29
<b>Cost:</b>			
Salaries and Benefits	\$ 8,805	\$ 8,823	\$ 9,052
Non-Personnel Expenses	\$ 2,494	\$ 2,466	\$ 2,287
<b>Total Costs</b>	<b>\$ 11,299</b>	<b>\$ 11,289</b>	<b>\$ 11,339</b>

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

The Chairman serves as the agency's chief executive officer, overseeing all aspects of agency operations and setting the agency's substantive policy and rulemaking agenda. In addition, the Chairman and Commissioners are jointly responsible for interpreting and enforcing the federal securities laws; issuing new rules and amending existing rules; overseeing the inspection of securities firms and other regulated entities; overseeing SROs in the securities, accounting, and auditing fields; and coordinating U.S. securities regulation with federal, state, and foreign authorities. The staff in the Chairman's Office and in each Commissioner's Office assist with these functions.

OLIA serves as the liaison between the SEC and Congress, and is responsible for responding to requests from Congress for information related to agency programs and legislation affecting the SEC or its mission.

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

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Commission Meetings	95	95	100
Calendar Items	627	630	645
Seriatim Actions	496	510	520
Congressional Testimonies	8	6	9
Chairman's and Congressional Correspondence	1,060	1,500	1,500

## Office of Public Affairs

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	12	14	14
<b>Cost:</b>			
Salaries and Benefits	\$ 2,514	\$ 2,514	\$ 2,577
Non-Personnel Expenses	1,492	1,372	1,287
<b>Total Costs</b>	<b>\$ 4,005</b>	<b>\$ 3,886</b>	<b>\$ 3,864</b>

The Office of Public Affairs (OPA) assists the Commission in making the work of the SEC open to the public, understandable to investors, and accountable to taxpayers. OPA's principal activity is to communicate the agency's work as well as deliver the agency's data and other digital informa-

tion to the public, market participants, and other stakeholders on SEC.gov. In addition to managing SEC.gov and other digital media platforms, OPA administers internal and external communications programs.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
News Releases and Statements	442	450	450
Email and Mobile Bulletins	7,558	8,000	8,000
Social Media Posts <sup>1</sup>	7,179	8,000	9,000
Website Content Updates	33,913	35,000	35,000

<sup>1</sup> Social Media Posts include those done by the individual divisions/offices on SEC-official accounts (10 Twitter accounts, 2 Facebook accounts, 1 Flickr account, 1 YouTube account, 1 Pinterest account, and 1 LinkedIn account). See [https://www.sec.gov/opa/social\\_media.html](https://www.sec.gov/opa/social_media.html)



## Office of the Secretary

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	23	24	24
<b>Cost:</b>			
Salaries and Benefits	\$ 4,484	\$ 4,571	\$ 4,701
Non-Personnel Expenses	5,923	2,517	2,363
<b>Total Costs</b>	<b>\$ 10,407</b>	<b>\$ 7,089</b>	<b>\$ 7,064</b>

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; advises the Commission and staff about practice and procedure; directly supports the Commission staff;

and receives and tracks filings in administrative proceedings. OS acts as publisher for the Commission's public website related to official Commission actions such as releases, notices, orders, and other matters. OS also monitors compliance with the Government in the Sunshine Act.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Releases Processed	5,000	5,200	5,450
Public Comment Letters Processed	186,000	100,000	105,000
Documents Posted on Website	5,600	6,000	6,300
Administrative Proceedings Items Processed	5,300	5,720	6,000
Service of Process – Administrative Proceedings	10,300	9,250	9,700

## Office of the Chief Operating Officer

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters			
Office of the Chief Operating Officer	17	17	17
Office of Financial Management	100	100	98
Office of Information Technology	173	175	172
Office of Human Resources	117	125	123
Office of Acquisitions	56	57	56
Office of Support Operations	102	101	99
Office of Strategic Initiatives	12	20	20
<b>Total Full-Time Equivalents</b>	<b>577</b>	<b>595</b>	<b>585</b>
<b>Cost:</b>			
Salaries and Benefits	\$ 106,071	\$ 109,378	\$ 100,624
Non-Personnel Expenses	\$ 68,615	\$ 69,382	\$ 66,692
<b>Total Costs</b>	<b>\$ 174,686</b>	<b>\$ 178,760</b>	<b>\$ 167,316</b>

The Office of the Chief Operating Officer (OCOO) develops, coordinates, and provides strategic leadership and operational oversight of the SEC’s core mission support activities and compliance with administrative requirements from Congress and the Executive Branch.

- 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

OCOO—and the offices that comprise it—embrace the following 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.

OCOO consists of six offices:

- Office of Financial Management (OFM)
- Office of Information Technology (OIT)
- Office of Human Resources (OHR)
- Office of Acquisitions (OA)
- Office of Support Operations (OSO)
- Office of Strategic Initiatives (OSI)

This vision is supported by four “pillars” or guideposts that mark the route to becoming an exemplary service and support organization.

OCOO also has a small front office staff who perform specialized activities and functions to support the SEC’s mission which are described on the next page.

## Office of the Chief Operating Officer (Front Office)

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	17	17	17
<b>Cost:</b>			
Salaries and Benefits	\$ 3,921	\$ 3,665	\$ 3,761
Non-Personnel Expenses	4,667	1,872	1,757
<b>Total Costs</b>	<b>\$ 8,587</b>	<b>\$ 5,536</b>	<b>\$ 5,518</b>

The front office of the Office of the Chief Operating Officer (OCOO) oversees and coordinates the activities of the six component offices described in subsequent pages. In addition, the front office performs four distinct functions to support the agency's mission, as detailed below.

- Enterprise Risk and Internal Control: OCOO continues to implement a program of Enterprise Risk Management (ERM), as required under OMB Circular A-123. This builds upon the agency's longstanding program of Operational Risk Management and internal control over operations. OCOO will continue to improve the management of risk by applying a rigorous and consistent process for all divisions and offices to identify, assess, manage, and report on enterprise risks and institute effective internal controls. 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, better enabling those offices to focus on their specific missions.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Number of Audits Facilitated	36	35	35
Number of Projects and Operational Activities Supported	72	45	45
Number of SharePoint Top-level Sites Administered <sup>1</sup>	20	21	21
Number of SEC-Wide Internal Message Articles and Daily Content Published	3,328	3,804	4,100
Number of Digital Signage Slides and Announcements	568	459	480

<sup>1</sup> Number only represents the top-level (i.e., first level/parent) sites. A total of nearly 490 subsites, pages, and/or workflows comprise these sites.

## Office of Financial Management

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	100	100	98
<b>Cost:</b>			
Salaries and Benefits	\$ 20,836	\$ 21,298	\$ 21,347
Non-Personnel Expenses	6,447	6,579	6,195
<b>Total Costs</b>	<b>\$ 27,284</b>	<b>\$ 27,876</b>	<b>\$ 27,542</b>

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.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Accounting and Finance			
Quarterly/Annual Financial Statements Issued <sup>1</sup>	36	36	36
Financial Transactions Analyzed <sup>2</sup>	6,956,017	7,600,000	8,300,000
Analysis and Reconciliation Reports Prepared <sup>3</sup>	6,446	6,510	6,576
Planning and Budget			
Number of External Budget Meetings Attended	23	24	24
Number of Conference Requests Submitted in AERS	134	134	134
Percent of Reserve Fund Letters Delivered to Congress on Time	100%	96%	100%

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 required on a quarterly and annual basis (16 statements total). This metric does not include the government-wide financial statements.

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

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

## Office of Information Technology

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	173	175	172
<b>Cost:</b>			
Salaries and Benefits	\$ 39,993	\$ 40,540	\$ 40,851
Non-Personnel Expenses	20,061	20,627	19,360
<b>Total Costs</b>	<b>\$ 60,054</b>	<b>\$ 61,167</b>	<b>\$ 60,211</b>

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.

The Office of Information Technology (OIT) supports the Commission and staff of the SEC in all aspects of IT. The Office has overall management

responsibility for the Commission's IT program including application development, infrastructure operations and engineering, user support, IT program management, capital planning, security, and enterprise architecture. The Office operates the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system, which electronically receives, processes, and disseminates more than 500,000 financial statements every year. The Office also maintains a very active website that contains a wealth of information about the Commission and the securities industry, and also hosts the EDGAR database for free public access.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
EDGAR Filings, Disclosure, and Review			
Online Searches for EDGAR Filings (in millions)	13,545	14,222	14,933
Number of Electronic Filings Received (in millions)	1.73	1.76	2.09
Internal Process Improvements and Employee Productivity			
User Requests for Helpdesk Assistance	120,069	160,000	160,000
Amount of Network-Based Storage (Terabytes)	22,100	25,415	29,227
Network Users	6,743	6,800	6,800
Information Security and Disaster Recovery			
Percentage of Major Systems Certified and Accredited	70%	87%	94%
Filer Technical Support			
Technical Support Internet and Email Inquiries	264	150	150
Technical Support Telephone Inquiries	18,549	29,375	40,201

## Office of Human Resources

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	117	125	123
<b>Cost:</b>			
Salaries and Benefits	\$ 23,175	\$ 24,590	\$ 15,692
Non-Personnel Expenses	6,721	9,229	8,819
<b>Total Costs</b>	<b>\$ 29,896</b>	<b>\$ 33,819</b>	<b>\$ 24,511</b>

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 order to enhance the SEC's performance through effective alignment and management of human capital. Overall, OHR's

FY 2018 allocation will further the strategic management of the SEC's human capital by motivating and retaining a diverse and talented workforce; administering programs to enhance employee engagement and leadership development; implementing advanced technologies to streamline work processes; and establishing policies and procedures to ensure compliance with federal regulations and negotiated agreements.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Personnel Actions Processed	24,399	26,091	26,482
Recruitment Actions	442	206	195
Training Sessions Held	930	830	830
Number of Training Session Attendees	31,773	28,000	28,000
Studies, Reviews, and Policies Issued	362	358	372

*Note: Comparative analysis of end Q2, FY 2016, and end Q2, FY 2017. Assumptions are very conservative and based on a fiscal outlook that includes a flat budget with limited hiring and normal and/or induced attrition (i.e., VERA/VVIP). It also accounts for personnel actions processing for regular and recurring actions associated with current employees such as career ladder promotions, career tenure changes, awards, etc.*

## Office of Acquisitions

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	56	57	56
<b>Cost:</b>			
Salaries and Benefits	\$ 11,149	\$ 11,144	\$ 11,178
Non-Personnel Expenses	3,033	2,945	2,776
<b>Total Costs</b>	<b>\$ 14,182</b>	<b>\$ 14,089</b>	<b>\$ 13,955</b>

The Office of Acquisitions (OA) provides expert advice in acquisition planning, development, and sourcing, awarding contracts and interagency agreements while ensuring contract terms and conditions are met through timely contract closeouts and de-obligation of funds. OA provides oversight of the Government Purchase Card (GPC) program and certification programs for contracting officer

representatives (COR), program managers, and contract specialists. OA is responsible for achieving small business diversity goals, maintaining the on-site contractors' database, and the implementation and enforcement of specific Congressional legislation, Executive mandates, and other directives related to federal procurement.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Procurement Actions (Contracts and Purchase Orders)	2,898	2,800	2,800
Total Value of Contracts with Business Funded by SEC	\$ 445,101,110	\$ 445,000,000	\$ 445,000,000
Additional Value of Interagency Agreements Obligated (in dollars)	\$ 37,329,965	\$ 37,000,000	\$ 37,000,000
GPC Cardholders Audited	115	115	115
Closeout Actions Processed	728	700	700
Recovered for Reuse (Closeouts & ULO De-obligations [in dollars])	\$ 52,752,414	\$ 35,000,000	\$ 25,000,000
CORs Managed	442	460	460
Small Business Actions Processed	1,869	1,600	1,600
Dollars Spent with Small Business	\$ 252,673,657	\$ 252,000,000	\$ 252,000,000
Percent Small Business Dollars (23% Federal-Wide Minimum Goal)	60.40%	60%	60%
Multi-Agency Collaborative Actions	701	700	700
Multi-Agency Contract Value Awarded (in dollars)	\$ 155,244,412	\$ 155,000,000	\$ 150,000,000

## Office of Support Operations

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	102	101	99
<b>Cost:</b>			
Salaries and Benefits	\$ 18,362	\$ 18,510	\$ 18,479
Non-Personnel Expenses	5,539	5,920	5,579
<b>Total Costs</b>	<b>\$ 23,901</b>	<b>\$ 24,430</b>	<b>\$ 24,057</b>

The Office of Support Operations (OSO) offers a variety of programs to manage the agency's facilities and assets. OSO is responsible for processing requests under the Freedom of Information and Privacy Acts (FOIA), managing all agency records

in accordance with the Federal Records Act, maintaining the security and safety of SEC facilities, and managing property and equipment as well as overall building operations.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Records Management – Official Certs	1,938	2,300	2,952
Records Management – Document Requests	557	970	1,261
FOIA Requests Carried Forward from Prior Years	1288	550	550
New FOIA/PA Requests Received	14,458	14,000	15,000
FOIA/PA Requests Completed	15,196	14,000	14,800
Security Services – Interim Suitability Determinations Made	2,616	2,433	2,263
Security Services – HSPD-12 Credentials Issued	2,499	2,324	2,161
Security Services – HSPD-12 Credential Certificates Updated	1,113	1,100	1,100
Print Production (millions of pages)	2.3	2.4	2.4



## Office of Strategic Initiatives

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	12	20	20
<b>Cost:</b>			
Salaries and Benefits	\$ 3,025	\$ 4,351	\$ 4,469
Non-Personnel Expenses	1,310	913	859
<b>Total Costs</b>	<b>\$ 4,335</b>	<b>\$ 5,263</b>	<b>\$ 5,328</b>

The mission of the Office of Strategic Initiatives (OSI) is to traverse intra-agency boundaries and ensure stakeholder alignment of particular functions and programs of strategic value by providing specific senior-level focus on these initiatives. OSI is currently focused on the three areas highlighted below.

### EDGAR Business Owner

As the business owner for the EDGAR system, OSI serves as a partner with the Office of Information Technology (OIT). OSI coordinates with divisions and offices about changes needed to the EDGAR system, such as those stemming from new or amended SEC rules, and then conveys those requirements to OIT for technical development. The EDGAR business owner also interacts with SEC divisions and offices to initiate and prioritize changes to EDGAR, and coordinates with the Office of Information Technology (OIT) to facilitate the design and implementation of these changes.

As the EDGAR business owner, the OSI director is responsible for managing any changes to the EDGAR Filer manual and submitting action memorandum to the Commission for seriatim acceptance of such changes when they occur.

The SEC has submitted a reprogramming request to Congress to create an EDGAR Program Office within OSI, which will combine all filer support functions with the EDGAR business owner functions described above.

### Information Services and Data

OSI is responsible for managing the Commission's budget and contracts for purchasing data and information used in support of the SEC's divisions and offices. This includes data used in analytics, electronic information services, and physical information collections within the Louis Law Library and across the SEC.

### Cross-Agency Programs and Initiatives

At the direction of the Chief Operating Officer, OSI oversees and manages cross-agency initiatives in support of the SEC's mission. OSI was responsible for the requirements gathering and design of the Enterprise Asset Management and Services System, which resulted in increased visibility and transparency along with implementation of systemic controls for SEC IT hardware and software assets as well as IT services.

In addition, OSI currently oversees and manages the modernization effort for the Disgorgement and Penalties System (DPS), which will help the

SEC manage transactions associated with Judicial Orders and Administrative Awards. Successful implementation of DPS will result in a robust payment and debtor solution to support debt collections along with strengthened internal controls through automated processes and workflows.

Lastly, OSI is responsible for the oversight and management of the EDGAR Redesign (ERD) program, a cross-agency, strategic initiative aimed toward delivering a new, electronic disclosure solution to replace the current EDGAR system. Successful completion of ERD will result in a robust, state-of-the-art disclosure system that benefits filers, investors, markets, the SEC, and the public.

## Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate <sup>4</sup>	FY 2018 Request
Information Services			
Public Reference—Visitors	500	500	500
Library Password Management—Active Passwords	22,000	22,500	23,000
Library Acquisitions—Contracts Managed <sup>1</sup>	129	130	135
Library Acquisitions—Invoices Reviewed/Paid <sup>2</sup>	648	650	675
Library Reference—In-Depth Research Requests <sup>3</sup>	230	280	310
Library Reference—Quick Reference Requests	1,900	2,100	2,300
EDGAR Business Owner			
OIT Meetings	0	55	40
Division & Office Meetings	0	30	40
EDGAR Releases	0	10	8
EDGAR Projects	0	5	4
Program Change Requests	0	150	170
ERD			
Governance Board Meetings	4	6	6
Division & Office Meetings/Interviews	43	227	100
ERD Technical & Functional Requirements Workshops	4	18	12
Deliverables Reviewed <sup>5</sup>	9	98	61
DPS			
Division & Office Meetings/Interviews	12	68	48
Governance Board Meetings	0	6	12
Deliverables Reviewed <sup>5</sup>	35	100	102

1 Includes 380 services within the contracts

2 Does not include GPC

3 Includes fulfilling requests for analyst reports, articles, books, and other documents

4 Extrapolated from April–September 2016 actuals

5 Includes formal and informal deliverables

## Office of the Ethics Counsel

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	17	17	17
<b>Cost:</b>			
Salaries and Benefits	\$ 3,897	\$ 3,848	\$ 3,952
Non-Personnel Expenses	1,035	1,005	947
<b>Total Costs</b>	<b>\$ 4,933</b>	<b>\$ 4,852</b>	<b>\$ 4,899</b>

The Office of the Ethics Counsel (OEC) is responsible for administering the Commission's Ethics Program and for interpreting the SEC's Supplemental Ethics Rules as well as federal government-wide ethics laws, rules, and regulations. OEC provides independent legal analysis and advice to the Chairman, Commissioners, and divisions and offices on

ethics issues. In addition, the OEC Compliance team manages personal trading requests for staff Commission-wide in compliance with the SEC Supplemental Ethics Rules and provides training and counseling on personal trading questions. OEC is also the SEC's liaison with the United States Office of Government Ethics.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Ethics Counseling Inquiries	7,640	8,400	9,200
Review of Public Financial Disclosure Forms	350	380	410
Commission Memoranda Review	1,320	1,450	1,550
Review of Confidential Financial Disclosure Forms	3,820	4,210	4,600
Clearance of 8b Requests	220	240	260
Pre-clearance of Requests for Trading	30,900	34,000	37,400
Employees Trained in Ethics	4,970	5,470	6,000
Review of SEC Forms 682-Financial Disclosure Forms	520	570	620

## Office of Minority and Women Inclusion

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	8	9	9
<b>Cost:</b>			
Salaries and Benefits	\$ 1,881	\$ 2,142	\$ 2,203
Non-Personnel Expenses	1,517	1,293	1,202
<b>Total Costs</b>	<b>\$ 3,399</b>	<b>\$ 3,435</b>	<b>\$ 3,405</b>

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. 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. In accordance with Title VII of the JOBS Act, OMWI conducts outreach efforts to businesses owned by veterans, women, and minorities to inform them about the JOBS Act and how it can support capital formation across our communities.

### Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Reporting Requirements and Data Analyses	175	110	110
Diversity and Inclusion Programs	90	80	80
Diversity and Inclusion Training	15	15	15
Roundtable or Public Meetings	2	4	8
Vendor Outreach	68	60	60
Targeted Advertisement Sources	265	145	145
Diversity Standards and Policies	5	3	2
Good Faith Effort Contract Reviews <sup>1</sup>	60%	75%	80%
Diversity Assessments	N/A	N/A	400
Advancing Employee Development	N/A	N/A	3

<sup>1</sup> Effective FY 2017, OMWI has changed the calculation methodology for Good Faith Effort (GFE) contract reviews to the number of GFE reviews conducted rather than the percentage of GFE reviews conducted.

## Office of Equal Employment Opportunity

<i>(DOLLARS IN THOUSANDS)</i>	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	11	13	13
<b>Cost:</b>			
Salaries and Benefits	\$ 2,707	\$ 2,602	\$ 2,674
Non-Personnel Expenses	1,541	1,739	1,629
<b>Total Costs</b>	<b>\$ 4,248</b>	<b>\$ 4,341</b>	<b>\$ 4,303</b>

The Office of Equal Employment Opportunity (OEEO) strives to enhance access to employment opportunities for the best and brightest talent, and to foster an equitable work environment in which employees can perform the SEC’s mission. SEC employees come from diverse backgrounds and are entitled to a workplace where employment decisions are made without regard to race, color, sex, age, religion, national origin, or genetic information. Like other demographic groups protected by statute, the law shields individuals with disabilities from discrimination; however, individuals with disabilities may lawfully receive preferential treatment, e.g., during the hiring process.

OEEO is organized in two analytical groups: Compliance and Barrier Analysis. The Compliance group applies legal principles to the processing and adjudication of complaints of discrimination under Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Rehabilitation and Americans with Disabilities Acts, and the Genetic

Information Nondiscrimination Act. The Equal Employment Opportunity Commission (EEOC) enforces these laws, adjudicates cases, and regulates equal employment opportunity (EEO) programs across the federal government.

The Barrier Analysis group analyzes quantitative and qualitative data to determine whether a policy, practice, or procedure impedes access to employment opportunities for members of a protected demographic group. When OEEO identifies such an impediment, OEEO collaborates with stakeholders to identify options to eliminate the potential barrier in the employment lifecycle, starting with recruitment and ending with separation. In support of its two analytical functions, OEEO also provides opportunities to quickly resolve disputes, conducts mandatory training, and files required annual reports with external stakeholders. OEEO engages frequently with internal and external stakeholders to perform its functions.

## Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Compliance	466	315	315
Reporting	8	8	8
Barrier Analysis	4,150	1,500	1,500
Mission Support	1,148	800	800

*COMPLIANCE: 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.*

*BARRIER ANALYSIS: In FY 2017, this calculation reflects improvements to the research process that leverage more effective information from documentation review. Improvements provide: structured sampling methods, analyses testing specific hypotheses, and maximizing information value. The time spent completing such structured review of each item is greater but is applied to a smaller number of individual items. For FY 2016, this calculation included 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, SOPs, 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.*

*MISSION SUPPORT: 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.*

## Office of Inspector General

(DOLLARS IN THOUSANDS)	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
<b>Full-Time Equivalents:</b>			
Headquarters	44	51	54
<b>Cost:</b>			
Salaries and Benefits	\$ 10,322	\$ 12,054	\$ 13,378
Non-Personnel Expenses	3,427	4,526	4,369
<b>Total Costs</b>	<b>\$ 13,750</b>	<b>\$ 16,581</b>	<b>\$ 17,747</b>

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.

### Regulatory Requirement

The Inspector General Act of 1978 (5 U.S.C. App., as amended) Section 6(g) requires that each Inspector General (IG) submit a budget estimate and request each fiscal year (FY) 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 FY; and

- The portion of that amount necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

As required by the Act, the IG of the SEC submits the following information for the OIG's budget estimate and request for FY 2018.

- The aggregate budget request for the operations of the OIG is \$14,748,358.
- 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 (i.e., approximately \$1,000 per FTE for general training needs). The estimated OIG specialized training cost for FY 2018 is \$108,000. The IG certifies that the aggregate amount of the request satisfies all training requirements for the OIG for FY 2018 as well as any assessment required to support CIGIE. The estimated amount of the SEC OIG's contribution to CIGIE is 0.30 percent of the budget request, or \$44,245.

## Workload Data

Activity	FY 2016 Actual	FY 2017 Estimate	FY 2018 Request
Audits/Evaluations			
Pending Beginning of Year	5	4	6
Opened	11	15	15
Completed	12	13	13
Pending End of Year	4	6	6

*Note: The total FTE on the previous table represents the entire OIG organization; however, the workload data above only includes the Office of Audits. The investigative workload of the 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.*



# Other Information

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## Risks, Internal Controls, and Management Challenges

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

### Risk Management

Enterprise risk management at the SEC is coordinated by the front office of the Office of the Chief Operating Officer. This risk management program assists the agency in achieving its strategic and operational objectives by providing an enterprise-wide, strategically aligned, systematic, and structured methodology for managing the agency's most significant risks and challenges.

The Risk Management Oversight Committee is the SEC's designated Risk Management Council, which provides governance and oversight of the SEC's Enterprise Risk Management program. This committee oversees the development and implementation of strategic and programmatic risk policies, frameworks, and methodologies, and also produces and maintains the agency's risk profile.

In FY 2018, the SEC will continue to focus on its enterprise risk management practices and ensure compliance with applicable laws, regulations, and standards.

### Management Assessments of Internal Controls

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

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

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

- An entity-level control assessment;
- Internal management reviews, self-assessments, and tests of internal controls;
- Management’s personal knowledge gained from daily operations;
- Reports from GAO and the OIG;
- Reviews of financial management systems;
- Reports pursuant to the Federal Information Security Management Act (FISMA) and OMB Circular A-130, *Management of Federal Information Resources*;
- Annual reviews on improper payments;

- Reports and other information from Congress or agencies such as OMB, the Office of Personnel Management (OPM), or the General Services Administration (GSA) reflecting the adequacy of internal controls; and
- Additional reviews relating to a division or office’s operations.

The SEC’s annual assessment of internal controls, based on these sources, is discussed in the agency’s Annual Financial Report (AFR), which can be found on the SEC website.

#### Management Challenges Identified by the Office of Inspector General

The SEC’s FY 2016 AFR provides a summary of the most serious management and performance challenges facing the SEC, as identified by OIG in the Other Information section. The AFR also details the actions currently being taken to address these challenges.

The table starting on the next page describes how the resources requested for FY 2018 will help address the challenges identified by the Inspector General.

**Regulatory  
Oversight**

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

The Office of Compliance Inspections and Examinations (OCIE) has worked to increase its examination coverage of IAs, including re-allocating staff and enhancing its use of advanced quantitative techniques, and continues to seek new ways to increase its efficiency.

OIG also reviewed relevant policies and procedures and the Division of Enforcement's (Enforcement) internal coordination of investigations. OIG found that the SEC has processes and systems for coordinating Enforcement investigations internally and, when appropriate, across agency divisions and offices. OIG made three recommendations designed to further strengthen the SEC's policies and procedures for coordinating investigations and making efficient use of limited resources.

The SEC continues to recognize the need to maximize technology to better identify risks, uncover frauds, sift through large volumes of data, inform policymaking, and streamline operations. Key information technology (IT) initiatives include the following:

- Expanding data analytics tools;
- Improving enforcement investigation and litigation tracking;
- Redesigning the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system;
- Improving examinations through risk assessment and surveillance tools;
- Investing further in business process automation and improvements; and
- Enhancing the Tips, Complaints, and Referrals (TCR) system.

**Information  
Security**

The SEC generates and collects commercially valuable, market-sensitive, proprietary, and other nonpublic information. To accomplish the SEC's mission, the agency shares sensitive information internally among its divisions and offices and externally with the regulated community and financial regulators.

The SEC has made significant progress in implementing a robust information security program consistent with federal directives, OMB standards, and guidance from the National Institute of Standards and Technology (NIST). For example, the SEC implemented enhanced vulnerability management and scanning capabilities across the enterprise which provides real-time insight into vulnerability detection and remediation for SEC information systems and deployed a Distributed Denial-of-Service (DDoS) protection capability. In December 2016, the SEC completed a rollout of Personal Identify Verification (PIV) cards for network access in accordance with OMB Cross-Agency Priorities and established a dedicated capability responsible for agency privacy initiatives. In addition, the SEC's Office of Information Technology (OIT) submitted materials demonstrating successful corrective actions for all open audit recommendations from the GAO and OIG.

In FY 2018, OIG will continue to identify and address any weaknesses in the agency's information security controls. To assist in this effort, OIG has established a working group consisting of OIG auditors, special agents, and IT specialists, and OIG will leverage the expertise of this working group to assist us in continuing to assess the SEC's information security program.

In FY 2018, OIT will continue to enhance capabilities and develop tools in areas such as risk analytics, vulnerability management, and configuration management. This will help SEC minimize the risk of unauthorized disclosure and improve compliance with FISMA requirements.

continued on next page

**Management  
Challenge  
Identified by  
the Inspector  
General**

**How the FY 2018 Budget Addresses the Challenge *(continued)***

**Acquisition  
Management**

In FY 2018, the Office of Acquisitions (OA) will use its resources to complete the migration from a paper-based contracting filing system to an electronic contract file system, eFile. This effort will include centralizing the files of the SEC's contracting officer representatives (COR), and maintaining focus on the COR Improvement Initiative, which is aimed toward providing greater efficient and effective management of the COR program across the SEC through both formal and informal training. OA also will continue to ensure proper certifications of the SEC's program/project managers.

**Human Capital  
Management**

During FY 2016, the SEC released a Human Capital Strategic Plan to align the agency's human capital with the achievement of its mission, goals, and objectives. The agency also released an SEC Strategic Workforce Plan, which provides an overview of the current workforce; identifies critical workforce competencies for SEC mission critical occupations; and identifies perceived workforce competency gaps from supervisors/managers.

In FY 2018, the Office of Human Resources (OHR) will conduct periodic reviews to assess whether the plan aligns with current agency workforce and succession planning efforts.

In FY 2018, the Office of Women and Minority Inclusion (OMWI) will continue to work with all divisions and offices, SEC senior leadership, the agency's Diversity Council, the Office of Equal Employment Opportunity, and OHR to promote diversity in the agency's workforce and cultivate an inclusive work environment. The SEC will continue to implement existing initiatives and explore new strategies for improving gender, racial, and ethnic diversity in SEC mission critical occupations and senior management positions. Further, OMWI will continue to work with OA to build on the agency's success in advancing the agency's supplier diversity goals.

Pending OMB approval for its Diversity Assessment Report for Entities Regulated by the SEC in FY 2017, OMWI will begin requesting diversity assessment information in FY 2018. OMWI will use educational events with industry trade associations to promote the use of the Joint Standards and encourage SEC-regulated entities to conduct self-assessments of their diversity policies and practices. OMWI will also continue to conduct post-award reviews of agency contractors to determine compliance with SEC Contract Standard for Contractor Workforce Inclusion.

## Cross-Agency Collaboration

Working with partners across regulatory boundaries, market segments, and national borders furthers the SEC's ability to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The SEC values these partnerships and understands that these collaborations are critical for the SEC to meet its strategic goals. Examples of these collaborative efforts are discussed below.

### Strategic Goal 1

To establish an effective regulatory environment, several SEC divisions and offices regularly collaborate with external partners.

For example, the SEC participates in international regulatory organizations such as the Financial Stability Board (FSB) and the International Organization of Securities Commissions (IOSCO). Through these entities, the SEC addresses international regulatory issues by influencing the development of international guidance, recommendations and standards, and participating in assessing the implementation of financial market reforms and their ramifications for U.S. investors. The SEC is involved in multiple FSB and IOSCO committees, working groups, and task forces, and also influences IOSCO's contributions to the FSB.

The SEC also participates in bilateral dialogues with foreign counterparts on securities markets issues, including dialogues led by the Treasury Department such as the U.S.-EU Financial Regulatory Forum, NAFTA Financial Services Committee, U.S.-EU Financial Services Committee, U.S.-China Comprehensive Economic Dialogue, and U.S.-India Financial Regulatory Dialogue. In FY 2017, the SEC anticipates that the pace

of regulatory action in other jurisdictions will increase—particularly in the European Union—and the SEC will continue to explore opportunities for converged approaches to high-quality regulatory standards. 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.

In FY 2016, the Division of Corporation Finance consulted and coordinated with the appropriate federal banking agencies before issuing comments to banks regarding loan loss allowances. Furthermore, the SEC's staff also meets quarterly and on an ad hoc basis with the chief accountants and certain other offices (e.g., examinations) of the banking regulators to discuss relevant accounting issues and rulemaking in the banking industry.

At minimum, the Office of the Chief Accountant meets with staff from each of the federal banking agencies every quarter to discuss accounting standards-setting activities and interpretations for the purposes of collaborating on financial reporting matters. Examples of topics discussed are the accounting for financial instruments and related credit impairments (loan losses), revenue recognition activities, and consolidations.

### Strategic Goal 2

To foster and enforce compliance with the federal securities laws, the SEC works closely with other agencies and foreign governments.

The Division of Enforcement collaborates with a number of criminal authorities. For example, the Division, the U.S. Department of Justice, and the

94 U.S. Attorney's Offices frequently collaborate on individual cases and broad sweeps or task forces through access grants to their respective investigative files. The Division also collaborates with the Federal Bureau of Investigation (FBI) on individual matters and through a Memorandum of Understanding to embed on a full-time basis several agents and intelligence analysts from the FBI's Economic Crimes Unit into the Division's Office of Market Intelligence (OMI) for the purpose of information sharing and combating securities fraud by leveraging each other's resources and expertise.

The Division of Enforcement also coordinates with other federal agencies, routinely exchanging tips, complaints and referrals (received by OMI) and sharing information and intelligence. The Division primarily coordinated in this regard with the U.S. Department of Justice, the 94 U.S. Attorney's Offices, and the FBI, but also coordinates with other federal and state agencies including, among others, the Consumer Financial Protection Bureau, the Commodity Futures Trading Commission, the Department of Education, the Department of Labor, the Federal Trade Commission, the Internal Revenue Service, the Financial Crimes Enforcement Network, and the Office of the Comptroller of the Currency.

In coordination with the SEC's Office of International Affairs (OIA), the Enforcement Division routinely collaborates with the SEC's law enforcement and regulatory counterparts abroad. This collaboration includes, for example, requests from the Division for international assistance and requests for assistance from foreign regulatory and law enforcement authorities. In addition, each year the Division participates in the SEC's Annual International Enforcement Institute, at which staff share important information about enforcement-related issues.

The Office of Compliance Inspections and Examinations is responsible for the oversight of broker-dealers and does so through many coordinated efforts with the Financial Industry Regulatory Authority (FINRA). The SEC and FINRA have regular contact to discuss strategic initiatives, examination coordination, risk assessment efforts, rulemaking issues, industry risks, etc. This type of coordination is ultimately intended to make oversight of broker-dealers more effective and to improve compliance within the industry. As an example, the two agencies coordinate to formally present Compliance Outreach Seminars. Additional SEC offices—particularly the Division of Trading and Markets—are heavily involved in this coordination as well.

OIA actively participates in multilateral efforts to enhance international enforcement cooperation, representing the SEC on multiple 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.

### Strategic Goal 3

The SEC frequently works with other entities to facilitate access to the information investors need to make informed investment decisions.

Through the Outsmarting Investing Fraud program, the Office of Investor Education and Advocacy (OIEA) staff conducts educational programs with the FINRA Investor Education Foundation, state securities regulators, and AARP on how to identify common persuasion techniques used by con artists.



OIEA represents the SEC on the Financial Literacy and Education Commission (FLEC), which was established under the Fair and Accurate Credit Transactions Act of 2003. FLEC is chaired by the Secretary of the Treasury and made up of the heads over 20 additional federal agencies.

#### Strategic Goal 4

To enhance the Commission's performance through effective alignment and management of human, information, and financial capital, the Commission's administrative offices often work collaboratively with other agencies.

For example, the Office of Human Resources participates in roundtable discussions with other FIRREA agencies on a variety of staffing initiatives, concerns, and benchmarking activities

within the FIRREA community. The purpose is to explore best practices, share information, and discuss agency challenges. Participants include the FDIC, the CFTC, the Federal Housing Finance Administration, the OCC, NCUA, CFPB, Federal Reserve Board of Governors, and the Farm Credit Administration.

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

## Evidence Building

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Internal and external evaluations play a significant role in monitoring and improving SEC program performance. Through objective measurement and analysis, agency managers determine the extent to which programs are achieving mission objectives allowing them to direct SEC resources accordingly. In FY 2016, there were seven Government Accountability Office (GAO) reports and eight Office of Inspector General reports related to agency operations. Beyond this, examples of reviews and evaluations that the agency has initiated and plan to continue are listed below.

- The agency will continue to advance broad-based reviews of core agency programs involving equity market structure and the effectiveness of its public company disclosure rules to protect investors and promote capital formation.
- The Division of Trading and Markets also continues work with staff at other applicable regulators to explore ways to improve price transparency and address potential regulatory gaps in the government securities markets.
- Through customer satisfaction surveys and other research, the Office of Investor Education

and Advocacy and the Office of the Investor Advocate will seek additional information regarding the behavior of individual investors, the type of information they need and use when making investment decisions, and the usefulness of SEC's investor education programs and materials.

- The SEC reviews performance goal data on a quarterly basis through the Chairman's Quarterly Operating Report, which was created to establish a performance measure monitoring process for the agency. Each quarter, the SEC's performance improvement officer and the Chairman's Office review the status of performance goals and indicators to determine whether the agency is on target for achieving these goals for the fiscal year. The report includes the quarterly result for each performance goal or indicator and the progress achieved toward meeting the target for the fiscal year. This review process is in-line with OMB and Performance Improvement Council recommendations for frequent data-driven reviews.

## Hyperlinks to Other Information and Resources

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Reference	URL
Strategic Plan for 2014–2018	<a href="http://www.sec.gov/about/sec-strategic-plan-2014-2018.pdf">www.sec.gov/about/sec-strategic-plan-2014-2018.pdf</a>
FY 2016 Agency Financial Report	<a href="http://www.sec.gov/about/secafr2016.shtml">www.sec.gov/about/secafr2016.shtml</a>
Prior Year Congressional Budget Justifications	<a href="http://www.sec.gov/reports">www.sec.gov/reports</a>
Investor.gov	<a href="http://www.investor.gov">www.investor.gov</a>
Office of the Whistleblower	<a href="http://www.sec.gov/whistleblower">www.sec.gov/whistleblower</a>
Enforcement Actions	<a href="http://www.sec.gov/spotlight/enf-actions-fc.shtml">www.sec.gov/spotlight/enf-actions-fc.shtml</a>
Laws that Govern the Securities Industry	<a href="http://www.sec.gov/about/laws.shtml">www.sec.gov/about/laws.shtml</a>
Glossary of Terms and Acronyms	<a href="http://www.sec.gov/fast-answers">www.sec.gov/fast-answers</a>

# Appendices

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## Appendix A: SEC Divisions and Offices

### Headquarters Offices

DIVISION OF CORPORATION FINANCE

William Hinman, Director

(202) 551-8875

DIVISION OF ENFORCEMENT

Stephanie Avakian, (Acting) Director

(202) 551-8835

DIVISION OF INVESTMENT MANAGEMENT

David Grim, Director

(202) 551-6720

DIVISION OF ECONOMIC AND RISK ANALYSIS

Scott Bauguess, (Acting) Director/Chief Economist

(202) 551-6600

DIVISION OF TRADING AND MARKETS

Heather Seidel, (Acting) Director

(202) 551-5608

OFFICE OF ACQUISITIONS

Vance Cathell, Director

(202) 551-8385

OFFICE OF ADMINISTRATIVE LAW JUDGES

Brenda P. Murray,

Chief Administrative Law Judge

(202) 551-6030

OFFICE OF THE CHIEF ACCOUNTANT

Wesley Bricker, Chief Accountant

(202) 551-3014

OFFICE OF THE CHIEF OPERATING OFFICER

Kenneth Johnson, (Acting) Chief Operating Officer

(202) 551-4306

OFFICE OF COMPLIANCE INSPECTIONS AND EXAMINATIONS

Peter Driscoll, (Acting) Director

(202) 551-6200

OFFICE OF CREDIT RATINGS

Thomas J. Butler, Director

(212) 336-9080

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

Peter Henry, (Acting) Director

(202) 551-7001

OFFICE OF THE ETHICS COUNSEL

Shira Pavis Minton, Ethics Counsel/

Designated Agency Ethics Official

(202) 551-7938

OFFICE OF FINANCIAL MANAGEMENT

Caryn Kauffman, (Acting) Chief Financial Officer

(202) 551-8834

OFFICE OF THE GENERAL COUNSEL

Robert B. Stebbins, General Counsel

(202) 551-4176

OFFICE OF HUMAN RESOURCES

Lacey Dingman,

Chief Human Capital Officer

(202) 551-7500

OFFICE OF INFORMATION TECHNOLOGY

Pamela Dyson, Director/Chief Information Officer

(202) 551-7095

OFFICE OF INSPECTOR GENERAL

Carl W. Hoecker, Inspector General

(202) 551-6061

OFFICE OF INTERNATIONAL AFFAIRS

Paul A. Leder, Director  
(202) 551-6690

OFFICE OF THE INVESTOR ADVOCATE

Rick Fleming, Investor Advocate  
(202) 551-3302

OFFICE OF INVESTOR EDUCATION AND ADVOCACY

Lori Schock, Director  
(202) 551-6500

OFFICE OF LEGISLATIVE AND  
INTERGOVERNMENTAL AFFAIRS

Keith Cassidy, Director  
(202) 551-2096

OFFICE OF MINORITY AND WOMEN INCLUSION

Pamela A. Gibbs, Director  
(202) 551-6046

OFFICE OF MUNICIPAL SECURITIES

Jessica Kane, Director  
(202) 551-5680

OFFICE OF PUBLIC AFFAIRS

John Nester, Director  
(202) 551-4120

OFFICE OF THE SECRETARY

Brent Fields, Secretary  
(202) 551-5400

OFFICE OF STRATEGIC INITIATIVES

Mark Ambrose, Director  
(202) 551-7792

OFFICE OF SUPPORT OPERATIONS

Barry Walters, Director/Chief FOIA Officer  
(202) 551-8400

[Regional Offices](#)

ATLANTA REGIONAL OFFICE

Walter E. Jospin, Regional Director  
950 East Paces Ferry Road NE, Suite 900  
Atlanta, GA 30326  
(404) 842-7600  
e-mail: atlanta@sec.gov

BOSTON REGIONAL OFFICE

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33 Arch Street, 24th Floor  
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G. Jeffrey Boujoukos, Regional Director  
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1617 John F. Kennedy Boulevard  
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Philadelphia, PA 19103  
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SALT LAKE REGIONAL OFFICE

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## Appendix B: Verification and Validation of Performance Data

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The SEC's programs require accurate data to properly assess program performance and make good management decisions. The SEC performs data verification and validation to evaluate whether data has been generated according to specifications, satisfy acceptance criteria, and is appropriate and consistent with its intended use. Data verification is a systematic process for evaluating a dataset compared to a series of standards regarding its completeness, correctness, and consistency, using the methods and criteria defined in the project documentation. Data validation follows the data verification process and uses information from the project documentation to ascertain the usability of the data in light of its objectives and to ensure that results obtained are scientifically defensible.

The SEC ensures that the performance data presented in this report is complete, reliable and accurate based upon the following assessment steps:

- (1) The agency develops performance measures through its strategic planning process.
- (2) The SEC's divisions and offices perform steps to ensure that data used in the calculation of performance measures is accurate and reliable, including adequately documenting:
  - The sources of the underlying data elements, and the procedures used to gather the data;
  - The procedures used to obtain assurance as to the accuracy and reliability of the data; and
  - The data definitions for reference, as well as the measure calculations.
- (3) The divisions and offices calculate and report the performance measures to the Office of Financial Management, and the measures are approved by division directors and office heads. This process ensures that the data used in the calculation of performance measures is accurate and reliable and that internal control is maintained through the approval process.

## Appendix C: SEC's Responses to Government Accountability Office Reports

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

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

GAO Report: "Opportunities Exist for SEC to Improve Its Controls over Financial Systems and Data" (GAO-16-445SU, dated April 28, 2016)



THE CHAIR

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

June 27, 2016

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

Dear Chairman Cochran:

This letter addresses the recommendations contained in the U.S. Government Accountability Office's non-public report on its audit of the SEC's financial statements for fiscal years 2015 and 2014 entitled "Opportunities Exist for SEC to Improve Its Controls over Financial Systems and Data" (GAO-16-445SU, dated April 28, 2016).

I am pleased that the GAO's audit found that the SEC has made progress in strengthening our information security controls in several respects, including: enhancing our capacity to respond rapidly to unauthorized or anomalous activity; improving our enterprise cybersecurity detection, protection, and prevention mechanisms; and implementing a defense-in-depth security model consistent with guidance from the National Institute of Standards and Technology. The SEC is committed to continuously strengthening our cybersecurity posture. I am confident in our ability to administer our systems to maintain the confidentiality, integrity, and availability of Commission assets, operations, and data, and I welcome the opportunity to further enhance our strong system of internal security controls.

To date, the SEC has taken action to address [REDACTED] recommendations provided in GAO-16-445SU and will be presenting GAO evidence of successful corrective actions during its 2016 audit. I have directed the SEC's Chief Information Officer (CIO) to address the remaining [REDACTED] recommendations that affect how specific SEC information systems are operated and configured by the end of the fiscal year. I also am pleased to report that the SEC has successfully implemented actions that satisfy multiple GAO prior-year recommendations. As of June 1, 2016, the SEC has submitted documents to GAO that demonstrate the successful implementation of corrective action to address [REDACTED] prior-year recommendations, and I have also directed the CIO to address the remaining [REDACTED] prior-year recommendations by June 30, 2016.

Please do not hesitate to contact me at (202) 551-2100, or have a member of your staff contact Keith Cassidy, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010, if you have any questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Mary Jo White".

Mary Jo White  
Chair

GAO Report: "Opportunities Exist for SEC to Improve Its Controls over Financial Systems and Data" (GAO-16-445SU, dated April 28, 2016)



THE CHAIR

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

June 27, 2016

The Honorable Hal Rogers  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
H-305, The Capitol  
Washington, D.C. 20515

Dear Chairman Rogers:

This letter addresses the recommendations contained in the U.S. Government Accountability Office's non-public report on its audit of the SEC's financial statements for fiscal years 2015 and 2014 entitled "Opportunities Exist for SEC to Improve Its Controls over Financial Systems and Data" (GAO-16-445SU, dated April 28, 2016).

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To date, the SEC has taken action to address [REDACTED] recommendations provided in GAO-16-445SU and will be presenting GAO evidence of successful corrective actions during its 2016 audit. I have directed the SEC's Chief Information Officer (CIO) to address the remaining [REDACTED] recommendations that affect how specific SEC information systems are operated and configured by the end of the fiscal year. I also am pleased to report that the SEC has successfully implemented actions that satisfy multiple GAO prior-year recommendations. As of June 1, 2016, the SEC has submitted documents to GAO that demonstrate the successful implementation of corrective action to address [REDACTED] prior-year recommendations, and I have also directed the CIO to address the remaining [REDACTED] prior-year recommendations by June 30, 2016.

Please do not hesitate to contact me at (202) 551-2100, or have a member of your staff contact Keith Cassidy, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010, if you have any questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "Mary Jo White".

Mary Jo White  
Chair

GAO Report: "Opportunities Exist for SEC to Improve Its Controls over Financial Systems and Data" (GAO-16-493, dated Apr. 28, 2016)



THE CHAIR

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

June 27, 2016

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

Dear Chairman Cochran:

This letter addresses the recommendations contained in the U.S. Government Accountability Office's public report on its audit of the SEC's financial statements for fiscal years 2015 and 2014 entitled "Opportunities Exist for SEC to Improve Its Controls over Financial Systems and Data" (GAO-16-493, dated Apr. 28, 2016).

I am pleased that the GAO's audit found that the SEC has made progress in strengthening our information security controls in several respects, including: enhancing our capacity to respond rapidly to unauthorized or anomalous activity; improving our enterprise cybersecurity detection, protection, and prevention mechanisms; and implementing a defense-in-depth security model consistent with guidance from the National Institute of Standards and Technology (NIST). The SEC is committed to continuously strengthening our cybersecurity posture. I am confident in our ability to administer our systems to maintain the confidentiality, integrity, and availability of Commission assets, operations, and data, and I welcome the opportunity to further enhance our strong system of internal security controls.

To date, the SEC has taken action to address one of the six recommendations provided in GAO-16-493 and has made significant progress on the remaining five. The SEC will be presenting GAO evidence of successful corrective actions during its 2016 audit. Specifically, the SEC has taken action to review all of its information technology governance materials and has taken action to update over fifty policies and procedures. Regarding the tracking of corrective actions, the SEC has taken action to consolidate all audit recommendations into a centralized repository to enhance the management and tracking of all activity related to remediation. With respect to physical inventory, the SEC is working to ensure its physical asset inventory aligns with logical inventory data captured by its automated mechanisms. Lastly, the SEC, like most of the federal government, is focused on enhancing our continuous monitoring program consistent with the NIST Information System Continuous Monitoring (ISCM) methodology to improve situational awareness of weaknesses and vulnerabilities. The SEC continues to enhance its operational ISCM protocols, including ensuring that all necessary personnel have access to vulnerability scanning information and other security-related status reports.


I also am pleased to report that the SEC successfully implemented actions that satisfy multiple GAO prior-year recommendations. As of June 1, 2016, the SEC has submitted

The Honorable Thad Cochran  
Page 2

documents to GAO that demonstrate the successful implementation of corrective action to address twelve of fifteen prior-year recommendations, and we plan to address the remaining three prior-year recommendations later this week by June 30, 2016.

Please do not hesitate to contact me at (202) 551-2100, or have a member of your staff contact Keith Cassidy, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010, if you have any questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "Mary Jo White". The signature is stylized and cursive.

Mary Jo White  
Chair

GAO Report: "Opportunities Exist for SEC to Improve Its Controls over Financial Systems and Data" (GAO-16-493, dated Apr. 28, 2016)



THE CHAIR

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

June 27, 2016

The Honorable Hal Rogers  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
H-305, The Capitol  
Washington, D.C. 20515

Dear Chairman Rogers:

This letter addresses the recommendations contained in the U.S. Government Accountability Office's public report on its audit of the SEC's financial statements for fiscal years 2015 and 2014 entitled "Opportunities Exist for SEC to Improve Its Controls over Financial Systems and Data" (GAO-16-493, dated Apr. 28, 2016).

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Mary Jo White  
Chair



GAO Report: "Securities and Exchange Commission: Management Has Enhanced Supervisory Controls and Could Further Improve Efficiency" (GAO-17-16, dated October 6, 2016)



THE CHAIR

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

December 1, 2016

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

Dear Chairman Cochran:

As required by 31 U.S.C. § 720, this letter addresses the recommendation contained in the Government Accountability Office's (GAO) report entitled "Securities and Exchange Commission: Management Has Enhanced Supervisory Controls and Could Further Improve Efficiency" (GAO-17-16, dated October 6, 2016). The report responds to Section 961 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires the GAO to review the SEC's internal supervisory control structure and procedures and report to Congress at least every three years.

I appreciate the GAO's recognition of the substantial enhancements and improvements the SEC has made since the prior triennial review. Among other things, the GAO noted that the SEC has taken steps to enhance the internal supervisory control framework and improved the design and operation of controls. The staff is now in the process of adopting the GAO's current recommendation to formalize the 961 Working Group or otherwise establishing a formal body to leverage the divisions' and offices' experiences, expand their collaboration to share best practices, and streamline procedures and documentation.

Thank you for the opportunity to address the GAO report. Please do not hesitate to contact me at (202) 551-2100, or have your staff contact Keith Cassidy, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010, if you have any questions or comments.

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Mary Jo White  
Chair

GAO Report: "Securities and Exchange Commission: Management Has Enhanced Supervisory Controls and Could Further Improve Efficiency" (GAO-17-16, dated October 6, 2016)



THE CHAIR

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

December 1, 2016

The Honorable Hal Rogers  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
H-305, The Capitol  
Washington, D.C. 20515

Dear Chairman Rogers:

As required by 31 U.S.C. § 720, this letter addresses the recommendation contained in the Government Accountability Office's (GAO) report entitled "Securities and Exchange Commission: Management Has Enhanced Supervisory Controls and Could Further Improve Efficiency" (GAO-17-16, dated October 6, 2016). The report responds to Section 961 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires the GAO to review the SEC's internal supervisory control structure and procedures and report to Congress at least every three years.

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Mary Jo White  
Chair

GAO Report: "Permanent Funding Authorities: Some Selected Entities Should Review Financial Management, Oversight, and Transparency Policies" (GAO-17-59, dated December 9, 2016)



THE CHAIR

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

January 19, 2017

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

Dear Chairman Cochran:

I am pleased to respond to the two recommendations made by the Government Accountability Office (GAO) to the Chair of the Securities and Exchange Commission (SEC) in its December 2016 report, *Permanent Funding Authorities: Some Selected Entities Should Review Financial Management, Oversight, and Transparency Policies* (Report).<sup>1</sup> At the request of the U.S. Senate Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, the GAO selected and examined certain entities with permanent funding authority to assess their policies and procedures to manage funds and facilitate oversight. The Report summarizes the result of the examination for five such entities, including the Public Company Accounting Oversight Board (PCAOB), for which the Commission has oversight authority under the Sarbanes-Oxley Act of 2002. The Report makes two recommendations related to the PCAOB.

First, the Report reflects the GAO's view that it is important for entities with operating reserves to establish appropriate target amounts to help ensure the efficient and responsible use of their funding. The SEC, by regulation, establishes a five-month reserve limit for the PCAOB to observe when it develops its annual budget and fees.<sup>2</sup> By establishing the five-month reserve limit, the regulation seeks to strike a balance between (1) giving the PCAOB the ability to collect sufficient funds to handle contingencies and (2) not assessing issuers and broker-dealers more fees, or sooner, than necessary.<sup>3</sup> To ensure that the reserve safeguards against realistic risks and probable contingencies, including potential unforeseen funding delays, the GAO recommends analyzing and documenting the analysis of program needs and probable contingencies, in consultation with the PCAOB as appropriate.<sup>4</sup> Ensuring that the PCAOB has adequate funding to fulfill its mission is essential. Therefore, SEC staff will coordinate further with PCAOB staff

<sup>1</sup> Permanent Funding Authorities: Some Selected Entities Should Review Financial Management, Oversight, and Transparency Policies, GAO-17-59 (Dec. 9, 2016) [hereinafter *Report*], <http://www.gao.gov/assets/690/681538.pdf>.

<sup>2</sup> 17 C.F.R. § 202.190 ("Budget Rule").

<sup>3</sup> See Amendments to the Informal and Other Procedures: Public Company Accounting Oversight Board Budget Approval Process, Securities Act Rel. No. 8724 at Section II.B (July 18, 2006), 71 Fed. Reg. 41997 (July 24, 2006), <https://www.sec.gov/rules/final/2006/33-8724.pdf>.

<sup>4</sup> See Report, *supra* note 1, at 30.

The Honorable Thad Cochran  
Page 2

as the PCAOB analyzes, with review by the SEC, their program costs and risks to ensure that the operating reserve reflects current needs and probable contingencies and that the analysis is documented.

Second, to ensure the availability of timely information to "facilitate congressional oversight, promote transparency, and foster public accountability," the Report recommends establishing a deadline for the PCAOB's required annual report, including its audited financial statements.<sup>5</sup> Timely financial information is critical for effective oversight. Accordingly, the Commission's recent Order approving the PCAOB's 2017 budget and accounting support fee directs the PCAOB to submit its 2016 annual report to the Commission by April 1, 2017.<sup>6</sup>

I appreciate the GAO's attention to these important issues and I agree with these recommendations. If you have any questions or if you would like to discuss any of these matters, please feel free to contact me at (202) 551-2100, or have your staff contact Keith Cassidy, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,



Mary Jo White  
Chair

<sup>5</sup> See Report, *supra* note 1, at 30. Section 101(h) of the Sarbanes-Oxley Act of 2002 requires the PCAOB to submit an annual report to the SEC and for the SEC to transmit the report to specified Congressional committees.

<sup>6</sup> See Order Approving Public Company Accounting Oversight Board Budget and Annual Accounting Support Fee for Calendar Year 2017, Securities Act Rel. No. 10266 (Dec. 14, 2016), 81 Fed. Reg. 92885 (Dec. 20, 2016), <https://www.sec.gov/rules/other/2016/33-10266.pdf>.

GAO Report: "Permanent Funding Authorities: Some Selected Entities Should Review Financial Management, Oversight, and Transparency Policies" (GAO-17-59, dated December 9, 2016)



THE CHAIR

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

January 19, 2017

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

Dear Chairman Frelinghuysen:

I am pleased to respond to the two recommendations made by the Government Accountability Office (GAO) to the Chair of the Securities and Exchange Commission (SEC) in its December 2016 report, *Permanent Funding Authorities: Some Selected Entities Should Review Financial Management, Oversight, and Transparency Policies* (Report).<sup>1</sup> At the request of the U.S. Senate Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, the GAO selected and examined certain entities with permanent funding authority to assess their policies and procedures to manage funds and facilitate oversight. The Report summarizes the result of the examination for five such entities, including the Public Company Accounting Oversight Board (PCAOB), for which the Commission has oversight authority under the Sarbanes-Oxley Act of 2002. The Report makes two recommendations related to the PCAOB.

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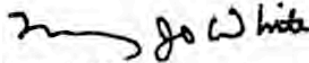
The Honorable Rodney P. Frelinghuysen  
Page 2

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Mary Jo White  
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GAO Report: "Securities and Exchange Commission: Actions Needed to Address Limited Progress in Resolving Long-Standing Personnel Management Challenges" (GAO-17-65, dated December 29, 2016)



THE CHAIR

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

January 18, 2017

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

Dear Chairman Cochran:

I am pleased to respond to the recommendations contained in the Government Accountability Office's (GAO) December 2016 report, *Securities and Exchange Commission: Actions Needed to Address Limited Progress in Resolving Long-Standing Personnel Management Challenges* (GAO-17-65).

The GAO study of the personnel management practices and culture of the Securities and Exchange Commission (SEC) contains useful observations and recommendations to strengthen personnel management at the SEC. We have made significant progress and demonstrated a commitment to resolving any open recommendations outlined in the July 2013 report, *Securities and Exchange Commission: Improving Personnel Management is Critical for Agency's Effectiveness* (GAO-13-621).

In the final GAO-17-65 report, GAO recommended two actions:

- Enhance or expand the responsibilities and authority of the [Chief Operating Officer] COO or other official or office so they can help ensure that improvements to communication and collaboration across SEC are made. For instance, if the duties of the COO were expanded, the COO could establish liaisons in each mission-critical office and division for SEC employees to contact or develop procedures to help facilitate communication and collaboration among the mission-critical office and divisions; and
- Develop and implement training for hiring specialists that is informed by a skills gap analysis.

We provided a detailed response to the report, which appears at pages 97 to 103 in the final report and is included in this response as Attachment A. As discussed in the response, the SEC has demonstrated a consistent commitment to intra-agency collaboration that facilitates and enhances the execution of our critical mission for the country's investors and markets. We also provided a number of examples illustrating the agency's success in building, sustaining, and

The Honorable Thad Cochran  
Page 2

growing an organization that fosters and values innovation, communication, collaboration, and transparency. We agree that it is important to continue to enhance our intra-agency communication and collaboration, and will continue to do so; however, we believe that the current status of such efforts is significantly more developed than reflected in the report's characterization. While we appreciate the concept, we do not concur with the suggestion for structural and functional changes in the responsibilities of the agency's COO as the optimal means to achieve further enhancements, given the nature and extent of the agency's responsibilities, and the current structure, personnel, and responsibilities in the Chair's Office, in addition to the COO's current responsibilities.

The SEC concurs with the GAO recommendation to develop and implement training for human resources (HR) specialists involved in the hiring process. We agree that it is important to invest in the training and development of staff, and we will continue to do so. As mentioned in the final report, the SEC has already taken steps to improve its overall hiring process, including: transitioning to electronic case file management for better organized staffing records; providing training, resources, and transparency to SEC staff on promotion opportunities; providing training to managers on the hiring and selection process; and providing training, job aids, and other tools to HR specialists to use when documenting work activities. Going forward, and as described below, the SEC will take additional timely and appropriate actions to further address the GAO recommendation specific to HR specialists responsible for hiring.

The Office of Human Resources will prioritize its assessment of HR specialists responsible for hiring and will develop training plans to address any skills gaps identified, with anticipated conclusion in May 2017. Upon completion of the analysis, OHR will develop a core curriculum for the HR specialist position and implement a training plan based on grade level to address any identified skills gaps. In addition, HR specialists will continue to be required to maintain their Delegated Examining Certification,<sup>1</sup> as required by regulation. We anticipate that the HR specialist training plan will be developed no later than August 2017, reviewed annually, and modified as necessary.

Thank you for the opportunity to respond to the final GAO report.

If you have any questions or would like to discuss this response, please contact Michael Liflik, Deputy Chief of Staff, at (202) 551-2100.

Sincerely,



Mary Jo White  
Chair

<sup>1</sup> Delegated Examining Certification: 5 U.S.C. §1104 requires all employees involved in delegated examining activities receive initial training by OPM and receive recertification in three-year increments thereafter.



GAO Report: "Securities and Exchange Commission: Actions Needed to Address Limited Progress in Resolving Long-Standing Personnel Management Challenges" (GAO-17-65, dated December 29, 2016)



THE CHAIR

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

January 18, 2017

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

Dear Chairman Frelinghuysen:

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The Honorable Rodney P. Frelinghuysen  
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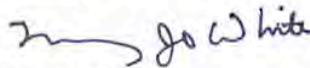
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U.S. Securities and  
Exchange Commission  
100 F Street NE  
Washington, DC 20549  
[www.sec.gov](http://www.sec.gov)