FY 2012 Annual Performance Report

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FY 2014 Annual Performance Plan

FY 2012 APR and FY 2014 APP Summary

The SEC focuses its resources on (1) fostering and enforcing compliance with the Federal securities laws, (2) establishing an effective regulatory environment, (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 2012, total SEC obligations were $1.18 billion in support of 3,770 total full-time equivalents (FTE). Of 72 total performance targets, the agency met or exceeded 34, did not meet 19, and did not have data to report on 19.

The budget request for FY 2014 totals $1.674 billion, an increase of about $256 million (18 percent) over the agency's FY 2013 Continuing Resolution funding amount. The FY 2014 budget funds 4,638 full-time equivalents (FTE), an increase of about 415 FTE (10 percent) over the FY 2013 level, and increases the number of positions by 676 to a total of 5,180.

The additional resources requested for FY 2014 would bolster the SEC's efforts to achieve each of its four strategic goals, and allow the agency to begin overseeing the new markets and market participants that have been added to the SEC's jurisdiction. Resources that directly support fostering and enforcing compliance with the securities laws would increase approximately 19 percent from FY 2013 to FY 2014; resources utilized in establishing an effective regulatory environment would increase by approximately 24 percent compared to FY 2013; and resources that support activities that aim to facilitate access to the information investors need to make informed investment decisions would receive an estimated 11 percent increase.

The agency is mindful that significantly increasing staffing in the program areas requires a commensurate increase in staff and funding for support offices. Additionally, refinements to the tracking of resources devoted to the effective management of human, information, and financial capital has led the program offices to devote more staff time to these duties. The requested funding will provide necessary resources for investments in information technology that will improve the agency's technology security; tips, complaints, and referrals (TCR) system; technology infrastructure; and workflow processes.

To complement the FY 2014 performance budget, the agency also presents its FY 2014 budget by program (beginning on page 63). Each program chapter provides detailed information on program priorities, initiatives, and workload figures for the relevant divisions and offices.

A Reader's Guide to the SEC's Performance Information

The following chapters comprise the agency's FY 2012 Annual Performance Report (APR) and FY 2014 Annual Performance Plan (APP), which explains how the SEC uses resources to achieve each of its four strategic goals.

The following outlines 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.

FY 2012 Performance Achievements: A brief summary that spotlights the year's performance achievements, including resource data and an overall discussion of performance.

Budgeting for the Future (FY 2014): A brief discussion of how the SEC plans to use resources requested in FY 2014 to achieve the strategic goal.

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

Performance Goals and Indicators: Each strategic goal section includes a presentation of performance measures and performance indicators by outcome, comparing planned and actual performance levels for FY 2011. Four years of historical data is provided for performance measures and performance indicators where available. A plan for improving program performance is included for measures where non-achievement was significant. Not applicable (N/A) in the performance measures table indicates that performance data is not available. Performance indicators that do not include targets also are included in this section, providing useful information for understanding the SEC's activities.

Verification and Validation of Performance Data

The SEC's programs require accurate data to properly assess program performance and to make good management decisions. Data verification and validation is used to evaluate whether data has been generated according to specifications, satisfy acceptance criteria, and are appropriate and consistent with their intended use. Data verification is a systematic process for evaluating performance and compliance of a set of data when compared to a set of standards to ascertain 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 measurement quality 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 the following 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;
- the data definitions for reference;
- documenting and explaining 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.

Performance Summary by Strategic Goal

Strategic Goal 1: Foster and Enforce Compliance with the 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 (SROs) 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. When violations occur, the SEC aims to take prompt action to halt the misconduct, sanction wrongdoers effectively, and return funds to harmed investors. In FY 2012, approximately $692.5 million and 2,188 full-time equivalents (FTEs) were directed at achieving results in Goal 1. Of 17 performance targets, the agency met or exceeded 7, did not meet 7, and did not have data to report on 3.

In FY 2014, the agency is requesting a total of 2,868 FTE for Goal 1. The additional resources will allow the SEC to continue building out the agency's new responsibility areas, and begin addressing the disparity between the number of exam staff and the growing number and complexity of registered firms. Additionally, the Commission will be able to take prompt action to halt misconduct, sanction wrongdoers effectively, and return funds to harmed investors. In all, the agency plans to devote approximately $935.5 million to enforcing compliance with the federal securities laws.

Spotlight: FY 2012 Performance Achievements

While investigating and prosecuting violations of Federal securities laws are integral aspects of the Commission's programs, working to detect and prevent violations of the securities laws are also key to protecting investors and enhancing market integrity. Efforts designed to promote investor awareness are the first line of defense against fraud. In FY 2012, the SEC issued 24 Investor Alerts and Bulletins, providing investors with information they need to make wise investment decisions and limiting opportunities for investor abuse (**Performance Goal 1.1.1**).

The SEC seeks to encourage within organizations of all sizes a strong culture of compliance that fosters ethical behavior and decision-making. In FY 2012, the SEC expanded its outreach efforts for promoting compliance, conducting a number of significant industry outreach and educational programs (**Performance Goal 1.1.2**). Specifically, the Compliance Outreach program continues to offer information and resources to investment adviser and broker-dealer firms, and the agency is pleased that the majority of participants (over 84 percent) found the program to be useful (**Performance Goal 1.1.4**). In future years, the agency will track the number of Compliance Alerts issued, post-examination compliance conferences hosted, and other educational and training programs offered to support continued compliance.

Additionally in FY 2012, the SEC improved its surveillance capabilities by enhancing the methods and technologies used to analyze data, which helped staff more effectively prepare for and conduct examinations. While the number of regulated entities is expected to grow, these efforts as well as enhanced staff expertise are expected to help the SEC increase the percentage of registrants examined each year (**Performance Goal 1.2.3**).

When violations of the federal securities laws do occur, the SEC investigates and brings enforcement actions against regulated persons and entities, as well as other market participants. The SEC brought 734 enforcement actions in FY 2012, the second highest number ever filed in a fiscal year (and one less than the record 735 filed the prior year). Of these actions, 20 percent were filed in investigations designated as National Priority Cases, representing the Division's most important and complex matters (**Performance Indicator (Output) 1.3.4**). A detailed discussion of the SEC's most significant cases can be found in SEC's Agency Financial Report (AFR) *Appendix B: Major Enforcement Cases*.

In addition, the Division obtained orders for $3.1 billion in penalties and disgorgement (**Performance Indicator (Output) 1.3.6**); distributed a total of $815 million to harmed investors; continued to utilize the enhanced remedies available under the Dodd-Frank Act to bar numerous individual wrongdoers from working in the securities industry; and obtained other forms of relief that send a strong deterrent message and protect investors, including asset freezes, trading suspensions, and penny stock bars. Finally, the SEC made its first whistleblower payout to an individual who provided high-quality, significant information that helped stop a multi-million dollar fraud. Enforcement is receiving many excellent tips through the Whistleblower Program, resulting in significant savings in investigative resources and time.

Budgeting for the Future (FY 2014)

In FY 2014, the SEC will continue to make improvements to its National Examination and Enforcement programs. These improvements include expanding the SEC's training programs, hiring staff with new skill sets, streamlining processes, enhancing information sharing, leveraging the knowledge of third parties, improving the processing of the thousands of tips the agency receives annually, and improving risk assessment techniques. These and other significant efforts contribute to the agency's objective of creating an enduring structure for improved protection of investors and markets.

In FY 2014, the National Examination program will continue its focus on high-risk entities and activities. Additional staff will, among other things, improve risk assessment and surveillance functions and continue to address the disparity between the number of staff and the size and complexity of regulated entities. The staff will perform targeted, sweep, and cause examinations, including examinations over new or expanded areas of the agency's jurisdiction. In FY 2014, the SEC will also continue to promote industry compliance efforts through the Compliance Outreach program, and will maintain ongoing efforts to improve its risk assessment and surveillance methodologies.

Additionally in FY 2014, the Division of Investment Management (IM) will aim to hire additional examiners to oversee funds and investment advisers. These examiners will increase investor protection by supplementing and coordinating with other examination efforts. They would also bring skills and specialized experience to examinations of funds and investment advisers. This specialization is expected to directly inform, support and improve policies and rulemakings that address industry practices observed during exams. The exam function will be part of a larger Risk and Examination Office (REO) within IM. REO will be responsible for conducting rigorous quantitative and qualitative financial analysis of the investment management industry.

The SEC plans to increase its outreach efforts for promoting compliance by performing approximately 16 industry outreach and educational program initiatives in FY 2014 (**Performance Goal 1.1.2**). Furthermore in FY 2014, the staff expects to continue devoting a significant amount of time and resources to make compliance outreach as relevant and beneficial as possible for registered entities. The staff will continue to make every effort to ensure that this program reaches as many chief compliance officers as possible and that it continues to be extremely useful in helping registered firms with their compliance efforts (**Performance Goal 1.1.4**).

The Enforcement program plans to build on significant changes implemented in prior fiscal years, and will work to meet new challenges expected in FY 2014, including challenges presented by the addition of several new classes of registrants to the Commission's jurisdiction (e.g., municipal advisors, new categories of securities-based swap entities, and hedge fund and other private fund advisers), which are likely to result in an increase in the number of referrals to the Enforcement program. In order to effectively meet these challenges, the Enforcement program is aggressively adopting new methods, initiatives, and organizational reforms to ensure the best possible use of available resources to strengthen investor confidence in the U.S. financial markets and to send a strong message of deterrence to would-be violators of the securities laws.

To improve the quality and efficiency of its investigations, the SEC has put seasoned investigators on the front lines, created specialized units focused on specific programmatic priorities, enhanced case management systems, and increased coordination efforts with other offices and divisions in the agency and other regulators. In FY 2014, the SEC plans to resolve approximately 92 percent of enforcement actions (**Performance Goal 1.3.1**), while also reducing in FY 2014 the average number months between the opening of an investigation and the filing of the first enforcement action arising out of that investigation (**Performance Goal 1.3.6**).

Under the Sarbanes-Oxley Act of 2002, the SEC can use Fair Funds to redirect penalties collected from securities law violators to the victims of their wrongdoing. The SEC is committed to the timely collection and distribution of penalties and disgorgement funds and has adopted a variety of new measures for monitoring its progress, as described further below.

Strategic Objective 1.1: The SEC fosters compliance with the federal securities laws.

Goal Leader(s): Director, Office of Compliance Inspections and Examinations; Director, Office of Investor Education and Advocacy

PERFORMANCE GOAL 1.1.1
Number of new investor education materials designed specifically to help investors protect themselves from fraud

Description: Through its Office of Investor Education and Advocacy (OIEA), and often in conjunction with other organizations, the agency issues Investor Alerts and other forms of educational material that inform investors about new or emerging types of fraud.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of education materials	Prior-year data not available			16	24	24	24	26	26

Target: Met – This goal was developed in FY 2010 during the strategic planning process and prior year data is not available.

Analysis: In FY 2012, the SEC issued 24 new investor alerts and bulletins to meet its goal, focusing on salient topics for individual investors related to investment products and potential investment scams.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: *www.sec.gov* and *www.investor.gov*

PERFORMANCE GOAL 1.1.2
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 measure identifies the number of major outreach efforts conducted including the agency's national and regional Compliance Outreach events, published Compliance Alerts, and other educational initiatives.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of major outreach efforts	Prior-year data not available			6	5	12	13	14	16

Target: Exceeded – This goal was developed in FY 2010 during the strategic planning process and prior year data is not available.

Analysis: The SEC seeks to encourage a strong culture of compliance among organizations, to foster ethical behavior and decision-making. As part of its efforts to promote compliance within the industry, OCIE conducted one Compliance Outreach event, published five National Risk Alerts and also published one public report during FY 2012. Senior staff also conducted an SRO Outreach meeting, represented OCIE at SEC Speaks and published remarks from four critical speaking engagements during the year. In addition to these efforts, staff from throughout the program participated in a number of additional outreach efforts, including speaking at numerous industry conferences and related engagements, which are not reflected in the above numbers.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: Internal tracking, although the events noted above are referenced in the SEC's Website

PERFORMANCE GOAL 1.1.3
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. Most often, registrants respond that they have corrected the deficiencies and implemented measures to prevent recurrence.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	94%	93%	94%	90%	93%	93%	92%	93%	94%

Target: Not Met

Analysis: During examinations in FY 2012, the staff reviewed a variety of books and records and identified a number of areas where firms appeared not to be in compliance with Federal securities laws. In response to deficiency letters that were sent to firms by the staff, the vast majority of registrants have asserted that they are taking corrective action in response to the staff's findings. In order to achieve this level of performance, the staff made concerted efforts during the year to improve dialogue and communication with firms, including at the most senior levels. These efforts have helped to ensure that there is a clear understanding of issues and concerns between the staff and registrants. Overall, this measure continues to show that registrants are using examination results to improve operations and compliance with federal securities laws. The performance goal was set at an approximate level and the deviation from that level is minimal. There was no effect on overall program or activity performance.

Plan for Improving Program Performance: OCIE will continue to enhance efforts to promote compliance by more proactive communications with registrants and their personnel, including chief compliance officers. These enhanced communication efforts will be aimed at increasing compliance efforts or remedial actions taken by registrants. Additionally, the program anticipates using additional resources to perform corrective action reviews at selected firms. Among other things, these reviews will be focused on ensuring that the corrective actions taken by firms are being implemented in a manner to adequately address previously noted deficiencies at those firms.

Responsible Division/Office: Office of Compliance Inspections and Examinations

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

PERFORMANCE GOAL 1.1.4
Percentage of attendees at the Compliance Outreach program that rated the program as "Useful" or "Extremely Useful" in their compliance efforts

Description: The Compliance Outreach program is designed to educate, inform, and alert CCOs and other senior management of pertinent information, including about effective compliance controls, that may assist them in administering compliance programs within registered firms. Improving compliance programs will reduce violative activity, resulting in increased protection for investors. At the conclusion of all Compliance Outreach events, CCOs are given the opportunity to rate the usefulness of the information provided in assisting them in their compliance efforts.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	97%	92%	84%	77%	86%	80%	84%	85%	86%

Target: Exceeded

Analysis: The program formerly known as CCOutreach is now more broadly focused and is known as the Compliance Outreach program. During FY 2012, the staff devoted significant resources to the Compliance Outreach program in order to make it as relevant and beneficial as possible for registered entities. There was one national seminar during FY 2012, and staff from OCIE and the Division of Investment Management worked together, utilizing feedback from chief compliance officers, to ensure that this event covered key topics of interest. Feedback from this seminar indicated that more than 84 percent of attendees completing evaluations agreed that the program would improve job performance.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: Internal tracking

PERFORMANCE INDICATOR (EFFICIENCY & CUSTOMER SERVICE) 1.1.1 Annual increases or decreases in the number of CCOs attending Compliance Outreach programs						
Description: While the raw number of CCOs in the industry may vary depending on factors outside of the SEC's control, the Commission seeks to provide educational programs that are highly valued by attendees and their employers. Analyzing changes in participation levels will foster continued improvement in both program content and outreach efforts.						
Fiscal Year	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012 Actual**
Percentage	Prior-year data not available			N/A	N/A	N/A
Analysis: This measure was developed in FY 2010 during the strategic planning process. The SEC does not have the ability to track this performance indicator, and it will be under evaluation as part of the agency's strategic planning process.						
Responsible Division/Office: Office of Compliance Inspections and Examinations						
Data Source: N/A						

Strategic Objective 1.2: The SEC promptly detects violations of the federal securities laws.

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

PERFORMANCE GOAL 1.2.1 Percentage of cause and special exams (sweeps) conducted as a result of risk assessment processes that includes multi-divisional input									
Description: As SEC staff expands its use of risk-based methods and has more data available for risk analysis, staff anticipates that the percentage volume of exams driven by a more robust risk assessment process will increase.									
Fiscal Year	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012 Plan**	**FY 2012 Actual**	**FY 2013 Estimate**	**FY 2014 Estimate**
Percentage	Prior-year data not available				N/A	N/A	N/A	TBD	TBD
Target: N/A – This measure was developed in FY 2010 during the strategic planning process. The SEC does not have the ability to track this performance indicator, and it will be under evaluation as part of the agency's strategic planning process.									
Analysis: Overall, the SEC focuses its resources on those firms and activities presenting the most risk to investors. Firms with higher risk characteristics or profiles may be identified at any time based on any number of factors, including input from other offices and divisions within the Commission. Examinations of high risk firms may be for cause, as part of a risk targeted examination sweep, or simply due to the presence of certain higher risk characteristics.									
Responsible Division/Office: Office of Compliance Inspections and Examinations									
Data Source: N/A									

PERFORMANCE GOAL 1.2.2 Percentage of advisers deemed "high risk" examined during the year									
Description: To conduct oversight of investment advisers, the staff conducts a risk-based program of examinations. Certain advisers are identified as high risk at the beginning of every fiscal year, and then inspections are planned on a cyclical basis. The staff's goal is to inspect high risk advisers at least once every three years. Meeting this target will depend upon the SEC having sufficient resources to keep pace with growth in the industry and the need for examiners to check compliance with evolving regulatory requirements.									
Fiscal Year	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012 Plan**	**FY 2012 Actual**	**FY 2013 Estimate**	**FY 2014 Estimate**
Percentage	33%	33%	22%	N/A	N/A	N/A	N/A	TBD	TBD
Target: N/A – This measure was developed in FY 2010 during the strategic planning process. The SEC does not have the ability to track this performance indicator, and it will be under evaluation as part of the agency's strategic planning process.									
Analysis: OCIE does not have FY 2012 information for this measure. Given developments in the program, this measure is no longer tracked and will not be measured in the future. That being said, it should be noted that the SEC focuses its resources on those firms and activities presenting the most risk to investors. Firms with higher risk characteristics or profiles may be identified at any time based on any number of factors and will be examined as quickly as possible.									
Responsible Division/Office: Office of Compliance Inspections and Examinations									
Data Source: N/A									

PERFORMANCE GOAL 1.2.3
Percentage of investment advisers, investment companies, and broker-dealers examined during the year

Description: This measure indicates the number of registrants examined by the SEC or an SRO as a percentage of the total number of registrants. This measure 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, oversight examinations of broker-dealers to test compliance and the quality of examinations by the Financial Industry Regulatory Authority (FINRA).

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Investment advisers	13%	14%	10%	9%	8%	9%	8%	10%	14%
Investment companies	20%	23%	29%	10%	13%	13%	12%	14%	16%
Broker-dealers (exams by SEC and SROs)	54%	57%	54%	44%	58%	55%	49%	50%	51%

Target: Investment Advisers – Not Met; Investment Companies – Not Met; Broker-Dealers – Not Met

Analysis: The staff continued to spend considerable time and effort during the year on improving 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. As part of these efforts, the staff spent significant resources on collecting and analyzing data about all registrants. The results of these efforts help to ensure that the program is focusing on the highest risk entities and selecting appropriate candidates for onsite examination. Examinations of these high risk firms often take significant time to complete and are frequently of large and complex entities. For example, the investment advisers examined in FY 2012 represent more than 20 percent of the overall assets under management of currently registered advisers. In addition to these efforts, examination resources have been reallocated during the last year to other areas intended to improve the long-term performance of the program, including industry outreach initiatives and other program improvement efforts.

Plan for Improving Program Performance: During FY 2013 and FY 2014, the staff will continue to implement improved processes and procedures that have been identified as part of its ongoing self-improvement process. Over 50 significant improvement initiatives in the areas of strategy, structure, people, processes, and technology have been completed in the last several years or are currently underway. The agency expects that these improvements, which include further refinements to the exam program's risk assessment processes, will lead to more effective coverage of registered entities.

Responsible Division/Officee: Office of Compliance Inspections and Examinations

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

PERFORMANCE GOAL 1.2.4
Percentage of non-sweep and non-cause exams that are concluded within 120 days

Description: The staff conducts examinations each year of investment advisers, investment company complexes, transfer agents, and broker-dealers. The staff strives to complete its examinations in the most efficient and effective manner. When possible, the staff attempts to conclude its examinations within 120 days of the end of any field work completed. However, some examinations require significantly more time so that potential violations are fully reviewed. To ensure that time pressure does not impair quality, the target for this benchmark should not be set too high.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available			48%	53%	55%	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process.

Analysis: While the program strives to complete examinations as quickly and efficiently as possible, there is no longer a focus on this specific deadline. Rather, the program is primarily concerned with completing examinations within OCIE's statutory deadline. In this regard, 100 percent of the staff's examinations in FY 2012 have been completed within the statutory deadlines outlined in the Dodd-Frank Act.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: Super Tracking and Reporting System (STARS)

PERFORMANCE INDICATOR (CONTEXTUAL) 1.2.1
Percentage of exams that identify deficiencies, and the percentage that result in a "significant finding"

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 measure identifies the percentage of exams by registrant category that identified deficiencies, and that resulted in significant deficiency findings.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Percentage that identify deficiencies	Prior-year data not available			72%	82%	80%
Percentage that result in a "significant finding"	Prior-year data not available			42%	42%	42%

Analysis: In FY 2012, examiners continued to use risk assessment techniques to focus examinations on those areas most likely to reveal significant issues. Overall, the majority of examinations resulted in the identification of deficiencies, and more than 40 percent revealed significant findings. While it is difficult to predict these numbers in future years, they do reflect an effective risk-focused approach that is identifying issues in order to protect investors, prevent fraud and improve compliance.

Responsible Division/Office: Office of Compliance Inspections and Examinations

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

PERFORMANCE INDICATOR (OUTPUT) 1.2.2
Number of cause exams that result from tips

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

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Number of cause exams	Prior-year data not available			N/A	N/A	N/A

Analysis: The data for this metric was not available for FY 2012; however, it will be tracked in future years. More broadly, the staff conducted more than 525 cause examinations of investment advisers, broker-dealers, investment company complexes, and transfer agents during FY 2012. Many of these examinations were conducted due to the receipt of critical tips by the Commission.

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: N/A

Strategic Objective 1.3: The SEC prosecutes violations of federal securities laws and holds violators accountable.

Goal Leader(s): Director, Division of Enforcement; Director, Office of International Affairs

PERFORMANCE GOAL 1.3.1
Percentage of enforcement actions resolved

Description: This measure assesses the rate at which the SEC's filed enforcement actions are resolved. Specifically, the measure 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. The Division is currently assessing the value of this metric, and evaluating how to incorporate qualitative considerations of the results of the Division's enforcement actions.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	92%	92%	92%	92%	93%	92%	89%	92%	92%

Target: Not Met

Analysis: The Enforcement Division is in the process of developing a new metric that will focus on qualitative ratings of filed Enforcement actions. This metric will measure the output of the Division from a qualitative point of view, and will complement existing metrics designed to capture the level of investigative activity and the number and timeliness of enforcement actions.

Plan for Improving Program Performance: The Division has implemented controls and strategies to resolve actions on a favorable basis, while at the same time, it will not be reluctant to file precedent setting or complex matters that are programmatically important, even if success is not assured.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE GOAL 1.3.2
Percentage of first enforcement actions filed within two years

Description: This measure concerns the pace of investigations that lead to the filing of enforcement actions. Specifically, this measure captures the rate at which the first enforcement actions 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 measure 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 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	54%	62%	70%	67%	61%	64%	63%	65%	65%

Target: Not Met

Analysis: Filing enforcement actions in a timely manner is an important measure of the Division's effectiveness. Timely actions have an increased deterrent impact; conversely, unnecessarily delayed periods between conduct and sanctions can weaken deterrent effect and undermine the public's faith in the effectiveness of law enforcement. Of course, timeliness of actions will be negatively impacted by cases that are complex and large, which can take extended periods of time to develop successfully. In the last three years, the Division has focused its efforts on pursuing such cases. For example, a significant priority for the Division has been to investigate and hold accountable firms and individuals who committed securities law violations linked to the financial crisis. Many of these cases involved complex financial products, market transactions and conduct that can be difficult to detect and take longer to investigate. In addition, the Division is focusing on emerging threats involving new trading technologies such as high-frequency and algorithmic trading, large volume trading, as well as systemic insider trading and manipulation schemes.

Plan for Improving Program Performance: Recognizing the challenges of bringing complex cases in a timely manner, the Division has streamlined its processes to enable the staff to bring cases more quickly. In addition, the Division has developed and implemented metrics designed to capture the nature and level of investigative activity, the number and timeliness of enforcement actions, as well as Division overall efficiency and performance. The Division will continue to utilize these and other tools in evaluating and improving its efficiency and timeliness.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE GOAL 1.3.3
Percentage of debts where either a payment has been made or a collection activity has been initiated within 180 days of the due date of the debt

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

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	N/A	88%	90%	86%	91%	92%	92%	92%	92%

Target: Met

Analysis: During FY 2011, the collection and distribution of disgorgement and penalties functions were studied for efficiency and effectiveness. Based on the findings of this study, a business process re-engineering effort was launched. The organizations supporting these functions have been reorganized into the Office of Collections and the Office of Distributions within the Division of Enforcement, and the Enforcement Audit and Data Integrity Branch within the Office of Financial Management. Disgorgement and penalties processes are currently being streamlined and documented to ensure transparency, efficiency, and more extensive data management and reporting capabilities. This measure is reported on an annual basis through combined efforts of the Office of Information Technology, Office of Financial Management and Division of Enforcement.

Responsible Division/Office: Division of Enforcement

Data Source: Case Activity Tracking System, Phoenix, relevant case files

PERFORMANCE GOAL 1.3.4
Percentage of Fair Fund and disgorgement fund plans that have distributed 80 percent of the available funds for distribution within twenty four (24) months of the approval of the distribution plan

Description: In addition to other types of relief, the Commission may seek orders requiring parties to disgorge any money obtained through wrongdoing. The Commission also is empowered to seek civil penalties for violations of the securities laws. Where appropriate, the Commission has sought to return disgorged funds to harmed investors and, as a result of the Fair Funds provision of the Sarbanes-Oxley Act, to combine amounts paid as penalties with disgorged funds, or to create a Fair Fund from penalties only, to reduce losses to injured parties in order to maximize funds available for distribution. This measure identifies the percentage of distribution plans that reached the majority of funds distributed milestone during the fiscal year and within twenty four (24) months of the approval of the distribution plan. The distribution plan includes the timeline and procedures required to return the funds to injured investors. This reflects Commission-wide efforts to implement plans returning 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 Commission's own expenses.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available					72%	80%	80%	80%

Target: Exceeded – This measure was developed in FY 2010 during the strategic planning process, and it will be re-considered as part of the SEC's Strategic Plan update.

Analysis: During FY 2011, the collection and distribution of disgorgement and penalties functions were studied for efficiency and effectiveness. Based on the findings of this study, a business process re-engineering effort was launched. The organizations supporting these functions have been reorganized into the Office of Collections and the Office of Distributions within the Division of Enforcement, and the Enforcement Audit and Data Integrity Branch within the Office of Financial Management. Disgorgement and penalties processes are currently being streamlined and documented to ensure transparency, efficiency, and more extensive data management and reporting capabilities. FY 2012 reporting reflects these system upgrades and improved data elements for Distribution measures.

Responsible Division/Office: Division of Enforcement

Data Source: Distributions Management System

PERFORMANCE GOAL 1.3.5
Total amount distributed within the fiscal year, and the number of Fair Funds from which those distributions came

Description: In its enforcement actions, the Commission 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 Commission 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 Commission's efforts to return funds to injured investors. This measure identifies the total amount distributed within the fiscal year, and the number of fair funds from which those distributions came. 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 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Amount distributed (in millions)	Prior-year data not available					457	815	TBD	TBD
Number of Fair Funds	Prior-year data not available					63	31	TBD	TBD

Target: Amount Distributed – Exceeded; Number of Fair Funds – Not Met

Analysis: During FY 2011, the collection and distribution of disgorgement and penalties functions were studied for efficiency and effectiveness. Based on the findings of this study, a business process re-engineering effort was launched. The organizations supporting these functions have been reorganized into the Office of Collections and the Office of Distributions within the Division of Enforcement, and the Enforcement Audit and Data Integrity Branch within the Office of Financial Management. Disgorgement and penalties processes are currently being streamlined and documented to ensure transparency, efficiency, and more extensive data management and reporting capabilities. FY 2012 reporting reflects these system upgrades and improved data elements for Distribution measures.

Plan for Improving Program Performance: The Commission is authorized to establish Fair Funds to return recovered monies, in the form of disgorgement and penalties, back to harmed investors. The Commission may establish Fair Funds when sufficient recovered monies are available, and where it is otherwise deemed appropriate. The Commission is authorized to establish Fair Funds to return recovered monies, in the form of disgorgement and penalties, back to harmed investors. The Commission may establish Fair Funds when sufficient recovered monies are available, and where it is otherwise deemed appropriate.

Responsible Division/Office: Division of Enforcement

Data Source: Distributions Management System

PERFORMANCE GOAL 1.3.6
Average months between opening a matter under inquiry or an investigation and commencing an enforcement action

Description: This measure concerns the pace of investigations that lead to the filing of enforcement actions. Specifically, this measure captures average number 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 measure draws on the date of opening of the matter inquiry. In conducting investigations, the enforcement program continually strives to balance the need for complete, effective, and fair investigation with the need to file enforcement actions in as timely a manner as possible.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Months	Prior-year data not available				22	21	21	20	20

Target: Met

Analysis: Filing enforcement actions in a timely manner is an important measure of the Division's effectiveness. Timely actions have an increased deterrent impact; conversely, unnecessarily delayed periods between conduct and sanctions can weaken deterrent effect and undermine the public's faith in the effectiveness of law enforcement. Of course, timeliness of actions will be negatively impacted by cases that are complex and large, which can take extended time to develop successfully. In the last two years, the Division has focused its efforts on pursuing such cases. For example, a significant priority for the Division has been to investigate and hold accountable firms and individuals who committed securities law violations linked to the financial crisis. Many of these cases involved complex financial products, market transactions and conduct that can be difficult to detect and take longer to investigate. In addition, the Division is focusing on emerging threats involving new trading technologies such as high-frequency and algorithmic trading, large volume trading, as well as systemic insider trading and manipulation schemes. Recognizing the challenges of bringing complex cases in a timely manner, the Division has streamlined its processes to enable the staff to bring cases more quickly. In addition, the Division has developed and implemented metrics designed to capture the nature and level of investigative activity, the number and timeliness of enforcement actions, as well as Division overall efficiency and performance. The Division will continue to utilize these and other tools in evaluating and improving its efficiency and timeliness.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (CONTEXTUAL) 1.3.1
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 measure assesses the quality of the cases filed by the Enforcement Division. The measure 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) 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 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Percentage	Prior-year data not available					N/A

Analysis: The Division is currently unable to report on this indicator. This metric, which is new this fiscal year, captures the Division's qualitative ratings of filed enforcement actions. To date, the Division has defined the criteria by which it will qualitatively rate enforcement actions and implemented a preliminary process to make those ratings. Beginning in May 2012, the Division initiated a pilot program in which qualitative ratings were assigned to enforcement actions filed by two regional offices and one Home Office SO group. The Division is planning on expanding the pilot to include additional regional and home office SO groups. The pilot has allowed the Division to analyze, revise, and improve the processes that were implemented as part of the qualitative metrics initiative. The Division is presently assessing and devising processes that would allow for full implementation of the initiative to all enforcement groups.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (OUTPUT) 1.3.2
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 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Number of investigations	Prior-year data not available			303	349	296

Analysis: The results of this indicator are based on investigations opened during the fiscal year that were generated from a tip or complaint.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (OUTPUT) 1.3.3
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 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Number of investigations	Prior-year data not available			492	586	515

Analysis: In circumstances where an authority may have an interest in information obtained by the SEC, the SEC may grant the authority access to that information, pursuant to Section 24(c) of the Securities Exchange Act and Rule 24c-1. Results are based on investigations in which requests for access to information were granted to authorities during the fiscal year.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (OUTPUT) 1.3.4
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 those investigations which 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 which by their nature present limited opportunities to detect wrongdoing and thus to deter misconduct; (ii) involves particularly egregious or extensive misconduct; (iii) involves potentially widespread and extensive harm to investors; (iv) involves misconduct by persons occupying positions of substantial authority or responsibility, or who owe fiduciary or other enhanced duties and obligations to a broad group of investors or others; (v) involves potential wrongdoing as prohibited under newly-enacted legislation or regulatory rules; (vi) concerns potential misconduct that occurred in connection with products, markets, transactions or practices that pose particularly significant risks for investors or a systemically important sector of the market; (vii) involves a substantial number of potential victims and/or particularly vulnerable victims; (viii) involves products, markets, transactions or practices that the Enforcement Division has identified as priority areas (i.e., conduct relating to the financial crisis; fraud in connection with mortgage-related securities; financial fraud involving public companies whose stock is widely held; misconduct by investment advisers; and matters involving priorities established by particular regional offices or the specialized units); and/or (ix) provides an opportunity to pursue priority interests shared by other law enforcement agencies on a coordinated basis.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Percentage	Prior-year data not available				10%	20%

Analysis: A matter can be deemed high impact for a variety of reasons, as outlined above. The best proxy for the cases with the highest impact are the Division's national priority investigations. The Enforcement program has focused efforts and resources on such investigations and cases, and as a result has significantly increased the proportion of all enforcement actions in these areas.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (CONTEXTUAL) 1.3.5
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 measure identifies the number of criminal actions that are related to conduct under investigation by the SEC.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Number of criminal investigations	Prior-year data not available			139	134	126

Analysis: This indicator identifies the number of actions filed by criminal authorities that bear some relation to conduct under investigation by the SEC. To determine the number of criminal investigations related to SEC investigations, a query is run in the SEC's Case Management System (the HUB). This query counts the number of SEC matters in which a related criminal action was initiated.

Responsible Division/Office: Division of Enforcement

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

PERFORMANCE INDICATOR (OUTPUT) 1.3.6
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 prospects of collecting on a judgment are 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 and the amounts collected in those actions. This indicator could increase or decrease based on various factors.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Ordered amounts (in millions)	1,601	1,030	2,442	2,846	2,806	3,104
Collected amounts (in millions)	979	521	1,694	1,775	1,281	1,048

Analysis: Collected amounts include payments through the end of the year being reported. Amounts are recognized in the fiscal year during which the debts were ordered rather than the fiscal year in which they were paid.

Responsible Division/Office: Division of Enforcement

Data Source: Phoenix Report – "Total Amounts of Disgorgement, ITSA, Remedies Act Penalties and Undertakings Ordered and Paid"

PERFORMANCE INDICATOR (OUTPUT) 1.3.7
Requests from foreign authorities for SEC assistance and SEC requests for assistance from foreign authorities

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

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Number of requests from foreign authorities	454	414	408	457	492	450
Number of SEC requests	556	594	774	605	772	718

Analysis: In FY 2012, the SEC experienced a decline in the number of requests to and from foreign authorities as compared to the previous fiscal year. Nonetheless, the SEC's FY 2012 requests to foreign authorities were generally more complex than in FY 2011 and often asked for information for litigation purposes including requests for dispositions. Likewise, FY 2012 requests from foreign authorities were more complicated and often asked for the SEC's assistance to obtain witnesses in the United States.

Responsible Division/Office: Office of International Affairs

Data Source: International Program Oversight Database and Business Objects reports

Strategic Goal 2: Establish 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. Just as the securities laws require that disclosures be clear and precise, 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 its rulemaking processes are necessary to confirm that intended results are being achieved.

In FY 2012, approximately $113.9 million and 387 full-time equivalents (FTEs) were directed at achieving results in Goal 2. Of 16 performance targets, the agency met or exceeded 9, did not meet 3, and did not have data to report on 4. During FY 2014, the SEC plans to pursue a vigorous investor-focused rulemaking agenda that will help protect investors and ensure that markets operate fairly. Under the recently enacted Dodd-Frank Act the agency will continue to implement a more effective regulatory structure. In FY 2014, the agency is requesting a total of $176.5 million and 507 FTEs toward achieving results in establishing an effective regulatory environment.

Spotlight: FY 2012 Performance Achievements

In FY 2012, the SEC continued to pursue a robust, investor-focused rulemaking agenda. Propelled in part by the demands of the Dodd-Frank Act and the recognition that investor protection regulation needs to reflect the reality of today's modern technology-driven global market structure, the Commission acted, and continues to act, aggressively on a number of fronts. The Commission's rulemaking has been supported by detailed economic analysis provided by the Division of Risk, Strategy, and Financial Innovation (RSFI). RSFI has provided guidance that provides a road map for the rulemaking divisions and offices, listing concepts that the analysis should cover and helping ensure that economic analysis is integrated throughout the entire rule development and rule writing process.

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 2012, the Divisions of Trading and Markets (TM), Corporation Finance (CF), and Investment Management (IM) met or exceeded their response rate targets for **Performance Goal 2.3.1**. In particular, IM processed 100 percent of initial comments on no-action letters, interpretive requests and exemptive applications within a fiscal year, and CF continued to surpass its targets to complete initial comments on no-action letters, interpretive requests and shareholder proposals. TM also continued to exceed its target for no-action letters, exemptive applications, and written interpretive requests.

In addition to rulemaking initiatives in FY 2012, the SEC worked efficiently to review SRO rule proposals and closed 75 percent of the filings within 45 days (**Performance Goal 2.3.3**). Although the SEC did not meet the standard of reviewing 80 percent of rule filings within 45 days, it did meet all of the Dodd-Frank statutory timeframes 99 percent of the time for all rule filings.

TM continued to perform inspections of the automated trading and clearance processes of markets and clearing organizations. In FY 2012, 98 percent of transaction dollars was settled on time (**Performance Goal 2.2.1**), down slightly from prior years. Staff from TM maintain regular supervisory contacts with personnel at relevant clearing agencies to ensure operational and other issues that may arise are promptly identified and addressed. TM expanded its resources devoted to clearance and settlement matters over the past year to prepare for the increased focus on this area contemplated by the Dodd-Frank Act.

The SEC also monitors the industry's efforts to provide stable trading platforms. The agency continued to assess the resiliency of market systems in FY 2012, reporting that market outages were corrected well above targeted time-frames (**Performance Goal 2.2.3**).

Budgeting for the Future (FY 2014)

In FY 2014, SEC staff will work towards completion of Dodd-Frank Act rulemaking, filling regulatory gaps that were highlighted by the financial crisis and that posed risks for both individual and institutional investors. Staff will also focus on further implementation of the Jumpstart Our Business Startups (JOBS) Act, designed by Congress to give entrepreneurs greater access to early-stage capital.

Investor protection, market stability, and capital formation remain central to the SEC's rulemaking agenda. 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.

TM will also, in coordination with other divisions and offices, work to improve its ability to quickly review and analyze equity and equity options market data.

The Dodd-Frank Act rulemaking process – informed by an unprecedented level of communication between the Commission and market participants of every type – continues to progress. The result will be a system that is more transparent, stable and responsive to investors. In FY 2013 and FY 2014, the SEC expects to continue to implement the comprehensive regulatory framework for over-the-counter derivatives, and work to finalize rules regarding improvements to the regulation of credit rating agencies, as well as the removal of certain credit rating references in Commission rules.

Strategic Objective 2.1: The SEC establishes and maintains a regulatory environment that promotes high quality disclosure, financial reporting, and governance, and that prevents abusive practices by registrants, financial intermediaries, and other market participants.

Goal Leader(s): Director, Office of Investor Education and Advocacy; Director, Office of International Affairs; Director, Division of Risk, Strategy, and Financial Innovation

PERFORMANCE GOAL 2.1.1
Survey on quality of disclosure

Description: Under this metric, the SEC plans to conduct surveys of individual investors to elicit feedback on the quality of disclosures and the Commission's disclosure requirements. The SEC would track whether the percentage of respondents answering positively improves over time.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage of positive response	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: This performance measure identifies the usability of specific disclosure documents for the individual investor. Reportable results are not currently available, and OIEA is exploring options for providing data for this metric.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: N/A

PERFORMANCE GOAL 2.1.2
Number of consultations; joint events, reports, or initiatives; and joint examinations and other mutual supervisory efforts with SROs and other federal, state, and non-U.S. regulators

Description: This metric gauges how much the SEC is coordinating with other financial regulatory agencies within a given fiscal year. Also, as securities markets around the world become increasingly integrated and globalized, it is essential that the SEC work frequently and effectively with its partner regulators both in the U.S. and abroad.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: The SEC will continue to coordinate efforts and consult with other financial regulatory agencies in future years when possible. The staff will leverage existing relationships and look to build additional alliances in order to ensure that regulation for registered entities is as effective as possible.

Responsible Division/Office: Several SEC Offices

Data Source: N/A

PERFORMANCE GOAL 2.1.3
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 promote cross-border enforcement and supervisory assistance.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of non-U.S. regulators	Prior-year data not available			1,997	1,765	1,785	1,355	1,370	1,385

Target: Not Met – This measure was developed in FY 2010 during the strategic planning process and prior-year data is not available.

Analysis: The number of foreign regulators trained may vary from year to year and is impacted by the realignment of priorities due to resource limitations.

Plan for Improving Program Performance: OIA will conduct a variety of international technical assistance training programs in FY 2014. The training will include three annual institutes at SEC headquarters, including the Institute for Securities Market Development, the Institute for Securities Enforcement, and the Institute for Compliance, Examination and Inspection of Market Participants. OIA also will offer regional and bilateral training programs in Asia, Africa, Eastern Europe, the Middle East and Latin America, which will promote cross-border supervisory and enforcement assistance and implementing laws and regulations that reflect high regulatory standards.

Responsible Division/Office: Office of International Affairs

Data Source: International Program Oversight Database and Business Objects reports

PERFORMANCE INDICATOR (CONTEXTUAL) 2.1.1
Average cost of capital in U.S. relative to the rest of the world

Description: Countries' cost of capital can vary according to their protections for investors, the strength of their disclosure regimes, and the presence of fair, orderly, and efficient markets, among other factors. Therefore, although this metric is affected by other economic factors, it can provide some indication of the quality of securities regulation in a given country.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Average cost of capital	Prior-year data not available			10.99%	10.67%	8.96%

Analysis: The cost of capital as estimated by the World CAPM model estimates that the cost of capital in the United States declined from the 2011 level of 10.67 percent to 8.96 percent in 2012, which results in the United States having a relative ranking of number 7 out of 43 countries included in the study.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Morningstar International Cost of Capital Report (Annual)

Strategic Objective 2.2: The U.S. capital markets operate in a fair, efficient, transparent, and competitive manner, fostering capital formation and useful innovation.

Goal Leader(s): Director, Division of Trading and Markets; Director, Division of Risk, Strategy, and Financial Innovation

PERFORMANCE GOAL 2.2.1
Percentage of transaction dollars settled on time each year

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

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	N/A	99%	99%	99%	99%	99%	98%	98%	98%

Target: Not Met

Analysis: The U.S. clearance and settlement system for equity securities continues to perform at a high rate of timely settlement. Staff from the Division of Trading and Markets maintains regular supervisory contacts with personnel at relevant clearing agencies to ensure operational and other issues that may arise are promptly identified and addressed.

Plan for Improving Program Performance: The Division of Trading and Markets has expanded its resources devoted to clearance and settlement matters over the past year to prepare for the increased focus on the area contemplated by the Dodd-Frank Act.

Responsible Division/Office: Division of Trading and Markets

Data Source: National Securities Clearing Corporation

PERFORMANCE GOAL 2.2.2
Average institutional transaction costs for exchange listed stocks on a monthly basis

Description: This performance metric captures the actual cost of trading in large (institutional size) transactions.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Average transaction costs	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: This metric is subjective to a multitude of assumptions that are intrinsic to each institutional firm and as such, institutional transaction costs vary from firm to firm and trade by trade.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: N/A

PERFORMANCE GOAL 2.2.3
Percentage of market outages at SROs and electronic communications networks (ECNs) 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 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Within 2 hours	81%	84%	87%	74%	88%	60%	71%	60%	60%
Within 4 hours	91%	96%	98%	85%	94%	75%	89%	75%	75%
Within 24 hours	100%	100%	98%	100%	100%	96%	100%	96%	96%

Target: Within 2 hours – Exceeded; Within 4 hours – Exceeded; Within 24 hours – Exceeded

Analysis: The SROs have implemented enhancements to their systems incident handling procedures, and have placed greater emphasis on 100 percent uptime during the trading day hours of operation. The SEC has continued to work with critical SROs on improving their continuity of operations, availability of critical production systems, and recovery time objectives. SROs also have shown greater system availability and the ability to open even during disaster events, such as hurricanes, earthquakes and power outages.

Responsible Division/Office: Division of Trading and Markets

Data Source: ECN outage data is derived from SROs

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.1
Average quoted spread for exchange listed stocks on a monthly basis

Description: This indicator gauges the hypothetical cost of trading in small amounts at the quoted markets, based solely on published quotations.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Average quoted spread	Prior-year data not available		1.70 cents	2.52 cents	1.76 cents	1.84 cents

Analysis: The average quoted spread for FY 2012 is 1.84 cents, indicating that the market is exhibiting normal conditions and suffered no large abnormal quoted spreads.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Thompson Transaction Analytics

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.2
Average effective spread for exchange listed stocks on a monthly basis

Description: This indicator captures the cost of trading in small amounts based on actual trade prices and the quotes at the times of those trades.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Average effective spread	Prior-year data not available		2.19 cents	2.65 cents	1.72 cents	1.68 cents

Analysis: The average effective spread for FY 2012 is 1.68 cents, which remains considerably lower than that seen in prior years. This is indicative of market and marketable limit orders receiving price improvement.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Thompson Transaction Analytics

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.3
Speed of execution

Description: This indicator gauges how quickly transactions are executed in the U.S. securities markets.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Speed of execution	Prior-year data not available		1.59 seconds	1.77 seconds	1.02 seconds	0.9 seconds

Analysis: The speed of execution for FY 2012 is 0.9 seconds, continuing a trend of faster execution speeds on retail orders.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Thompson Transaction Analytics

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.4
Average quoted size of exchange listed stocks on a monthly basis

Description: This indicator measures the amount of liquidity visible to the market at the displayed quotes.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Average quoted size	Prior-year data not available		606 shares	687 shares	606 shares	588 shares

Analysis: Average quoted size of exchange listed stocks on a monthly basis has decreased in FY 2012, commensurate with a decrease in the average quoted spread for exchange listed stocks compared to the prior year.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Thompson Transaction Analytics

PERFORMANCE INDICATOR (CONTEXTUAL) 2.2.5
Average daily volatility of exchange listed stocks on a monthly basis

Description: This statistic gauges short term price changes, which are an indicator of the risk of holding stock.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Actual
Average daily volatility in the S&P 500	Prior-year data not available	1.60%	2.69%	1.18%	1.26%	1.08%

Analysis: The average daily volatility for exchange listed stocks was 1.08 percent for FY 2012. Market volatility is impacted by myriad factors so it is difficult to ascertain with certainty why changes (particularly small changes) in volatility occur.

Responsible Division/Office: Division of Risk, Strategy, and Financial Innovation

Data Source: Bloomberg

Strategic Objective 2.3: The SEC adopts and administers rules and regulations that enable market participants to understand clearly their obligation under the securities laws.

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

PERFORMANCE GOAL 2.3.1
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 companies about specific provisions of the federal securities laws. These queries can ask for proper interpretations of the securities laws or regulations, or for assurances that no enforcement action will be taken in certain circumstances. The staff also reviews applications for exemptions from the securities laws. Written responses to such requests for guidance, when provided, generally are publicly available, as are applications and related notices and orders, when issued. This measure gauges whether the Divisions of Trading and Markets, Investment Management, and Corporation Finance are issuing initial comments on these requests on a timely basis.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Trading and Markets: No-action letters, exemptive applications, and written interpretive requests (combined figure)									
Percentage	91%	63%	70%	91%	98.5%	85%	89%	85%	85%
Target: Exceeded									
Analysis: For FY 2012, the Division of Trading and Markets exceeded expectations for timely responses to written requests. The Division responded to written inquiries within the required timeframes 89 percent of the time. Responses to these inquiries generally promote an effective regulatory environment by clarifying ambiguity, which permit private entities to more efficiently use their compliance resources.									
Responsible Division/Office: Division of Trading and Markets									
Data Source: TM Office of Chief Counsel Electronic Log									
Investment Management									
No-action letters and interpretive requests	91%	98%	100%	100%	100%	90%	100%	90%	90%
Exemptive applications	N/A	81%	95%	100%	100%	80%	100%	80%	80%
Target: No-action letters – Exceeded; Exemptive applications – Exceeded									
Analysis: For the fourth year in a row, IM processed 100 percent of initial comments on no-action letters within three weeks, surpassing its target of 90 percent within three weeks. IM has been able to achieve this level of success because providing initial comments within the targeted time frame has been a continuing priority. Given prior data and trends, the target of 90 percent within three weeks is reasonable and appropriate. For the fourth year in a row, IM exceeded its target for initial comments on exemptive applications. The Division considered but decided against raising its target percentage because the ability to meet the target is dependent on factors that could 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 types and complexity of the applications filed.									
Responsible Division/Office: Division of Investment Management									
Data Source: OCC Letter Log, OICR and OIP Applications Tracking Systems (Access), Excel spreadsheet									
Corporation Finance									
No-action letters and interpretive requests	66%	66%	85%	97%	97%	90%	98%	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 2012 target by completing 98 percent of initial comments on no-action letters within 30 days. CF continues to achieve its target of issuing comments on 100 percent of proposals before 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 2.3.2
Survey on whether SEC rules and regulations are clearly understandable

Description: The SEC aims to promote a regulatory environment in which market participants clearly understand their obligations. Through this metric, the SEC intends to survey market participants to determine whether they believe the Commission's regulatory requirements are clear.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: There are no methods or procedures in place to capture data for this measure. TM will review the measure and determine a timeframe for establishing a methodology during FY 2013.

Responsible Division/Office: Division of Trading and Markets

Data Source: N/A

PERFORMANCE GOAL 2.3.3
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 how long it takes the SEC to approve a filing after publication of notice of the proposal for comment.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Within 35 days	Prior-year data not available			73%	0%	0%	0%	0%	0%
Within 45 days	Prior-year data not available			99%	82%	80%	75%	70%	70%

Target: Within 35 days – Met; Within 45 days – Not Met

Analysis: During FY 2012, the SEC approved or disapproved 308 SRO rule changes filed pursuant to Section 19(b)(2) of the Exchange Act, which represents a 40 percent increase over the prior fiscal year. Although the SEC did not meet the 45-day standard for reviewing rule filings, it did meet all of the Dodd-Frank statutory timeframes 99 percent of the time. One filing was covered by the pre-Dodd-Frank standard of 35 days from the date of publication of notice in the Federal Register and final approval, but did not meet the measure. While the time to act on filings covered by the pre-Dodd-Frank standard can be extended by the SEC or the SRO, we expect the remaining 20 filings still covered by the 35 day standard to be either withdrawn or acted upon, given the complex and/or novel issues presented, but not within the 35 day timeframe.

Plan for Improving Program Performance: The enactment of the Dodd-Frank Act in July 2010 required the SEC to approve or disapprove within certain statutory timeframes from the date of publication of a rule change. The staff must publish a rule filing for comment within 15 days from when it is received, or otherwise the publication date reverts to the day the SRO publishes the filing on their website, (i.e., within two days of filing with the SEC). Once a rule filing is published for comment, the SEC must complete a review within 45 days, or such longer period time as noted in the statute. As a result, the SEC believes that the compliance with these Congressionally-mandated times should serve as the appropriate data points going forward. Of the 307 SRO rule changes subject to the Dodd-Frank standards, 100 percent of the filings were published within 15 days of filing. 229 filings were subsequently approved or disapproved within 45 days of publication of notice in the Federal Register. The remaining 79 filings were approved or disapproved within the other statutory benchmarks 99 percent of the time (i.e., within 90 days, within 180 days, within 240 days). Therefore, despite the 40 percent increase in rule filings over the previous fiscal year, the SEC met the statutory standards set by Dodd-Frank 99 percent of the time, and expects to be able to meet the statutory times frames going forward.

Responsible Division/Office: Division of Trading and Markets

Data Source: SRO Rule Tracking System (SRTS). Information was extracted from the SRTS data tables into an Excel file. The information was then analyzed to determine the applicable population of filings. Simple formulas were used to calculate the time from filing after publication of notice to approval of filing.

PERFORMANCE INDICATOR (PROCESS) 2.3.1 Percentage of SRO rule filings that are submitted for immediate effectiveness						
Description: This metric gauges the proportion of SRO rule proposals that can be submitted for immediate effectiveness, without Commission approval.						
Fiscal Year	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012 Actual**
Percentage	Prior-year data not available			69%	77%	72%
Analysis: This indicator gauges the percentage of rule filings submitted by SROs for immediate effectiveness. Rule proposals can be submitted for immediate effectiveness for certain types of filings, including non-controversial changes, rules relating to fee filings, or so called “copy-cat” rule filings related to proposed rule changes other than trading rules. Rule proposals not submitted for immediate effectiveness require Commission review and approval or disapproval.						
Responsible Division/Office: Division of Trading and Markets						
Data Source: SRO Rule Tracking System (SRTS)						

Strategic Goal 3: Facilitate Access to the Information Investors Need to Make Informed Investment Decisions

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 2012, the agency dedicated approximately $189.4 million and 701 FTEs toward achieving results in Goal 3. Of 18 performance targets, the agency met or exceeded 11, did not meet 1, and did not have data to report on 6. The agency is requesting in FY 2014 a total of $269.9 million and 783 FTEs towards achieving results in Strategic Goal 3.

Spotlight: FY 2012 Performance Achievements

The Federal securities laws require that corporations, investment companies, and other entities provide investors with timely and meaningful information about, among other things, their operations and finances. Because an educated and informed investor ultimately provides the best defense against fraud and costly mistakes, these laws place great emphasis on providing the investing public with meaningful information.

In FY 2012, as part of their disclosure programs, the Divisions of Corporation Finance (CF) and Investment Management (IM) continued to meet the requirements of the Sarbanes-Oxley Act (**Performance Goal 3.1.1**). This volume of disclosure review helped deter fraud and assured that investors had access to relevant information about emerging issues. Additionally, CF continued to issue initial comments on 1933 and 1934 Act registration statements and other transactional filings within its target goal of 30 days of filing (**Performance Goal 3.1.2**).

Investors who have access to complete and accurate information are also more likely to invest wisely. In FY 2012, the SEC continued to focus on educating investors about products commonly marketed to them and provided educational programs and materials to help investors detect and avoid potential scams. The Office of Investor Education and Advocacy (OIEA) reached approximately 16 million investors through various communication methods (**Performance Goal 3.2.1**), and partnered with other Federal and state agencies, financial industry associations, consumer groups, and educational organizations to produce 11 education campaigns (**Performance Goal 3.2.2**).

In FY 2012, the SEC tackled both practical investor protection concerns and more broader, policy-oriented examinations of the capital markets. The agency issued a comprehensive report on municipal securities that discusses potential legislative changes that could help improve disclosures to investors, including authorizing the SEC to set baseline disclosure standards and require municipal issuers to have audited financial statements, as well as suggestions for changes in business practices and regulations. Additionally, OIEA completed a Dodd-Frank Act mandated study of financial literacy among investors, drawing on numerous sources, including online survey research, focus group research, public comments to the Commission, and a Library of Congress review of studies of financial literacy among U.S. retail investors. The study identified investor perceptions and preferences regarding information available to them and examined pre-investment disclosures; the fees, objectives, performance, strategy and risks of funds; and the professional background, disciplinary history, and conflicts of interest of a financial professional.

Budgeting for the Future (FY 2014)

An educated investing public ultimately provides the best defense against fraud and costly mistakes. The Federal securities laws place great emphasis on assuring that corporations, investments companies, and other entities provide investors with timely, clear, complete and accurate financial and non-financial information, allowing investors to make wise investment decisions. As part of its disclosure program, CF and IM will continue in FY 2014 to meet the requirements of the Sarbanes-Oxley Act (**Performance Goal 3.1.1**). Additionally, agency staff are expected to sustain the rate from the number of days to issue initial comments on Securities Act filings (**Performance Goal 3.1.2**), and exceed timeliness targets for reviewing investment company disclosures (**Performance Goal 3.1.3**). Also, in FY 2014, CF will continue to improve the quality of information provided to investors by focusing on disclosure by companies of the information most material to investment decision-making.

OIEA responds to investment-related complaints and questions from tens of thousands of investors each year. In FY 2014, staff is expected to close approximately 50 percent of complaints and inquiries within seven days and about 90 percent within 30 days (Goal 3, Measure 10). The seven-day target has been adjusted to reflect new workload demands. In FY 2014, OIEA will continue to refine internal processes and promote staff training to resolve matters.

The SEC developed **Performance Goals 3.1.4, 3.1.5, and 3.1.6** to monitor the availability of and access to securities industry information so that investors are armed with timely and meaningful information. The agency intended to use these measures to explore whether its disclosure requirements, review criteria, approach to comments, and professional and technology resources are utilized to provide maximum benefit to investors. These measures will be reviewed during the SEC's strategic planning process for FY 2014.

Strategic Objective 3.1: Investors have access to high-quality disclosure materials that are useful to investment decision making.

Goal Leader(s): Director, Division of Trading and Markets; Director, Division of Investment Management; Director, Division of Corporation Finance; Director, Office of Investor Education and Advocacy

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 the disclosures of all companies and investment company portfolios reporting under the Exchange Act at least once every three years. These reviews help improve the information available to investors and may uncover possible violations of the securities laws.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Division of Corporation Finance									
Corporations	36%	39%	40%	44%	48%	33%	48%	33%	33%
Target: Exceeded									
Analysis: The SEC exceeded its planned level of review of companies in FY 2012. This review level is expected to deter fraud in public securities transactions and should help investors receive accurate material information about the companies they invest in.									
Responsible Division/Office: Division of Corporation Finance									
Data Source: Electronic, Data Gathering, Analysis, and Retrieval (EDGAR)/Filing Activity Tracking System									
Division of Investment Management									
Investment Company Portfolios	38%	36%	35%	35%	33%	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 frequently than once every three years. IM has continued to meet or exceed this statutory goal.									
Responsible Division/Office: Division of Investment Management									
Data Source: Microsoft Office Suite Tools									

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

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

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Days	25.5 days	25.2 days	25.3 days	24.1 days	24.4 days	<30 days	24.9 days	<30 days	<30 days

Target: Met

Analysis: During FY 2012, the Division issued initial comments on Securities Act filings within an average of 24.9 days of filing. The Division's timely review allows companies to raise capital and to build offering schedules around this de facto standard.

Responsible Division/Office: Division of Corporation Finance

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

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 preliminary proxy statements within 10 days after they are filed.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Initial registration statements	87%	95%	95%	93%	92%	85%	96%	85%	85%
Post-effective amendments	95%	97%	97%	94%	94%	90%	95%	90%	90%
Preliminary proxy statements	99%	99%	99%	99%	98%	99%	100%	99%	99%

Target: Initial Registration Statements – Exceeded; Post-Effective Amendments – Exceeded; Preliminary Proxy Statements – Exceeded

Analysis: IM strives to review all significant disclosures made by registrants in Commission filings under the Investment Company Act, including initial registration statements and post-effective amendments with material changes. IM may limit the scope of a review, through selective review procedures, to a review of only the disclosure in a filing that has not been previously reviewed. During periods of increased filings, IM is able to handle the increased workload largely through the use of such selective review procedures. IM generally does not set a target for the number of filings that are reviewed in a fiscal year because IM does not dictate the number of filings that registrants make. Instead, other factors, such as registrant business decisions or the implementation of new disclosure requirements, typically drive whether investment companies make filings and the type of filings that they make. IM sets targets for the timeliness of reviews. The timeliness percentages improved slightly between fiscal years 2011 and 2012. The slight improvement in timeliness percentages is likely attributable to the decrease in initial registration statements in relation to post-effective amendments and proxies, because initial registration statements typically take significantly more effort to review than post-effective amendments and proxies.

Responsible Division/Office: Division of Investment Management

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

PERFORMANCE GOAL 3.1.4
Point of sale "click-through" rate

Description: The point of sale initiative relies on a layered approach that combines point of sale disclosure and Internet-based disclosure. This measure would determine how often investors click on broker-dealers' websites to obtain information about broker-dealer compensation and related conflicts of interest.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
"Click-through rate"	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: Processes and procedures used to collect this information are currently under review.

Responsible Division/Office: Division of Trading and Markets

Data Source: N/A

PERFORMANCE GOAL 3.1.5
Access to broker-dealer and investment adviser background checks

Description: Greater availability of professional background information of broker-dealers and their employees through the BrokerCheck system will provide investors with the ability to make better-informed decisions. Investors also have the ability to check the backgrounds of investment advisory firms through the SEC's Investment Adviser Public Disclosure (IAPD) system. This measure would gauge the demand for disclosure information about broker-dealers and their employees through the BrokerCheck website and about investment advisers through the IAPD.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Division of Trading and Markets									
BrokerCheck System	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: There are no methods or procedures in place to capture data for this measure.

Responsible Division/Office: Division of Trading and Markets

Data Source: N/A

Division of Investment Management

Searches conducted	Prior-year data not comparable				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: The agency enhanced the Investment Adviser Public Disclosure System (IAPD) system (through a study conducted under Section 919B of the Dodd-Frank Act) in 2012 which changed how site usage is monitored. Also, in anticipation of this performance measure being included in future SEC reports, IAPD's usage measurements have been consolidated to equate to those that are or in the future will be used by BrokerCheck. In addition, IAPD usage statistics received in previous years have fluctuated somewhat, given other changes to IAPD such as the inclusion of information regarding state registered investment adviser representatives (the site is a shared site between SEC and the states). Therefore, the SEC will not have reliable and comparable information that would be useful to the public prior to FY 2013.

Responsible Division/Office: Division of Investment Management

Data Source: N/A

PERFORMANCE GOAL 3.1.6
Investor demand for disclosures on municipal securities

Description: Greater availability of market-sensitive information through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website will provide investors with the ability to make better-informed investment decisions and assist market participants in fulfilling their disclosure obligations. This measure gauges the demand for disclosure information about municipal securities through the EMMA website.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Website hits	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: There are no methods or procedures in place to capture data for this measure.

Responsible Division/Office: Division of Trading and Markets

Data Source: N/A

PERFORMANCE GOAL 3.1.7
Satisfaction index for disclosure process

Description: The agency will conduct survey research or focus groups to identify the level of satisfaction with disclosure requirements.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Satisfaction index	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: The targets measure the usability of specific disclosure documents for the individual investor. Reportable results are not currently available. OIEA is exploring options for providing data for this metric.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: N/A

Strategic Objective 3.2: Agency rulemaking and investor education programs are informed by an understanding of the wide range of investor needs.

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

PERFORMANCE GOAL 3.2.1
Number of investors reached, and number of in-person events with specifically targeted communities and organizations

Description: The agency has developed an extensive collection of free information to help investors understand the basics of investing; the risks and rewards of various products and strategies; the importance of diversification; and ways to find information about brokers, advisers, and companies. Much of this information is posted on the SEC's Investor Information Web page, a key tool for informing and educating the investing public. In addition, the Office of Investor Education and Advocacy (OIEA) publishes hard-copy educational brochures and conducts in-person events. This measure seeks to determine the total number of investors reached by the SEC, and assess the effectiveness of outreach efforts conducted by OIEA and the regional offices targeted to specific investor groups (for example, seniors, military, or other affinity groups). The measure also captures the use of various channels to reach investors, such as the SEC webpage, investor.gov, social networking sites, outreach programs, or public appearances.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of investors reached (millions)	Prior-year data not available			17.8	14.8	15	16	15	15
Number of "in-person" events	Prior-year data not available			42	48	35	47	50	60

Target: Number of Investors Reached – Exceeded; Number of "In-Person" Events – Exceeded

Analysis: OIEA reached more investors this year than in FY 2011, as a result of SEC's direct mail partnership with the IRS. In FY 2013, OIEA will attempt to offset an expected decline in its mail partnership with the IRS by increasing the number of visitors to its investor education webpages. OIEA exceeded its target for in-person events by identifying new outreach opportunities, including events targeting teachers, seniors, and affinity groups.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: Microsoft Office Suite Tools

PERFORMANCE GOAL 3.2.2
Number of investor educational initiatives organized and produced

Description: In partnership with other organizations, the agency will develop a number of educational campaigns intended to customize content and maximize its reach to various investor communities. Through the use of primary and secondary research including tracking emerging investor concerns and complaints, the agency will continue to assess how to best target its efforts to the investing public. This measure identifies the number of major investor initiatives undertaken.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of initiatives	Prior-year data not available			9	11	11	11	11	12

Target: Met

Analysis: OIEA conducted 11 educational campaigns in FY 2012, meeting its target. These included efforts to provide tips to senior investors about using social media and educate teachers about investing.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: Microsoft Office Suite Tools

PERFORMANCE GOAL 3.2.3
Timeliness of responses to investor contacts

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

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Closed within 7 days									
Total	82%	78%	70%	72%	67%	70%	54%	50%	55%
Closed within 30 days									
Total	94%	88%	90%	93%	92%	90%	90%	90%	90%

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

Analysis: OIEA did not meet its seven business day target due in part to new work flow demands aimed at identifying and referring key investor assistance matters to the agency's Tips, Complaints and Referrals (TCR) system. Matters requiring consultation with SEC staff outside OIEA also increased. OIEA met its thirty business day target by closing out investor assistance matters that do not require responses from the entities involved. Complaints requiring responses from the entities involved may take more than 30 days to resolve.

Plan for Improving Program Performance: OIEA has adjusted its seven business day target for fiscal years 2013 and 2014 to reflect these new work flow demands. OIEA remains focused on improving its response rates and maintaining the accuracy and clarity of its responses to investors.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: Internal log using IRIS data

PERFORMANCE GOAL 3.2.4
Percentage of rules impacting investors that are presented in alternate user-friendly formats

Description: The agency intends to publish explanations of Commission actions in easily understandable language, to encourage investor participation and comments on issues materially affecting them. The Office of Investor Education and Advocacy also will track emerging concerns and trends and then work with the rulemaking divisions and other offices on possible regulatory responses. The SEC also may use surveys or questionnaires to collect input from investors to assist in assessing their views on Commission actions.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available			100%	100%	100%	100%	100%	100%

Target: Met

Analysis: OIEA provided input to the SEC's rulemaking divisions on a variety of projects, including initiatives required by the JOBS Act. In addition, OIEA continued to issue investor bulletins that explain Commission rules in understandable language, including bulletins on mid-sized investment advisers and new measures to address market volatility. In FY 2013, OIEA will continue to encourage investor participation and comments on issues materially affecting individual investors through a variety of methods.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: Internal log

PERFORMANCE GOAL 3.2.5
Customer satisfaction with usefulness of investor educational programs and materials

Description: Through the use of focus groups and surveys, the agency will assess the usefulness of educational material provided to investors across a variety of channels based upon ease of use, appropriateness, and other factors.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Satisfaction index	Prior-year data not available				N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being reviewed as part of the SEC's Strategic Plan update.

Analysis: While OIEA receives direct feedback from some investors regarding its investor assistance function through a customer satisfaction survey, inadequate data exists to benchmark performance targets for this measure. Currently, OIEA is exploring other options for establishing a performance target for this measure.

Responsible Division/Office: Office of Investor Education and Advocacy

Data Source: N/A

Strategic Goal 4: Maximize the Use of SEC Resources

Given the immense size of the securities markets the SEC regulates, the agency's success in fulfilling its mission is highly dependent upon its ability to continually direct its resources towards the most productive uses for investors and the public. The SEC also is extremely mindful of its responsibility to maximize the impact of public funds.

In FY 2012, approximately $184.2 million and 555 full-time equivalents (FTEs) were directed at achieving results in Goal 4. Of 21 performance targets, the agency met or exceeded 7, did not meet 8, and did not have data to report on 6. During FY 2014, 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 $292.1 million and 710 FTEs in FY 2014 to achieve results in Strategic Goal 4.

Spotlight: FY 2012 Performance Achievements

The SEC's employees are its most vital strategic resource. The agency is committed to being an employer of choice by consistently attracting, hiring, developing, and retaining a high-quality, diverse, and results-oriented workforce. In FY 2012, the SEC continued to refine a series of programs aimed at enhancing employee engagement (**Performance Goal 4.1.1**) and to help maintain the agency's turnover rate at well below 8 percent (**Performance Goal 4.1.3**). In order to improve the SEC's ranking in the survey of best places to work in the Federal government (**Performance Goal 4.1.2**), the agency's Office of Human Resources (OHR) will establish a workforce-planning group to ensure that the survey data is understood, used to make critical decisions, and more broadly defines agency-wide action plans and leadership accountability focused on improving employee satisfaction as measured by the Federal Employee Viewpoint Survey.

In FY 2012, the agency implemented a new Performance Management system for senior officers which better distinguishes between levels of contribution to the SEC's success, provides useful performance feedback, and identifies opportunities for executive development. The SEC also has moved to a "pay for performance" approach for its non-bargaining unit employees. The agency will continue to use **Performance Goal 4.1.7** to monitor feedback on the quality of the SEC's performance management program.

In FY 2012, the SEC invested in its information technology systems, including continued improvements in the centralized Tips, Complaints and Referrals (TCR) system, enforcement and examination management systems, risk analysis tools, and financial management systems. The agency continued to make progress in reforming its information and document management processes, so that data can be more easily accessed, shared, and analyzed across the organization (**Performance Goals 4.3.1 and 4.3.2**).

Given the SEC's role in overseeing the securities markets, it is important that the agency maintain strong internal controls and sound financial management practices in its own operations. In FY 2012, the SEC successfully completed the migration of its financial system to a Federal Shared Service Provider (FSSP) model, engaging with the Department of Transportation's Enterprise Service Center (ESC). Through this initiative, the SEC aims to achieve improvements in system functionality, automation of several manual processes and further enhancements to financial management and reporting. Using **Performance Goal 4.4.2**, the agency will continue to measure the percentage of secondary systems that are fully interfaced with the core financial system, in compliance with applicable standards.

Budgeting for the Future (FY 2014)

The investing public and the securities markets are best served by an efficient, effective, and agile SEC. In FY 2014, the agency will continue to take steps to become a more effective regulator of the U.S. financial markets by making sound investments in human capital and new technologies, and enhancing internal controls.

The planned investment in the SEC University for FY 2014 principally supports training and development for employees directly involved in examinations, investigations, fraud detection, litigation, and other core mission responsibilities of the agency. The SEC University will provide specialized in-depth training concerning changing market conditions, analytics and forensics, and the agency's new responsibility areas. The investment also will fund employees for certain specialized financial certifications and regulatory credentials, as well as the advanced continuing education required for maintaining legal and financial credentials.

OHR will use the Learning Management System to automatically track learning programs, certifications, and competency gaps (**Performance Goal 4.1.4 and 4.1.5**). Additionally, the SEC developed new measures to ensure the continued construction and implementation of a comprehensive leadership development program (**Performance Goal 4.2.2 and 4.2.3**).

The increasing size and complexity of the U.S. securities market requires that the SEC leverage technology to continuously improve its productivity, as well as identify and address the most significant threats to investors. To accomplish this, the SEC will work on several fronts to improve its abilities to acquire, store, manage, and deliver data and information in support of its critical business functions.

Additionally, the SEC must have the technical capability to electronically organize and retrieve an extraordinarily high volume of documents obtained in the conduct of investigations. In FY 2014, the agency's Office of Information Technology (OIT) will continue to work closely with the Division of Enforcement to improve the agency's document storage, organization, and analytic capabilities. The SEC will use **Performance Goal 4.3.3** to track development of technologies that will enable Enforcement staff to investigate and litigate more efficiently, proactively, and intelligently.

As demonstrated in **Performance Goal 4.3.4**, OIT will continue in FY 2014 to maintain a high level of systems availability. In order to ensure few system outages and keep pace with systems and applications monitoring, OIT will re-design and upgrade the storage management system, continuity of operations plans, and systems monitoring capabilities of the IT infrastructure.

The SEC has made significant progress towards a strong, sustainable internal control environment, and the agency will continue in FY 2013 and FY 2014 to dedicate its energies towards remediating its remaining deficiencies. The SEC's Office of Financial Management has undergone an external organizational assessment and has implemented a new organizational structure, including the formalization of a function to regularly monitor transactional data. Further, the SEC will work to optimize its processes under the new FSSP environment, and look for further opportunities to gain efficiencies in those processes.

Strategic Objective 4.1: The SEC maintains a work environment that attracts, engages, and retains a technically proficient and diverse workforce that can excel and meet the dynamic challenges of market oversight.

Goal Leader(s): Director, Office of Human Resources

PERFORMANCE GOAL 4.1.1 Survey of employee engagement									
Description: The SEC strives to maintain a culture in which employees demonstrate a strong personal, positive connection with the organization and its mission and strategic goals. This connection, which can be called "employee engagement," can result in higher-quality work, willingness to lead or participate in special projects, sharing job knowledge with others, mentoring other staff, or other positive contributions to the agency and its work. This index will be drawn from annual survey results and will track the agency's success in improving employee engagement.									
Fiscal Year	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012 Plan**	**FY 2012 Actual**	**FY 2013 Estimate**	**FY 2014 Estimate**
Annual index score	Prior year data not available			58%	61%	65%	61%	62%	64%
Target: Not Met									
Analysis: SEC received a 61 percent positive response on the OPM Conditions for Employee Engagement Index as compared to the government-wide 67 percent positive.									
Plan for Improving Program Performance: In FY 2013, OHR will facilitate additional focus groups with divisions and offices to design solutions needed to continue improving employee engagement.									
Responsible Division/Office: Office of Human Resources									
Data Source: Internal survey									

PERFORMANCE GOAL 4.1.2
Best Places to Work ranking

Description: This annual ranking of federal government agencies will be used to determine the SEC's overall success in improving our organizational climate.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Ranking number	Ranked #3	Ranked #3	Ranked #11	Ranked #24	Ranked #27	Ranked #20	Ranked #27	Ranked #20	TBD

Target: Not Met

Analysis: Despite considerable efforts at the office/division level, the SEC continues to struggle to improve its ranking. A more centralized approach with top executive will likely yield better results.

Plan for Improving Program Performance: OHR has contracted with the Center for Organizational Effectiveness to provide a variety of services to the SEC to improve its morale and improve its ranking. This work is strongly supported by the Chairman using the Labor/Management Forum as the decision making and organizing vehicle with project management, communication, and logistical support provided by the Office of Human Resources and the Office of Public Affairs. This is a new effort that is moving swiftly to achieve early successes. We expect to see considerable progress over the next year.

Responsible Division/Office: Office of Human Resources

Data Source: Partnership for Public Service "Best Places to Work" Agency Rankings

PERFORMANCE GOAL 4.1.3
Turnover

Description: The SEC strives to maintain an organizational climate in which high-performing employees wish to remain. Although turnover can fluctuate based on a variety of factors, including the health of the economy and the number of outside job opportunities available for SEC staff, the agency aims to keep its turnover rate relatively low, below 8 percent per year.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percent turnover	8.8%	6.2%	3.7%	5%	6.4%	<8%	6.58%	<8%	<8%

Target: Met

Analysis: The FY 2012 target was met, and the attrition rate was similar to that reported in FY 2011. Nearly half of all separations were due to resignation, which infers that loss of staff to the private sector is higher than retirements and/or transfers to other federal agencies.

Responsible Division/Office: Office of Human Resources

Data Source: The National Business Center at Department of Interior (DOI)

PERFORMANCE GOAL 4.1.4
Expanding staff expertise

Description: Internal training and hiring programs are designed to help the agency recruit and develop its staff so that key skills, industry knowledge, and expertise are maintained. In particular, there is a need to hire more economists, trading specialists, and other experts with knowledge of the marketplace and both investment and trading practices. Annual agency training goals and hiring practices are focused on ensuring staff have the necessary capabilities to address trends in the industry. This measure tracks whether certain areas requiring significant training are being addressed. For example, the agency will monitor the percentage of staff that has received or maintained significant relevant training in fraud detection as measured by achieving the status of a Certified Fraud Examiner, Chartered Financial Analyst, Series 7, or other relevant industry designations.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percent of staff with industry designations	Prior year data not available			N/A	9%	15%	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process

Analysis: The College of Securities and Investor Protection (CSIP) delivers learning and development programs to meet the requirements of the Dodd-Frank Act as well as other acts such as the JOBS act. In FY 2012, CSIP delivered a total of 245 programs, and the average number of participants was 71 per program.

Responsible Division/Office: Office of Human Resources

Data Source: Association of Certified Fraud Examiners, Chartered Financial Analyst Institute

PERFORMANCE GOAL 4.1.5
Size of competency gaps

Description: Key competencies will be rated as part of the SEC's performance management process. Once the SEC has implemented a technology system to support the performance management program, the agency will assess its baseline competency gaps annually and work to bring them down over time.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage reduction for the size of competency gaps	Prior year data not available			N/A	N/A	10%	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: This measure is not available because it required developing competency models and determining and deploying a methodology for obtaining currently held and desired proficiency levels. Competency models were completed in 2010, but proficiency levels for key positions will not be available until later. The delay in obtaining proficiency levels is due to our need to link any low proficiency levels directly to relevant training. Training needs analyses were conducted during FY 2012 and the associated proficiency levels are under development.

Responsible Division/Office: Office of Human Resources

Data Source: N/A

PERFORMANCE GOAL 4.1.6
Number of diversity-related partnerships/alliances

Description: Increased numbers of diversity-related partnerships or alliances with professional associations and educational organizations provide 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 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of partnerships/alliances	Prior year data not available			2	10	12	12	15	15

Target: Met

Analysis: OMWI met its numeric goal of increasing the number of diversity-related partnerships with professional associations. Consistent with Section 342(f) of the Dodd-Frank Act, which requires the SEC to take affirmative steps to seek diversity at all levels of the agency, the SEC formed partnerships with 12 organizations that are focused on developing employment opportunities for minorities and women in the financial services industry. In determining which organizations to partner with, OMWI's goal was to identify well-established organizations that demonstrate integrity and results. OMWI researched numerous organizations, considered factors including whether the organization had partnerships or collaborative relationships with other federal agencies, and the OMWI Director met with organization's leadership prior to establishing the relationship.

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 4.1.7
Survey feedback on the quality of the SEC's performance management program

Description: The SEC will construct an index from survey results to determine the extent to which managers and other employees find the performance management program valuable, credible, transparent, and fair.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage of positive survey responses	Prior year data not available			N/A	53%	65%	42%	TBD	TBD

Target: Not Met

Analysis: The SEC received a 42 percent positive response on a composite of performance management-related items from the EVS as compared to the government-wide 50th percentile benchmark of 56 percent positive responses.

Plan for Improving Program Performance: OHR implemented the SEC's new evidence-based performance management system (EBP) for all non-bargaining unit employees during FY 2011 and FY 2012, as well as an automated training system in FY 2012.

Responsible Division/Office: Office of Human Resources

Data Source: 2011 Employee Viewpoint Survey results to questions related to Performance Management

Strategic Objective 4.2: The SEC retains a diverse team of world-class leaders who provide motivation and strategic direction to the SEC workforce.

Goal Leader(s): Director, Office of Human Resources

PERFORMANCE GOAL 4.2.1
Quality of hire

Description: Data related to each new hire will be gathered from either the immediate supervisor or the selecting official, as appropriate. Data will be gathered three months after entry on board. This early assessment will not only inform the agency's selection system, but will provide an opportunity to address quickly any developmental needs or performance issues.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage of hires rated at least four on a five-point scale	Prior year data not available			N/A	N/A	N/A	86%	75%	80%

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: The Quality of Hire survey, from which this data is derived, was launched in June 2012; the SEC's review of this new data will assist in making informed decisions regarding future targets.

Responsible Division/Office: Office of Human Resources

Data Source: Quality of Hire Survey

PERFORMANCE GOAL 4.2.2
Leadership competency gaps

Description: A 360-degree feedback survey will be conducted across all leadership ranks. This will provide an SEC-wide score on each competency measured in the survey. The gap will be determined by subtracting the obtained scores from expected proficiency levels on key competencies. Progress will be determined by comparing this baseline to scores obtained from subsequent administrations of the survey.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Average percentage of gaps reduced in each survey	Prior year data not available			N/A	N/A	N/A	N/A	TBD	TBD

Target: N/A – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: From 2010 to 2012 the SEC used the OPM Leadership 360 assessment product to provide SEC managers 360 degree feedback for 28 leadership competencies. A report provided by OPM in 2012 showed that there were 141 participating managers who were rated; and 178 supervisors, 483 peers and 912 subordinates who provided feedback ratings. In 2012, the OHR secured a new contract with the Center for Creative Leadership (CCL) to provide 360 degree feedback ratings for managers. The new CCL process provides feedback to SEC managers on 23 leadership competencies. There are 77 managers who were rated by 128 superiors, 240 peers and 343 subordinates with 360 degree assessments using the CCL instrument.

Responsible Division/Office: Office of Human Resources

Data Source: N/A

PERFORMANCE GOAL 4.2.3 **Satisfaction with Leadership Development Program**									
Description: After each major developmental event participants will complete a survey of items related to key training outcomes. Responses to these items will be compiled to create a composite score.									
Fiscal Year	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012 Plan**	**FY 2012 Actual**	**FY 2013 Estimate**	**FY 2014 Estimate**
Average score on a five-point scale	Prior year data not available			4.46	4.49	4.5	4.38	4.25	4.25
Target: Not Met									
Analysis: In FY 2011 and FY 2012 SEC launched a new ladder of courses and electives reflecting increased ratings. During FY 2012, SEC-U consulted with nationally recognized evaluation specialist concerning performance benchmarks.									
Plan for Improving Program Performance: According to industry standards 4.0 is a high benchmark for leadership development programs. Accordingly, SEC-U plans to adjust the target measure from 4.5 to 4.25, which is still well above the industry standard.									
Responsible Division/Office: Office of Human Resources									
Data Source: Successful Leaders Program Evaluations									

Strategic Objective 4.3: Information within and available to the SEC becomes a Commission-wide shared resource, appropriately protected, that enables a collaborative and knowledge-based working environment.

Goal Leader(s): Chief Information Officer

PERFORMANCE GOAL 4.3.1
Percentage of SEC data sources accessible through a virtual data warehouse, and milestones achieved towards the creation of a robust information management program

Description: The SEC intends to reform its information management processes, so that data can be more easily accessed, shared, and analyzed across the organization. This metric will display the percentage of SEC data sources accessible for search and analysis through a virtual data warehouse. In addition, the SEC will track its success in achieving relevant milestones over the course of this multi-year effort. These milestones include establishing a formal information management program in 2010, completing an information catalog by 2011, providing capabilities to support analysis of information by 2012, and developing a capability that allows integration of business operations data for management, reporting and analysis by 2013.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior year data not available			N/A	Data Warehouse/ Administrative data and reporting requirements identified	Data analysis, integration, risk assessment, and infrastructure optimization	Award contract for hardware and begin requirements definition phase	Procure tools to extract, transform, and load data into EDW Procure business intelligence tools to support analysis of information	Integration of business operations for management, reporting and analysis

Target: Not Met – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: The procurement and installation of an Enterprise Data Warehouse (EDW) is the critical first phase of this multi-year strategic initiative.

Plan for Improving Program Performance: The estimated timeframe for the hardware and software installation is the second quarter of FY 2013. Efforts to modernize SEC.gov and EDGAR are in process. The Commission adopted a new rule for a comprehensive new program to create a consolidated audit trail for the securities markets that will provide the ability for new analytic capabilities to enhance investigations and market surveillance in the future. Also completed in the fourth quarter of FY 2012 was a high level target enterprise architecture that will build the foundation of the SEC's data management program.

Responsible Division/Office: Office of Information Technology

Data Source: N/A

PERFORMANCE GOAL 4.3.2
Deployment of document management and workflow tools

Description: This metric will present the SEC's success in applying document management and workflow tools to the Commission's mission critical business functions. Over time, the SEC aims to deploy these tools for enforcement case management, the agency's processes for handling disgorgement and penalties, examination management, management of Commission actions, and rulemaking.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Business functions served	Prior-year data not available			Enforcement & Examination	Tips, Complaints and Referrals Commission-wide	National Exam Program	National Exam Program	OS, IM, TM, OIEA, RSFI, OCOO and CF	Continued Deployment of Knowledge Management System and Data Sharing across Applications

Target: Met

Analysis: OIT continues its goal to implement tools within the SEC's mission critical applications to make the SEC workforce more effective and efficient. The OCIE Tracking and Reporting Examinations National Documentation System (TRENDS) was deployed in the third quarter of FY 2012. The search function allows easy sharing of exam information across the national exam program. The ability to upload work papers to findings and deficiencies and have immediate access to supporting documents and the standardized fields will allow for development of more robust metrics and customized searches. These features are expected to aid in identifying new and emerging risk areas to help refine risk analysis and further examinations.

Responsible Division/Office: Office of Information Technology

Data Source: N/A

PERFORMANCE GOAL 4.3.3
Time to process evidentiary material for enforcement investigations

Description: The SEC aims to improve its ability to process evidentiary material gathered during the course of its enforcement investigations, and enhance the agency's document storage, organization, and analytical capabilities. This metric will gauge whether these efforts succeed in reducing the time required to process evidentiary material, so it can be analyzed by enforcement staff.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Number of days	Prior-year data not available			N/A	N/A	N/A	N/A	Begin reporting Q4	TBD

Target: N/A

Analysis: In 2011, this measure was reassigned to the Division of Enforcement. A new electronic discovery software was piloted in FY 2012. Selected scanned electronic evidentiary material is in the process of being transferred to the new product that provides more enhanced search capabilities for the end user and that will reduce the time to find and organize important documents in investigations. Enforcement plans to migrate documents and data from the current system to the new system only where there is business value in doing so. Cases that are already in litigation or investigations that are close to being closed will not be migrated. After the new system is deployed in an SEC office, then all new evidentiary documents for that office will be loaded into the new system. In addition, separate projects for audio searching and backup tape searching have been completed.

Responsible Division/Office: Office of Information Technology

Data Source: N/A

PERFORMANCE GOAL 4.3.4
System availability

Description: The SEC aims to enhance its computing infrastructure to eliminate down time if systems at one site fail, among other objectives. This metric will capture the percentage of systems and applications that can fail over within 4 hours. In addition, the SEC will track the percentage of its systems that have been virtualized, further reducing down time and increasing their accessibility from alternative locations.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Systems availability	Prior-year data not available			99.97%	99.94%	99%	99%	99%	99%
Percentage fail over within 4 hours	Prior-year data not available			N/A	0%	99%	0%	99%	99%
Systems virtualized	Prior-year data not available			22%	38%	90%	79%	85%	90%

Target: Systems Availability – Met; Percentage Fail over within 4 Hours – Not Met; Systems Virtualized – Not Met

Analysis: OIT met the systems availability target. To gauge system availability, systems are monitored on a real time basis by the OIT Network Operations Center (NOC) with automated network monitoring tools. Currently 100 percent of all mission critical applications can fail over to the alternate site within 8 hours. An objective of the last disaster recovery (DR) exercise was to fail over critical information systems from the primary data center to the alternate date center within their recovery time objective (RTO). Federal Continuity Directive 1 (FCD 1) requires that 'Primary Mission Essential Functions' (PMEFs) must be "resumed within 12 hours of an event" and "be maintained for up to 30 days". OIT has elected to define its RTO for information systems which support the PMEF of the SEC as 4 hours.

Plan for Improving Program Performance: OIT expects to meet its goal of 90 percent of servers virtualized by mid FY 2013, well ahead of schedule. OIT expects to remain on target to increase the percentage of systems virtualized to 90 percent by FY 2014.

Responsible Division/Office: Office of Information Technology

Data Source: OIT NOC – automated network monitoring tools

Strategic Objective 4.4: Resource decisions and operations reflect sound financial and risk management principles.

Goal Leader(s): Chief Information Officer; Chief Financial Officer

PERFORMANCE GOAL 4.4.1
Milestones achieved towards establishment of a robust data management program

Description: A business process improvement effort will be initiated to identify enhancements needed to create a robust data management program over the next five years. This metric will gauge the agency's success in establishing an integrated enterprise data management, reporting, and analysis capability for mission and back office data.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Milestone achieved	Prior-year data not available			N/A	Administrative data and reporting requirements identified	N/A	N/A	Establish Data Governance Council Finalize Standard Data Requirements Approach	Initiate Data Quality Program

Target: N/A

Analysis: OIT has completed a number of important steps in the development of a robust data management program. Key data management support efforts were funded. A Chief Enterprise Architect was hired. Additional data architecture and design staff are in the process of being hired to facilitate data governance and standardization. A high-level target enterprise architecture plan was also completed in FY 2012 that will define and build the foundation of the data management program. Next milestones are to build the core capabilities for the data management and governance program.

Responsible Division/Office: Office of Information Technology

Data Source: Data sources will be available in FY 2013

PERFORMANCE GOAL 4.4.2
Financial systems integration

Description: As part of the SEC's effort to integrate its financial systems, the agency will measure the percentage of secondary systems that are fully interfaced with the core financial system, in compliance with applicable standards.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Percentage	Prior-year data not available			N/A	N/A	83%	83%	100%	100%

Target: Met – This measure was developed in FY 2010 during the strategic planning process, and it is being re-considered as part of the SEC's Strategic Plan update.

Analysis: In FY 2011 and FY 2012, the SEC deployed a new core financial system hosted by the Department of Transportation (DOT) called Delphi. This system is part of the Federal Shared Service (FSSP) provider network that DOT provides to other federal agencies. The migration to Delphi resulted in additional integration of the applications supporting the SEC's finances and spending, including its procurement system.

Responsible Division/Office: Office of Information Technology

Data Source: Data sources will be available in FY 2013

PERFORMANCE GOAL 4.4.3
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.

Fiscal Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Plan	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Unqualified opinion	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Material weaknesses	1	0	1	2	0	0	0	0	0
Significant deficiency	3	3	6	0	4	0	2	0	0

Target: Unqualified Opinion – Met; Material Weaknesses – Met; Significant Deficiency – Not Met

Analysis: In FY 2012, the SEC succeeded in completing its transition to a Federal Shared Service Provider (FSSP) model, engaging with the Department of Transportation's Enterprise Service Center (ESC). Through this initiative, the SEC aims to achieve improvements in system functionality, automation of some manual processes and further enhancement to financial management and reporting. Further, the SEC successfully remediated three previously identified significant deficiencies in the areas of financial reporting and accounting processes, information security, and registrant deposits.

Plan for Improving Program Performance: While the SEC has made significant strides in its multi-year path towards a strong, sustainable internal control posture, the agency will continue to dedicate its energies towards remediating any remaining significant deficiencies. The SEC also will make further financial system enhancements, including a planned upgrade to the financial system and a new travel system.

Responsible Division/Office: Office of Financial Management

Data Source: GAO FY 2012 SEC Financial Audit Report