

PROTECT
INVESTORS



FISCAL YEAR 2021
**Congressional Budget Justification
Annual Performance Plan**
FISCAL YEAR 2019
Annual Performance Report

U.S. SECURITIES AND EXCHANGE COMMISSION



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ABOUT THIS REPORT

The Congressional Budget Justification (CBJ) is the annual presentation to Congress that justifies the U.S. Securities and Exchange Commission's (SEC) budget request. This report also includes the Annual Performance Plan (APP) for fiscal year (FY) 2021 and the Annual Performance Report (APR) for FY 2019, focusing on the agency's strategic goals and performance results. This report provides information that satisfies requirements contained in the following laws and regulations listed below:

- Federal Information Technology Acquisition Reform Act
- Good Accounting Obligation in Government Act (GAO-IG Act)
- Government Management Reform Act of 1994
- GPRA Modernization Act of 2010
- Inspector General Act of 1978, as amended
- Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission, and Execution of the Budget*
- OMB Circular A-136, *Financial Reporting Requirements*
- Reports Consolidation Act of 2000

An electronic version of this document and its components is available at [SEC.gov/cj](https://www.sec.gov/cj). To comment on the SEC's FY 2021 CBJ and APP and FY 2019 APR, email OFM_budget_formulation@sec.gov.



Agency and Mission Information

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EXECUTIVE SUMMARY

The U.S. Securities and Exchange Commission (SEC, Commission, or agency) is pleased to submit its budget request for fiscal year (FY) 2021. The SEC requests \$1.895 billion in support of 4,728 positions and 4,590 full-time equivalents (FTEs) to carry out our statutory mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. We strive to simultaneously advance these goals in ways that provide lasting benefits to investors and issuers.

The FY 2021 request would support the following key SEC priorities, among others:

- Responding to continued evolution and innovation in our securities markets and meeting historic and emerging investor protection and oversight needs;
- Facilitating Main Street investor access to long-term, cost-effective investment opportunities and expanding outreach to small businesses; and
- Assessing and securing our data footprint focusing on cybersecurity.

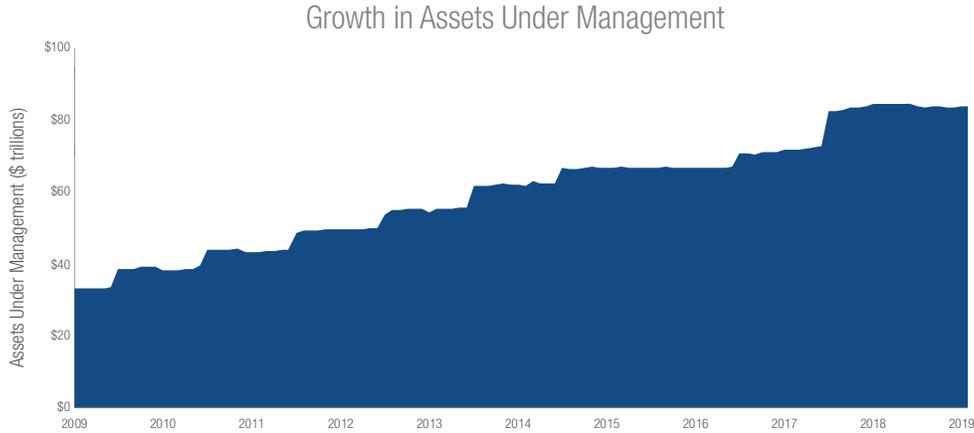
To help achieve these objectives, the FY 2021 request would support the addition of 30 positions to enhance the agency's depth of expertise in emerging or evolving areas relating to financial innovation, cybersecurity, small business capital formation, and market oversight, as well as other policy and operational priorities.

To fund our operations, we collect fees on securities transactions at a rate intended to fully offset our appropriation.

The FY 2021 request reflects the growing size and complexity of the markets that we oversee. As detailed in the infographic above, there are over \$140 trillion in securities traded annually on markets overseen by the SEC. Further, investment assets within SEC-registered entities continue to increase significantly. For example, as of October 1, 2019, the SEC oversaw nearly 13,500 SEC-registered investment advisers reporting approximately \$84 trillion in assets under management. In the last 10 years, the number of SEC-registered advisers has increased by 18 percent, while assets managed by this group have grown by 154 percent. Overall, the SEC's budget request will enable the agency to continue to be efficient and effective in advancing its important tripartite mission.

What We Oversee

- Approximately \$97 trillion in securities trading annually on U.S. equity markets and \$43 trillion in the U.S. fixed income market
- More than 28,000 registered entities and self-regulatory organizations
- Over 7,600 reporting companies (more than half exchange listed) with an aggregate market cap of \$34 trillion
- 82 of the top 100 public companies in the world
- 23 national securities exchanges
- 9 credit rating agencies
- 7 active registered clearing agencies
- PCAOB, FINRA, MSRB, SIPC, and FASB



The SEC estimates that at the beginning of FY 2021, it will oversee more than 15,000 investment company portfolios (mutual funds, exchange-traded funds [ETFs], closed-end funds, and unit investment trusts). Total net assets of investment companies have grown by 108 percent in the last 10 years, now totaling over \$24 trillion.

These statistics provide a small sample of the coverage we provide and the vast responsibilities of the SEC. The following sections highlight the agency’s strategic priorities for FY 2021.

Responding to continued evolution and innovation in our securities markets and meeting historic and emerging investor protection and oversight needs

As technological advancements, commercial developments, and domestic and international financial and other policies alter how our markets operate, the SEC’s ability to remain an effective regulator requires that we continuously monitor the market environment and, as appropriate, adjust and modernize our expertise, rules, regulations, and oversight tools and activities. For example, over the past decade, our U.S. equity markets have undergone a significant transformation in large part due to the deployment of a wide range of new technologies. In addition, over the last two decades, major trends in retirement funding, investment philosophies, technology, and capital formation have driven changes that include increased assets, new products, new strategies, and new challenges in the environment for investors and investment managers. Further, our credit markets have grown, and there has been a significant relative shift from bank-held credit to credit held in our capital markets, with a significant portion of capital market credit held in funds and other investment vehicles. Further, all market participants, as well as the SEC itself, are facing the need to focus on cybersecurity and operational resiliency. As detailed below, the SEC’s FY 2021 request responds to new and critical regulatory oversight needs and is a direct reflection of the changing nature of our markets and the market environment.

Trading and Markets

The FY 2021 request would add six positions to enable the Division of Trading and Markets (TM) to modernize market supervision capabilities in response to substantial changes in the domestic and foreign markets. TM regulates the major securities market participants, including broker-dealers, national securities exchanges and other self-regulatory organizations (SROs), and transfer agents. TM's ongoing work will include enhanced focus on improving equity market structure; implementation of recently adopted transparency and investor protection rules; monitoring and responding to technological advancements that impact registrants; monitoring and analyzing market function; continued review of SRO rule proposals; and responding to requests for interpretive guidance and relief. Additional resources would enrich TM's specialization in equity market structure, novel and complex issues with clearing agencies, market data transparency, and systemic risk monitoring, including activities-based system risk.

Inspections and Examinations

The FY 2021 request seeks to add four positions to address emerging risks facing market participants, such as cyber and information security, as part of examinations of market participants and gatekeepers executed by the Office of Compliance Inspections and Examinations (OCIE). The request would also support OCIE's examinations for compliance with recently adopted rules, including those relating to standards of conduct for investment advisers and broker-dealers. By better integrating the use of data and risk analytics into the exam selection and scoping process, OCIE has succeeded in bringing more examination resources to bear on areas of greater potential risk. However, the evolving nature of market and infrastructure risks demands continued focus from OCIE staff across market participants, from SROs to investment advisers. These additional resources would allow OCIE to continue to strengthen its focus on risk-based areas and would also support OCIE's examinations of entities responsible for critical market infrastructure, such as national securities exchanges and other market entities.

Enforcement

Maintaining a vigorous program to hold bad actors accountable, deter misconduct, and return funds to harmed investors is critical to protecting Main Street investors and instilling confidence in the integrity of our capital markets. The Division of Enforcement (ENF) vigorously polices our markets for fraud and other illicit conduct, much of which impacts Main Street investors. This request seeks additional resources to strengthen ENF's litigation capacity and enable ENF to more quickly investigate and file enforcement actions, where appropriate. The FY 2021 request would add four ENF positions to meet increasing workload demands (including the growing numbers of tips, complaints, and referrals that the SEC receives); strengthen, as well as add clarity and efficiency to, our Office of the Whistleblower; and pursue investigations of securities fraud and misconduct targeting senior citizens, teachers, and current and former military service members.

Engaging on Financial Innovation

At the SEC, we strive to achieve a regulatory approach that both fosters innovation and protects investors. The SEC meets regularly with staff from other domestic and international regulatory agencies to coordinate efforts and identify areas where additional regulatory oversight may be needed. For example, consumers, investors, and regulators have shown an increased interest in digital assets in recent years to which the SEC responded quickly through numerous Commission and staff actions that spanned various SEC divisions and offices. The SEC is focused on issues presented by new technologies, and our door remains open to those who seek to innovate and raise capital in accordance with the federal securities laws and consistent with important investor protections. At the same time, the SEC and ENF will continue to pursue actions against those who attempt to defraud investors using new technologies as a veneer to orchestrate age-old schemes.

The FY 2021 request would facilitate the SEC's engagement with innovators, developers, and entrepreneurs through the Strategic Hub for Innovation and Financial Technology (FinHub), a unit established in 2018 to assist companies and entrepreneurs exploring novel offerings using financial technology offerings. FinHub serves as a public resource for financial innovation issues at the SEC, including matters dealing with distributed ledger technology, automated investment advice, digital marketplace financing, and artificial intelligence. FinHub also serves as an internal resource within the SEC, coordinating the staff's work on issues related to financial innovation.

Investment Management

The FY 2021 request for five positions in the Division of Investment Management (IM) would address the critical role IM plays in protecting Main Street investors through development of regulatory policy for investment advisers and for investment companies, including mutual funds, variable insurance products, and ETFs. For example, the emergence of index investing and ETFs has changed the way many investors build their portfolios, while increased globalization has intertwined domestic and foreign markets and policy. Because these products make up a substantial portion of Main Street investor assets, the FY 2021 request supports the work of IM's Chief Counsel's Office in providing guidance to other parts of the agency, other regulators, and market participants. This includes IM's increased engagement with international regulators on issues important to the U.S. asset management industry; the review of novel types of exemptive applications; guidance regarding innovations by closed-end funds and business development companies; closer coordination with OCIE on exam initiatives; and expanded review of investment adviser-related enforcement cases.

Additionally, the SEC announced in October 2019 the formation of a new Asset Management Advisory Committee (AMAC), which held its inaugural meeting in January 2020. Through the AMAC, the SEC will enhance transparency and engagement, and add rigor to the public discourse on these issues.

Facilitating Main Street investor access to long-term, cost-effective investment opportunities and expanding outreach to small businesses

With 52 percent of all U.S. households invested directly or indirectly in the U.S. capital markets, the SEC's efforts benefit millions of Main Street American families looking to grow their hard-earned savings to fund important life events such as buying a new home, paying for college, or funding retirement. Main Street investors generally have access only to investments in our public markets; however, our private markets have outpaced today's public markets in many measures, including in size and growth capital. To better serve the interests of our Main Street investors, the SEC is engaged in proactive, targeted initiatives to increase investor access to long-term, cost-effective investment opportunities, always with appropriate protections.

Through our Division of Corporation Finance (CF), we seek to broaden investor options by helping companies—including smaller companies—participate in our capital markets. The FY 2021 request would add one position to the Office of Small Business Policy housed within CF. This resource would primarily assist companies seeking to raise capital through exempt or smaller registered offerings, including support of the Commission's ongoing efforts to harmonize the exempt offering framework and further modernize SEC rules and regulations.

Engaging with America's investors and entrepreneurs is important to our mission. The SEC's Office of the Advocate for Small Business Capital Formation (OASB) began operations in January 2019 and has already led dozens of outreach events, from roundtables and town halls to keynote speeches, in addition to engaging one-on-one with businesses and investors. These events, which have included targeted outreach to women-owned, minority-owned, veteran-owned, and rural businesses, empower small businesses and their investors by giving them a greater voice inside the SEC. Panel discussions with minority entrepreneurs and investors at Morehouse College provided valuable insights into the benefits of inclusive and diverse entrepreneurship, as well as the challenges diverse entrepreneurs face, and small business investing. The SEC's 2019 Government-Business Forum on Small Business Capital Formation in Omaha, Nebraska, connected all five SEC Commissioners with local experts who shared how companies and investors are finding success in building and growing companies in the prairie states.

The SEC will continue to benefit from this open dialogue. The FY 2021 request would add two positions to OASB to expand research, policy analysis, and outreach with the goal of fostering more entrepreneurial ecosystems across the country, including by expanding opportunity for the creation and incubation of small businesses, a critical component of our economy.

Who We Reach

- Received 24.3 billion hits on the SEC's EDGAR system
- Drew 3.7 million individuals to [Investor.gov](https://www.investor.gov)
- Closed nearly 18,000 investor assistance matters
- Returned over 2,600 calls to the public responding to questions about the whistleblower program
- Conducted more than 500 in-person investor education events
- Connected with every branch of service and more than 100 U.S. military installations worldwide through in-person briefings and brochure distribution
- Returned \$1.197 billion to harmed investors
- Ordered whistleblower awards of approximately \$60 million

Assessing and securing our data footprint focusing on cybersecurity

The SEC is committed to enhancing our controls and management of agency data, which includes publicly available data sets, internal agency data, and market-related data. Even as we continue to use data analytics to inform policymaking and workload allocation decisions, we are also working to identify areas where we can reduce our collection and use of sensitive and personally identifiable data consistent with our regulatory responsibilities. To this end, the FY 2021 request supports two additional staff to build out the SEC's new Chief Data Officer function. Both an industry best practice and new statutory requirement, this function will improve our review process over data collection to provide greater assurance that we limit data collected to only the data we need and can effectively manage and secure.

The FY 2021 request also supports technology improvements to promote effective cybersecurity, as mentioned above; replace or consolidate legacy systems, which often cost more to maintain and contain security vulnerabilities; and bolster the systems that enable our enforcement and examination programs to uncover fraud and other

wrongdoing. This request assumes the SEC will have continued access to its Reserve Fund, which allows the SEC to commit to important, long-term technology initiatives.

Focusing on cybersecurity risk remains a top priority for the SEC. We recognize that electronic data systems are essential to our mission and that no system can ever be entirely safe from a cyber-intrusion. But, as a frequent target of attempts by threat actors who seek to penetrate our systems, it is incumbent upon us to continue to devote substantial resources and attention to cybersecurity. While progress has been made, much work remains to be done. A key element in improving and securing our technology environment is attracting robust cybersecurity talent. The FY 2021 request includes two new positions for the SEC's cybersecurity operations center and one new position dedicated to the protection of high value assets¹ at the SEC.

¹ policy.cio.gov/hva/definition/

Real property leasing

A final component of the SEC's FY 2021 request relates to ongoing efforts, in partnership with the General Services Administration (GSA), to conduct competitive procurements for office space for the Washington, DC headquarters and San Francisco Regional Office. With respect to the SEC's Washington, DC headquarters, the current lease expires in 2023, and GSA is in the midst of a competitive acquisition. GSA requires the SEC to set aside funds in the budget to account for building costs in the event that the competitive acquisition results in the SEC moving to a new facility. This request seeks \$19 million, should a move be necessary, to continue planning for the relocation of personnel, equipment, and technology to the new space. The San Francisco Regional Office's lease expires in 2022. Our request seeks \$13 million for the potential build-out of new space. These amounts would only be required should the procurement outcomes require the agency to move to new office space. The SEC will reevaluate these needs, in coordination with GSA, when the outcomes are known. As in previous years, the SEC proposes appropriations language requiring that any unused portion of these funds would be returned to fee payers.

MISSION, VISION, VALUES, AND GOALS

Our Mission

To protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

Our Vision

To promote capital markets that inspire public confidence and provide a diverse array of financial opportunities to retail and institutional investors, entrepreneurs, public companies, and other market participants.

Our Values



INTEGRITY

We inspire public confidence and trust by adhering to the highest ethical standards.



EXCELLENCE

We are committed to excellence in pursuit of our mission on behalf of the American public.



ACCOUNTABILITY

We embrace our responsibilities and hold ourselves accountable to the American public.



TEAMWORK

We recognize that success depends on a skilled, diverse, coordinated team committed to the highest standards of trust, hard work, cooperation, and communication.



FAIRNESS

We treat investors, market participants, and others fairly and in accordance with the law.



EFFECTIVENESS

We strive for innovative, flexible, and pragmatic regulatory approaches that achieve our goals and recognize the ever-changing nature of our capital markets.

Strategic Goals and Strategic Initiatives



STRATEGIC GOAL 1

Focus on the long-term interests of our Main Street investors.

Strategic Initiative 1.1:

Enhance our understanding of the channels retail and institutional investors use to access our capital markets to more effectively tailor our policy initiatives.

Strategic Initiative 1.2:

Enhance our outreach, education, and consultation efforts, including in ways that are reflective of the diversity of investors and businesses.

Strategic Initiative 1.3:

Pursue enforcement and examination initiatives focused on identifying and addressing misconduct that impacts retail investors.

Strategic Initiative 1.4:

Modernize design, delivery, and content of disclosure so investors, including in particular retail investors, can access readable, useful, and timely information to make informed investment decisions.

Strategic Initiative 1.5:

Identify ways to increase the number and range of long-term, cost-effective investment options available to retail investors, including by expanding the number of companies that are SEC-registered and exchange-listed.



STRATEGIC GOAL 2

Recognize significant developments and trends in our evolving capital markets and adjust our efforts to ensure we are effectively allocating our resources.

Strategic Initiative 2.1:

Expand market knowledge and oversight capabilities to identify, understand, analyze, and respond effectively to market developments and risks.

Strategic Initiative 2.2:

Identify, and take steps to address, existing SEC rules and approaches that are outdated.

Strategic Initiative 2.3:

Examine strategies to address cyber and other system and infrastructure risks faced by our capital markets and our market participants.

Strategic Initiative 2.4:

Promote agency preparedness and emergency response capabilities.



STRATEGIC GOAL 3

Elevate the SEC's performance by enhancing our analytical capabilities and human capital development.

Strategic Initiative 3.1:

Focus on the SEC's workforce to increase our capabilities, leverage our shared commitment to investors, and promote diversity, inclusion, and equality of opportunity among the agency's staff.

Strategic Initiative 3.2:

Expand the use of risk and data analytics to inform how we set regulatory priorities and focus staff resources, including developing a data management program that treats data as an SEC-wide resource with appropriate data protections, enabling rigorous analysis at reduced cost.

Strategic Initiative 3.3:

Enhance our analytics of market and industry data to prevent, detect, and prosecute improper behavior.

Strategic Initiative 3.4:

Enhance the agency's internal control and risk management capabilities, including developing a robust and resilient program for dealing with threats to the security, integrity, and availability of the SEC's systems and sensitive data.

Strategic Initiative 3.5:

Promote collaboration within and across SEC offices to ensure we are communicating effectively across the agency, including through evaluation of key internal processes that require significant collaboration.

HISTORY AND PURPOSE

Prior to the Great Crash of 1929, there was little support for federal regulation of the securities markets. This was particularly obvious during the post-World War I surge of securities activity. Proposals that the federal government require financial disclosure and prevent the fraudulent sale of stock were never seriously pursued.

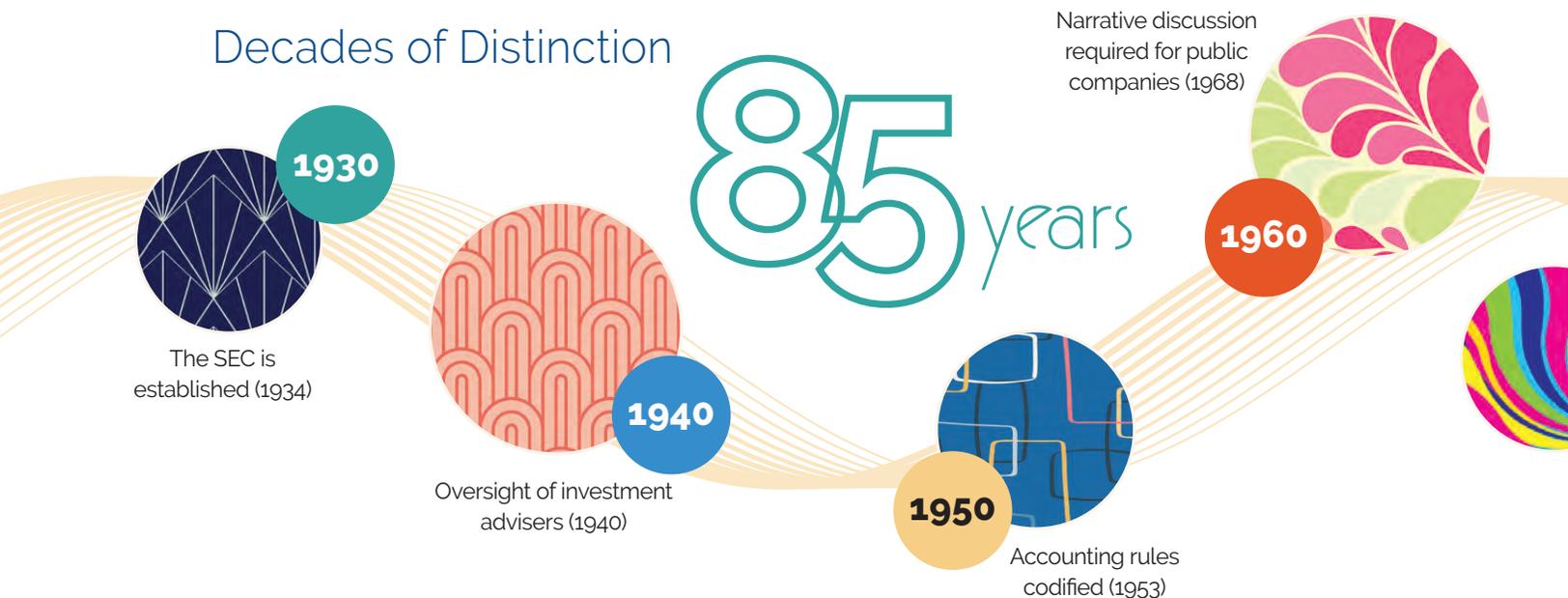
Tempted by promises of “rags to riches” transformations and easy credit, most investors gave little thought to the systemic risk that arose from widespread abuse of margin financing and unreliable information about the securities in which they were investing. During the 1920s, approximately 20 million shareholders took advantage of post-war prosperity and set out to make their fortunes in the stock market. It is estimated that one-half of the \$50 billion in new securities offered during this period became worthless.

When the stock market crashed in October 1929, public confidence in the markets plummeted. Investors and banks lost great sums of money in the ensuing Great Depression, and restoring faith in the capital markets was essential to economic recovery. Congress held hearings to identify problems and search for solutions.

Based on those hearings, Congress passed the Securities Act of 1933¹—the first federal law to regulate the issuance of securities—followed by the Securities Exchange Act of 1934.²

The SEC was established to regulate and enforce this legislation.

Decades of Distinction



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

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

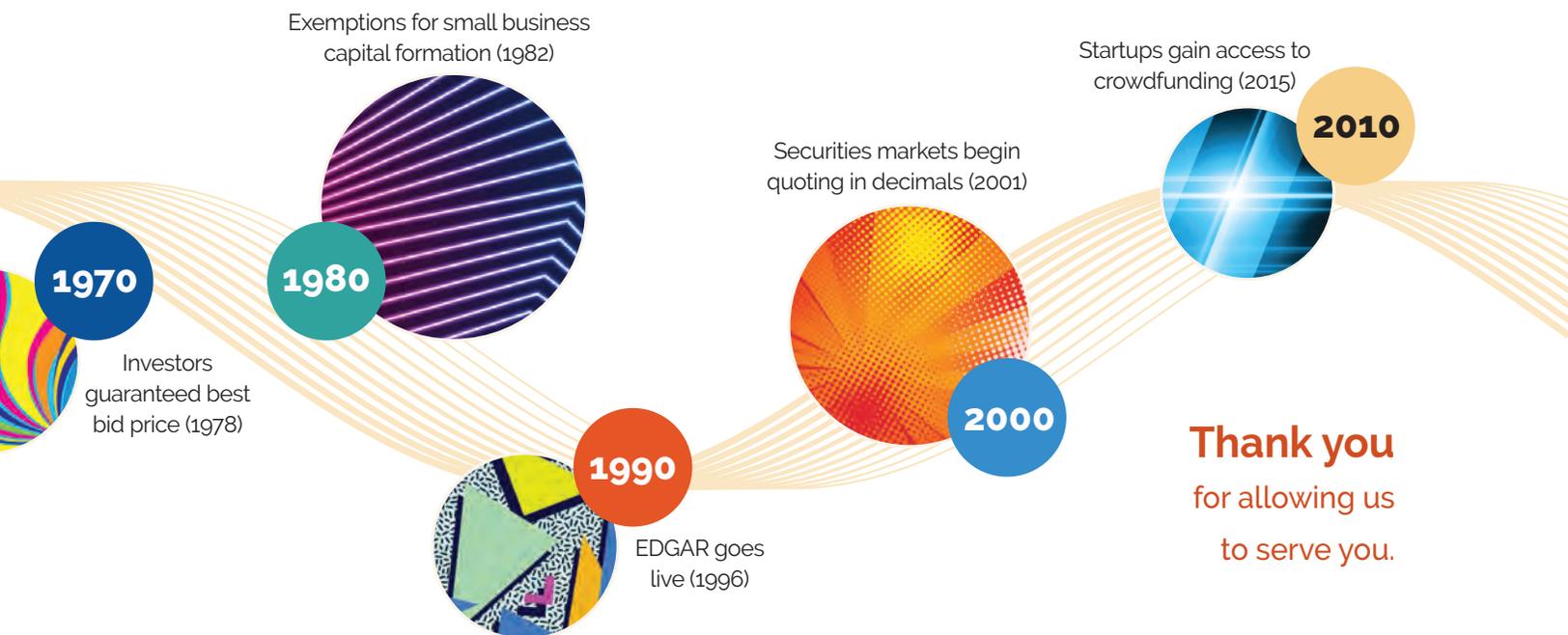
These laws aim to provide investors and the markets with reliable information, clear rules for honest dealing, and specifically ensure the following:

- A company that publicly offers securities for investment dollars is forthcoming and transparent about its business, the securities it is selling, and the risks involved with investing; and
- A person who sells and trades securities does so in a fair and honest manner.

The SEC is responsible for overseeing the nation's securities markets and certain primary participants, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges, as well as organizations such as the Financial Industry Regulatory Authority, Municipal Securities Rulemaking Board, and the Public Company Accounting Oversight Board (PCAOB). Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010³ (Dodd-Frank Act), the agency's jurisdiction was expanded to include certain participants in the derivatives markets, private fund advisers, and municipal advisors.

Each year, the SEC brings hundreds of civil enforcement actions against individuals and companies for violation of securities laws. Examples of infractions are insider trading, accounting fraud, market manipulation, and providing false or misleading information about securities and/or the issuing companies.

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



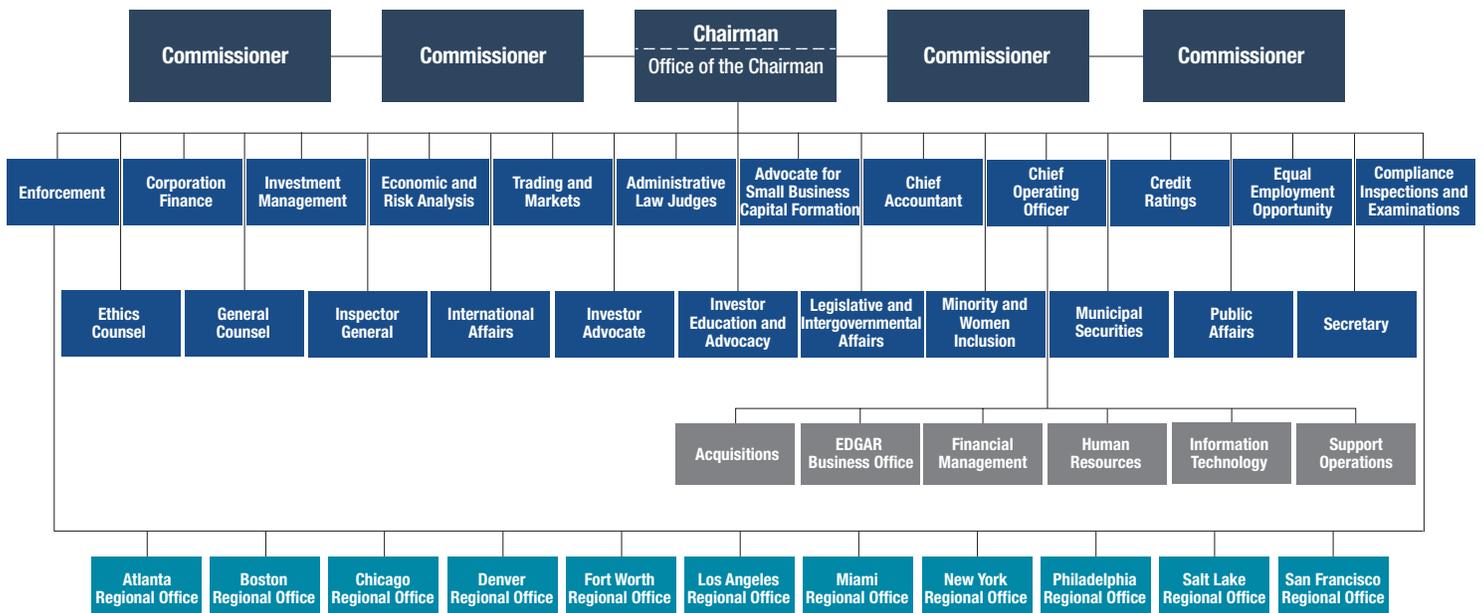
Thank you
for allowing us
to serve you.

³ More information about the Dodd-Frank Act can be found at SEC.gov/about/laws/wallstreetreform-cpa.pdf

ORGANIZATIONAL STRUCTURE

The SEC is an independent federal agency, established pursuant to the Securities Exchange Act of 1934, headed by a bipartisan, five-member Commission. The Commissioners are appointed by the President and confirmed by the Senate. The President designates one of the Commissioners as the Chairman. The five Commission members act jointly to set and enforce the rules that govern the securities markets and its participants. The Chairman is responsible for overseeing the executive and administrative functions of the agency and its approximately 4,500 staff members, who are organized into 5 divisions and 25 offices.

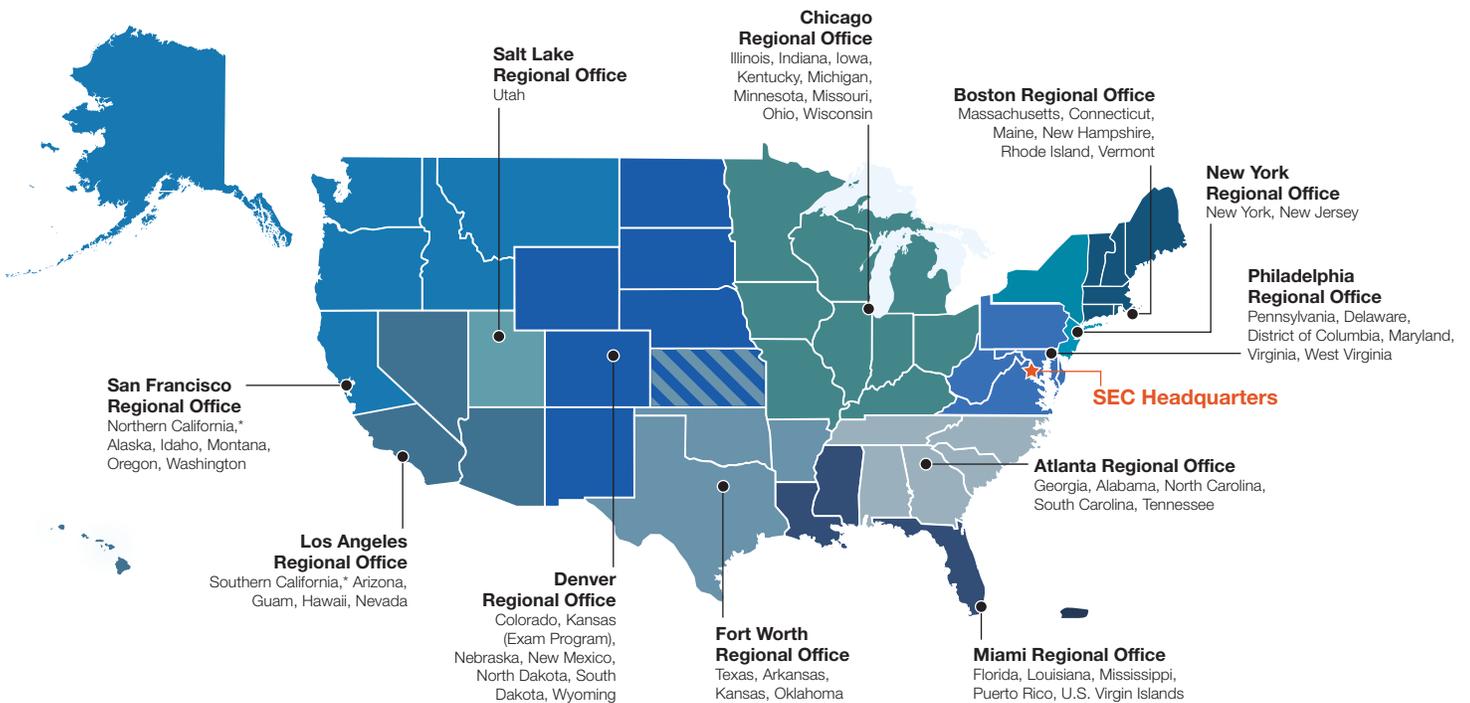
The organization chart below is accurate as of February 2020.



Note: This is the official SEC organization chart. All divisions and offices indirectly report to the Office of the Chairman. Offices within the Office of the Chief Operating Officer are in gray. Regional offices are in teal.

Office Locations

The SEC's headquarters are in Washington, DC, and the agency has 11 regional offices located throughout the country. The regional offices are responsible for investigating and litigating potential violations of the securities laws. The regional offices also have enforcement and examination staff to inspect regulated entities such as investment advisers, investment companies, and broker-dealers. The following graphic illustrates the locations of, and specific areas within, each of the regional offices.



* Northern California includes ZIP codes 93600 and above, and 93200–93299
Southern California includes ZIP codes 93599 and below, except 93200–93299



Small Business Advocate Martha Miller speaks with entrepreneurs and small business owners in Kansas City.



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POSITIONS AND FULL-TIME EQUIVALENTS (FTE) BY PROGRAM

	FY 2019 Actual		FY 2020 Enacted		FY 2021 Request	
	Actual Positions	FTE	Estimated Positions	FTE	Estimated Positions	FTE
Enforcement	1,329	1,299	1,345	1,309	1,349	1,322
Compliance Inspections and Examinations	1,093	1,042	1,107	1,065	1,111	1,079
Corporation Finance	413	404	416	395	418	404
Trading and Markets	262	233	276	250	282	270
Investment Management	198	176	207	189	212	204
Economic and Risk Analysis	145	135	150	136	150	145
General Counsel	141	133	145	139	145	141
Other Program Offices						
Chief Accountant	48	44	49	45	49	46
Investor Education and Advocacy	43	41	43	42	43	43
International Affairs	55	50	56	53	56	54
Administrative Law Judges	12	11	12	12	12	12
Investor Advocate	12	9	13	12	13	13
Credit Ratings	43	40	45	41	45	45
Municipal Securities	9	7	10	9	10	10
Advocate for Small Business Capital Formation	6	1	10	7	12	11
Subtotal	228	203	238	221	240	234
Agency Direction and Administrative Support						
Executive Staff	47	44	48	47	48	47
Public Affairs	21	18	21	20	21	21
Secretary	24	20	24	21	24	22
Chief Operating Officer ¹	21	12	32	16	34	24
Financial Management	92	88	92	88	92	90
Information Technology	199	174	206	192	209	205
Human Resources	111	101	112	105	113	109
Acquisitions	55	53	56	53	57	53
Support Operations	92	90	92	90	92	92
EDGAR Business Office ¹	38	36	33	32	33	33
Ethics Counsel	19	18	19	18	19	19
Minority and Women Inclusion	10	9	10	9	10	10
Equal Employment Opportunity	14	13	14	12	14	13
Subtotal	743	675	759	703	766	738
Inspector General	54	49	55	52	55	53
Total Positions and FTE	4,606	4,350	4,698	4,459	4,728	4,590

¹ Five positions for the SEC Information Services (Library) Program were moved from the EDGAR Business Office to the Office of the Chief Operating Officer in FY 2020.

OBLIGATIONS BY OBJECT CLASS

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual ¹	FY 2020 Enacted	FY 2021 Request
Personnel Compensation and Benefits			
Total Personnel Compensation (11.0)	\$ 862,778	\$ 930,507	\$ 993,742
Civilian Personnel Benefits (12.0)	297,895	329,371	362,587
Subtotal, Cost of Compensation	\$ 1,160,674	\$ 1,259,878	\$ 1,356,329
Other Expenses			
Benefits for Former Personnel (13.0)	461	2,300	299
Travel and Transportation of Persons (21.0)	9,431	12,885	12,717
Transportation of Things (22.0)	160	684	681
Rent, Communications, and Utilities (23.0)	66,698	75,030	111,830
Printing and Reproduction (24.0)	3,421	7,054	7,023
Other Contractual Services (25.0)	391,819	430,112	411,432
Supplies and Materials (26.0)	969	1,807	1,981
Equipment (31.0)	21,580	22,738	23,027
Building Alterations (32.0)	404	781	976
Claims and Indemnities (42.0)	368	1,250	1,244
Subtotal, Cost of Other Expenses	495,312	554,642	571,211
Subtotal, Obligations	\$ 1,655,985	\$ 1,814,520	\$ 1,927,539
Budget Authority used to Liquidate Prior Obligations for Deficient Leases, per an October 3, 2011, Report from the Comptroller General	40,042	25,480	2,296
Total Budget Authority	\$ 1,696,027	\$ 1,840,000	\$ 1,929,835
Less: Anticipated Carryover of Prior Year Unobligated Balances		(14,300)	(10,000)
Less: Anticipated Recoveries of Prior Year Obligations		(20,700)	(25,000)
Request for SEC Operations		\$ 1,805,000	\$ 1,894,835
Potential Build-out Costs Associated with New York Regional Office (NYRO) Lease Replacement	37,189		
NYRO Potential Move-Related Costs		10,525	
Headquarters Potential Move-Related Costs			18,650
Potential Build-out Costs Associated with San Francisco Regional Office Lease Replacement			12,677

¹ Obligations reported here differ from those shown in the President's Budget Appendix because they include activity only in the stated fiscal year.

STRATEGIC GOAL AND PROGRAM

(DOLLARS IN THOUSANDS)

SEC Program	FY 2019 Actual ¹	FY 2020 Enacted	FY 2021 Request			
			Goal 1 Investors	Goal 2 Innovation	Goal 3 Performance	FY 2021 Request
Enforcement	\$ 548,522	\$ 592,456	\$ 582,812	\$ 19,005	\$ 31,675	\$ 633,491
Compliance Inspections and Examinations	375,892	408,310	397,657	22,092	22,092	441,841
Corporation Finance	141,753	151,438	101,910	39,196	15,678	156,784
Trading and Markets	82,880	95,104	10,228	71,594	20,455	102,277
Investment Management	60,267	67,932	41,197	19,863	12,506	73,565
Economic and Risk Analysis	70,950	71,233	44,647	14,138	15,626	74,411
General Counsel	47,561	52,877	26,170	8,723	19,627	54,521
Other Program Offices	75,426	85,864	56,555	23,113	11,410	91,078
Agency Direction and Administrative Support	236,722	270,350	20,862	15,824	243,287	279,973
Inspector General	16,014	18,957	5,880	5,880	7,839	19,599
Subtotal	\$ 1,655,985	\$ 1,814,520	\$ 1,287,915	\$ 239,427	\$ 400,197	\$ 1,927,539
Budget Authority used to Liquidate Obligations for Deficient Leases, per an October 3, 2011, Report from the Comptroller General	40,042	25,480				2,296
Total Budget Authority	\$ 1,696,027	\$ 1,840,000				\$ 1,929,835
Less: Anticipated Carryover of Prior Year Unobligated Balances		(14,300)				(10,000)
Less: Anticipated Recoveries of Prior Year Obligations		(20,700)				(25,000)
Request for SEC Operations		\$ 1,805,000				\$ 1,894,835
Potential Build-out Costs Associated with New York Regional Office (NYRO) Lease Replacement	37,189					
NYRO Potential Move-Related Costs		10,525				
Headquarters Potential Move-Related Costs						18,650
Potential Build-out Costs Associated with San Francisco Regional Office Lease Replacement						12,677

¹ Obligations reported here differ from those shown in the President's Budget Appendix because they include activity only in the stated fiscal year.

REQUEST SUMMARY OF CHANGES¹

<i>(DOLLARS IN THOUSANDS)</i>	Positions	FTE	Amount
FY 2020 Enacted	4,698	4,459	\$ 1,840,000
FY 2021 Base Changes			
Annualization of Prior Year Staffing Actions		121	33,819
Other Compensation Adjustments			59,836
Net Changes in Non-Compensation Costs			(7,015)
Subtotal, Base Changes	-	121	\$ 86,641
FY 2021 Current Services Level	4,698	4,580	\$ 1,926,641
FY 2021 Program Increases			
Addition of 30 Positions (10 FTE)			
Enforcement	4	1	
Compliance Inspections and Examinations	4	1	
Corporation Finance	2	1	
Trading and Markets	6	2	
Investment Management	5	2	
Other Program Offices	2	1	
Agency Direction and Administrative Support	7	2	
Subtotal, Program Increases	30	10	\$ 3,194
FY 2021 Operational Budget Request	4,728	4,590	\$ 1,929,835
Less: Anticipated Carryover of Prior Year Unobligated Balances			(10,000)
Less: Anticipated Recoveries of Prior Year Obligations			(25,000)
FY 2021 Request for SEC Operations	4,728	4,590	\$ 1,894,835
Headquarters Potential Move-Related Costs			18,650
Potential Build-out Costs Associated with San Francisco Regional Office Lease Replacement			12,677

¹ These figures include amounts in FY 2020 and FY 2021 necessary to liquidate prior obligations on deficient leases.

FY 2021 Appropriations Language

For necessary expenses for the Securities and Exchange Commission, including services as authorized by 5 U.S.C. 3109, the rental of space (to include multiple year leases) in the District of Columbia and elsewhere, and not to exceed \$3,500 for official reception and representation expenses, \$1,894,835,000, to remain available until expended; of which not less than \$16,312,272 shall be for the Office of Inspector General; of which not to exceed \$75,000 shall be available for a permanent secretariat for the International Organization of Securities Commissions; and of which not to exceed \$100,000 shall be available for expenses for consultations and meetings hosted by the Commission with foreign governmental and other regulatory officials, members of their delegations and staffs to exchange views concerning securities matters, such expenses to include necessary logistic and administrative expenses and the expenses of Commission staff and foreign invitees in attendance including: (1) incidental expenses such as meals; (2) travel and transportation; and (3) related lodging or subsistence.

In addition to the foregoing appropriation, for move, replication, and related costs associated with a replacement lease for the Commission's Washington, DC headquarters, not to exceed \$18,650,000; and for move, replication, and related costs associated with relocation under a replacement lease for the Commission's San Francisco Regional Office facilities, not to exceed \$12,677,000 to remain available until expended.

For purposes of calculating the fee rate under section 31(j) of the Securities Exchange Act of 1934 (15 U.S.C. 78ee(j)) for fiscal year 2021, all amounts appropriated under this heading shall be deemed to be the regular appropriation to the Commission for fiscal year 2021: *Provided*, That fees and charges authorized by section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) shall be credited to this account as offsetting collections: *Provided further*, That not to exceed \$1,894,835,000 of such offsetting collections shall be available until expended for necessary expenses of this account and not to exceed \$18,650,000 of such offsetting collections shall be available until expended for move, replication, and related costs under this heading associated with a replacement lease for the Commission's Washington, DC headquarters facilities; and not to exceed \$12,677,000 of such offsetting collections shall be available until expended for move, replication, and related costs associated with relocation under a replacement lease for the Commission's San Francisco Regional Office facilities: *Provided further*, That the total amount appropriated under this heading from the general fund for fiscal year 2021 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2021 appropriation from the general fund estimated at not more than \$0: *Provided further*, That if any amount of the appropriation for move, replication, and related costs associated with a replacement lease for the Commission's Washington, DC headquarters

office facilities and if any amount of the appropriation for costs associated with relocation under a replacement lease for the Commission's San Francisco Regional Office is subsequently de-obligated by the Commission, such amount that was derived from the general fund shall be returned to the general fund, and such amounts that were derived from fees or assessments collected for such purpose shall be paid to each national securities exchange and national securities association, respectively, in proportion to any fees or assessments paid by such national securities exchange or national securities association under section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) in fiscal year 2021.



Chairman Jay Clayton (center) and Senior Advisor to the Chairman Sebastian Gomez Abero (right) tour an Opportunity Zone in Omaha, Nebraska.



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DIVISION OF ENFORCEMENT

The Division of Enforcement (ENF) is critical to the Commission’s ability to fulfill its three-part mission: protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. ENF’s efforts to deter misconduct and punish securities law violators are critical to safeguarding millions of investors and instilling confidence in the integrity of the U.S. markets. Each year, ENF brings hundreds of civil and administrative enforcement actions against individuals and entities for fraud; financial and accounting irregularities and misstatements; and other misconduct. The substantial remedies that ENF obtains are meaningful and impactful. They deter future wrongdoing, and when disgorgement of ill-gotten gains is obtained, the Commission is often able to return fraudulently obtained funds to harmed investors. ENF also seeks bars and suspensions that prevent wrongdoers from working in the securities industry or being officers and directors of public companies.

ENF’s work is guided by five core principles: (1) focus on the retail investor; (2) focus on individual accountability; (3) keep pace with technological change; (4) impose remedies that most effectively further enforcement goals; and (5) constantly assess the allocation of our resources. These principles drive ENF’s allocation of resources to address misconduct targeting retail investors; risks posed by cyber-related misconduct; issues raised by the activities of investment advisers, broker-dealers, and other registrants; financial reporting and disclosure issues involving public companies, their executives, and their auditors; and insider trading and market abuse. These areas are priorities for ENF, and the division will continue to pursue cases and advance efforts to protect investors and the integrity of the market.

FY 2019 was a successful year for ENF. Acting on recommendations by ENF, the Commission brought a broad mix of enforcement actions that addressed a wide variety of misconduct across the spectrum of the securities markets. These cases combated wrongdoing by holding individuals, issuers, financial institutions, and other entities accountable and by stripping wrongdoers of their ill-gotten gains. By removing bad actors from the markets, obtaining effective, tailored remedies, and acting quickly to stop frauds and prevent losses, the Commission’s enforcement actions sent clear and important messages to market participants and enhanced confidence in the integrity and fairness of our markets. In many cases, the Commission’s enforcement actions also resulted in the return of funds to harmed investors.

Specifically, the Commission authorized a diverse mix of 862 enforcement actions, of which:

- 526 were “standalone” actions brought in federal court or as administrative proceedings;
- 210 were “follow-on” proceedings seeking bars based on the outcome of Commission actions or actions by criminal authorities or other regulators; and
- 126 were proceedings to deregister public companies—typically microcap—that were delinquent in their Commission filings.

The SEC also obtained judgments and orders for over \$4.3 billion in penalties and disgorgement, returned nearly \$1.2 billion to harmed investors, ordered approximately \$60 million in payments to whistleblowers, and suspended trading in the securities of 271 issuers. Further, ENF actions resulted in 595 bars and suspensions of wrongdoers. At the close of FY 2019, ENF had 1,431 ongoing investigations.

To enable ENF to meet the ongoing challenges it faces and maintain an effective investigative capacity and deterrent presence, ENF must be adequately staffed to address increasingly complex financial products and transactions; handle the increasing size and complexity of the securities markets; identify emerging threats; take prompt action to halt violations; and recover funds for the benefit of harmed investors.

FY 2021 Request

For FY 2021, ENF is requesting four positions to focus on division priorities. Additional resources will help drive ENF's top priorities, including improving the speed at which the division is able to conduct investigations and prepare for subsequent litigation. ENF recognizes that the Commission's enforcement actions have the greatest impact when they are brought close in time to the underlying conduct; moreover, conducting swift investigations ensures that the Commission can return funds to harmed investors faster. Additional resources will help ENF achieve its goal of reducing the average number of months between opening a matter under inquiry (MUI) or investigation and commencing an enforcement action.

Further, protecting retail investors continues to be a key priority of the division, and ensuring that appropriate resources are devoted to retail investor matters is critical to the SEC's investor protection efforts. In FY 2019, the Commission announced the Teachers Initiative and the Military Service Members Initiative, which focus additional enforcement and investor education resources on instructing teachers, veterans, and active duty military personnel on savings and investing, investment fees and expenses, retirement programs specific to educators and service members, and the red flags of investment fraud. Protecting retail investors also includes addressing the expanding workload of reviewing tips, complaints, and referrals, as well as managing the Commission's whistleblower program. Additional resources will assist ENF in executing these initiatives.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	1,299	1,309	1,322
Cost:			
Salaries and Benefits	\$ 361,037	\$ 385,555	\$ 407,364
Non-Personnel Expenses	187,484	206,901	226,126
Total Costs	\$ 548,522	\$ 592,456	\$ 633,491

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Intelligence Analysis			
Investor Tips and Complaints	17,000	19,000	20,000
MUls Opened	820	850	850
Investigations			
Opened	827	850	850
Ongoing at End of Year	1,431	1,450	1,450
Proceedings			
Administrative			
Opened	661	575	575
Pending at End of Year	1,136	1,200	1,250
Civil Litigation			
Opened	201	200	200
Pending at End of Year	1,852	1,900	1,950

OFFICE OF COMPLIANCE INSPECTIONS AND EXAMINATIONS

The mission of the Office of Compliance Inspections and Examinations (OCIE) is to protect investors, ensure market integrity, and support responsible capital formation through risk-focused strategies that: (1) improve compliance; (2) prevent fraud; (3) monitor risk; and (4) inform regulatory policy. OCIE maintains a critical presence among market participants by annually conducting thousands of exams that provide timely, accurate, and reliable information to assist the SEC in fulfilling its mission.

OCIE's risk-based program is designed to focus its limited resources on those firms, market participants, and practices that pose the greatest potential risk of securities law violations that can harm investors and the markets. While OCIE completed more than 3,075 examinations in FY 2019, the program continues to face a number of challenges and issues that have a significant impact on its limited resources.

Most importantly, the size of the SEC-regulated community continues to grow in volume and complexity and significantly exceeds the office's bandwidth at existing resource levels. At the beginning of FY 2021, OCIE anticipates that it will oversee more than 13,800 investment advisers with over \$85 trillion in assets under management; nearly 775 investment company complexes managing over 15,000 investment company portfolios; over 3,700 broker-dealers with more than 155,000 branch offices; approximately 550 municipal advisors; 23 national securities exchanges; and more than 300 transfer agents. OCIE will also oversee at least 11 entities that provide clearing agency functions—four of which have been deemed systemically important—as well as funding portals, the Public Company Accounting Oversight Board (PCAOB), the Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC), and the Financial Industry Regulatory Authority (FINRA). Additionally, several new registrant categories, including security-based swap execution facilities, security-based swap data repositories, and security-based swap dealers, may be subject to OCIE examinations and will require resources. Significant additional resources are critical to the examination program in order to maintain and improve the examination coverage of these entities.

Further, the financial industry and marketplace continues to evolve and grow increasingly complex. Registered entities are more global and diverse than ever before with affiliations, operations, and service providers worldwide. At the same time, advancements in financial technologies, methods of capital formation, market structures, and investor interfaces have changed the way entities conduct business and investors access securities markets. These types of developments and innovation continue to present challenges to the staff, as they often introduce new and/or heightened regulatory concerns. As examples, OCIE anticipates that several critical issues and risks will continue to impact investors and regulated entities in

FY 2021, including cyber and information security risks and third-party risk management. Additional staff expertise and resources are required to address these issues and to keep pace with an industry that is continuously evolving and changing.

FY 2021 Request

For FY 2021, OCIE requests four additional positions that will augment efforts to: (1) protect retail investors; (2) address critical risks such as cyber and information security, digital assets, and anti-money laundering; (3) examine for compliance with recently adopted rules; and (4) further address the disparity between the number of exam staff and the growing number, size, and complexity of registered firms. With relatively limited resources in light of its significant oversight responsibilities, OCIE follows a risk-based approach that continuously evaluates changes in market conditions, industry practices, and investor preferences to assess risks to both investors and the markets. The requested positions will bring specialized knowledge and expertise in critical and emerging risk areas and will be filled by dedicated examiners responsible for evaluating and examining entities under the program's purview. More specifically, the requested examiner positions will work on the tasks detailed below.

Examinations of Investment Advisers and Broker-Dealers

Three of the requested positions will focus on examinations of investment advisers and broker-dealers, as these entities are critical market participants that hold or manage trillions of dollars in investor assets. Among other things, these resources will focus on examining for compliance with recently adopted rules relating to standards of care as well as other significant risks impacting the marketplace, including cyber and information security risks. OCIE will also remain focused on practices that represent risks to retail investors, as these investors continue to face complex and evolving options when determining how to invest their money. In particular, staff will focus on risks associated with inappropriate or inadequately disclosed fees and expenses; undisclosed conflicts of interest; deceptive sales practices; inappropriate investment recommendations; and elder abuse.

Examinations of Entities Responsible for Critical Market Infrastructure

One of the requested positions will support existing staff with examinations of entities responsible for critical market infrastructure. Focusing resources in this area is important given the role these entities play in ensuring the overall stability of the financial marketplace. Among other things, staff in this area will focus on several important issues, including cyber and information security; Regulation Systems Compliance and Integrity (SCI); internal controls and compliance systems; efforts to deter abusive and manipulative market activity; and the impact of technological advancements and developments.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	1,042	1,065	1,079
Cost:			
Salaries and Benefits	\$ 271,367	\$ 290,858	\$ 308,473
Non-Personnel Expenses	104,524	117,452	133,368
Total Costs	\$ 375,892	\$ 408,310	\$ 441,841

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Investment Adviser Examinations	2,188	2,316	2,340
Investment Company Examinations (includes administrators)	153	102	102
Broker-Dealer Examinations	361	332	352
Transfer Agent Examinations	41	40	41
Municipal Advisor Examinations	53	52	53
Market Oversight Inspections ¹	278	267	262
Clearing Agency Examinations	15	25	22

¹ Market Oversight Inspections primarily include examinations and inspections of FINRA and national securities exchanges.

DIVISION OF CORPORATION FINANCE

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

Disclosure Review Program

Through its filing review process, CF selectively reviews filings made under the Securities Act of 1933 and the Securities Exchange Act of 1934 to both monitor and enhance compliance with disclosure and accounting requirements. The division concentrates its review resources on disclosures that appear to be inconsistent with Commission rules or applicable accounting standards or that appear to be materially deficient in their rationale or in clarity.

CF conducts its primary review responsibilities through seven specialized industry offices: Finance; Trade & Services; Real Estate & Construction; Manufacturing; Energy & Transportation; Life Sciences; and Technology.

FY 2021 Request

In FY 2021, CF requests one attorney position dedicated to digital assets and innovation, and one attorney position focused on small business policy. These attorneys will allow the division to continue to monitor the evolution of technologies such as digital assets, distributed ledger technology, and artificial intelligence/machine learning in the market and to enhance ongoing efforts to facilitate capital formation for small businesses. Both positions will allow CF to assist companies seeking to raise capital through exempt or smaller registered offerings.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	404	395	404
Cost:			
Salaries and Benefits	\$ 111,776	\$ 117,575	\$ 125,646
Non-Personnel Expenses	29,977	33,863	31,138
Total Costs	\$ 141,753	\$ 151,438	\$ 156,784

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Review			
Reporting Company Reviews ¹	3,500	3,500	3,500
Number of New Issuer Reviews			
IPO 1933 Act	500	500	500
New 1934 Act	90	90	90
New Issuer Reviews	590	590	590
Total Reviews	4,090	4,090	4,090
Rulemaking and Interpretive			
General Advice and Coordination			
No-Action Letters/Interpretive Requests	70	70	70
No-Action Letters (Shareholder Proposals)	240	240	240

¹ The number of active reporting companies has been steadily declining in recent years. CF will adjust the number of reporting company reviews on an ongoing basis to reflect recent trends. CF will continue to fulfill the Sarbanes-Oxley Act review mandate to review the filings of all public reporting companies at least once every 3 years.

DIVISION OF TRADING AND MARKETS

The Division of Trading and Markets (TM) strives to fulfill the SEC's mission by establishing and maintaining standards for fair, orderly, and efficient markets while fostering investor protection and confidence in the markets. To meet the mission requirements, TM is divided into different offices, each of which has specific functions and is focused on a specific part of the markets. These include: (1) Broker-Dealer Finance/Risk; (2) Chief Counsel; (3) Clearance and Settlement; (4) Derivatives Policy and Trading Practices; and (5) Market Supervision. In addition, TM has two groups that serve in supporting functions: the Office of the Managing Executive and the Office of Analytics and Research.

TM supervises the self-regulatory organizations (SROs) and other major market participants in the U.S. securities markets, which as of September 2019 includes 23 securities exchanges (equities and options); 55 alternative trading systems (ATS); 31 National Market System (NMS) stock ATS; approximately 3,700 broker-dealers; seven active clearing agencies; nearly 340 transfer agents; the Financial Industry Regulatory Authority (FINRA); and various securities information processors.

TM's ongoing work will include enhanced focus on equity market structure issues (including market data transparency issues); implementation of various rules (including Regulation Best Interest and registration and application of Dodd-Frank Act¹ Title VII requirements to security-based swap dealers); monitoring technological advancements that impact registrants; and conducting market analysis as part of the activities-based monitoring function. Staff will continue its review of SRO rule proposals for consistency with the Securities Exchange Act of 1934 standards of investor protection, fair and orderly markets, and other statutory requirements, in addition to responding to requests for interpretive guidance on existing rules to ensure compliance, as well as to requests for exemptive and no-action relief.

FY 2021 Request

In FY 2021, TM requests six positions to undertake additional market-related responsibilities resulting from ongoing or recently completed rulemakings and to continue improving the agency's market oversight and supervision. TM is responsible for numerous rulemaking initiatives that cut across a diverse and disparate range of registrants; as such, these new positions will support and enhance the division's efforts to streamline and harmonize best practices in the rulemaking work that flows throughout the division. Staff is also needed to focus more directly on issues and trends specific to the systemically important clearance and settlement registrants under the division's supervision. These issues and trends include the new areas of recovery, resolution, and winding-down systemically important financial market utilities; the incorporation of new technologies such as cloud and distributed ledger technology into post-trade risk management models and operations; and the introduction of new or expanded products into the central clearing paradigm (i.e., U.S. Treasury market structure reform).

¹ *Dodd-Frank Wall Street Reform and Consumer Protection Act (PL. 111-203)*

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	233	250	270
Cost:			
Salaries and Benefits	\$ 63,552	\$ 71,606	\$ 80,539
Non-Personnel Expenses	19,328	23,498	21,738
Total Costs	\$ 82,880	\$ 95,104	\$ 102,277

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Securities Firm Supervision			
SRO Proposed Rule Changes Reviewed ¹	39	23	25
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	8	5	5
Interpretive, Exemptive, and No-Action Request Letters Closed ²	7	15	15
Reviews of Potential Enforcement Actions	1,082	1,300	1,300
Notices Filed by SROs Relating to Applications for Admission or Continuance as or with an SRO Member Notwithstanding a Statutory Disqualification	21	25	25
Provision of Interpretation and Guidance and Responding to General Questions	12,165	12,500	12,500
Tips, Complaints, and Referrals (TCR)	226	250	250
Risk Assessment of Broker-Dealers Filing Form 17-H			
Firms Assessed	188	250	300
Filings Reviewed	55	80	100
Number of Form 17-H Filings Received	1,425	1,425	1,425
Risk Supervision of Alternative Net Capital Broker-Dealers			
Firms Assessed	7	7	7
Filings Reviewed	84	84	84
Risk Supervision of Over-the-Counter (OTC) Derivatives Dealers and Security-Based Swap Dealers			
Firms Assessed	6	8	10
Filings Reviewed	72	96	120
Applications Reviewed	3	5	5
Broker-Dealers			
Registrants	3,738	3,783	3,828
Registration Applications Filed	196	210	205
Registration Amendments Filed	10,970	10,996	10,521
Registrations Withdrawn or Cancelled	310	263	340
Financial Reports Filed	4,904	4,804	5,100

continued on next page

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

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

Workload Data (continued)

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Security-Based Swap Dealers			
Registrants	–	–	15
Registration Applications Filed	–	–	15
Major Security-Based Swap Participants			
Registrants	–	–	2
Registration Applications Filed	–	–	2
Funding Portals	50	60	80
Securities Market and Infrastructure Supervision			
SRO Proposed Rule Changes and Advance Notices Reviewed ¹	2,323	2,448	2,501
NMS and SRO Plan Amendments Filed	21	20	20
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	18	10	10
Interpretive, Exemptive, and No-Action Request Letters Closed ²	31	30	30
Securities Exchanges			
Registrants	23	24	25
Registration Applications Filed	1	1	1
Registration Amendments Filed	250	266	278
Registrations Withdrawn or Cancelled	–	–	–
Alternative Trading Systems (ATS)			
Registrants	55	60	65
Initial Operations Reports Filed	14	10	10
Initial Operations Report Amendments Filed	86	55	60
Cessations	4	5	5
Quarterly Reports	220	240	265
NMS Stock ATS ³			
NMS Stock ATSs	31	33	35
Initial Form ATS-N Filed	62	5	5
Form ATS-N Amendments Filed	100	150	160
Notice of Cessations Filed	5	3	3
Form ATS-R Quarterly Reports	129	124	40

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³ As a result of amendments to Regulation ATS, adopted by the Commission in July 2018, NMS Stock ATSs became subject to a new filing process in 2019 and existing NMS Stock ATSs were required to file a public Form ATS-N no earlier than January 7, 2019, and no later than February 2019. As a result of the new rule, NMS Stock ATSs will no longer file Form ATS.

Workload Data (continued)

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Security-Based Swap Execution Facilities ⁴			
Registrants	–	–	5
Registration Applications Filed	–	–	10
Proposed Rule Changes Filed	–	–	25
Clearing Agencies (Active)			
Registrants	7	10	10
Registration Applications Filed	–	2	2
Security-Based Swap Data Repositories			
Registrants	–	2	2
Registration Applications Filed	–	2	2
Transfer Agents ⁵			
Registrants	264	277	290
Registration Applications Filed	23	23	23
Registration Amendments Filed	154	154	154
Registrations Withdrawn or Cancelled	10	10	10
Annual Reports Filed	201	201	201
Large Traders			
Registrants	7,577	7,963	8,149
Registration Applications Filed	806	600	400
Registration Amendments Filed	2,843	2,943	3,043
Terminated or Inactive	248	248	248
Annual Reports Filed	3,563	7,577	7,963

⁴ The Commission has granted an exemption from the statutory requirement to register as a “security-based swap execution facility” to any facility that trades security-based swaps, pending adoption and implementation of final rules governing security-based swap execution facilities.

⁵ This data only includes SEC-registered transfer agents and omits the approximately 75 transfer agents registered with a bank regulatory agency, which the Commission also oversees.

DIVISION OF INVESTMENT MANAGEMENT

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

Investment companies—including mutual funds and ETFs—are the principal means by which Main Street investors participate in the capital markets. Investment companies provide a crucial link between U.S. households seeking an investment return on dollars saved for education or retirement, and U.S. corporations, non-profits, and national, state, and local governments seeking capital from the securities markets to fund projects that provide needed goods, services, and economic growth.

Investment companies supply significant amounts of debt and equity capital to a variety of issuers. In terms of percentage of market value of outstanding securities, they hold:

- 30 percent of U.S. corporate stock
- 20 percent of U.S. and foreign corporate bonds
- 13 percent of U.S. Treasury and government agency securities
- 25 percent of U.S. municipal securities
- 24 percent of commercial paper

As of October 1, 2019, the SEC oversaw nearly 13,500 SEC-registered investment advisers reporting approximately \$84 trillion in regulatory assets under management. In addition to registered investment advisers, the SEC also receives reports from approximately 4,200 exempt reporting advisers—those who are exempt from registering with the SEC because they are venture capital fund advisers or mid-size private fund advisers—who report managing approximately \$3.7 trillion in private funds.

FY 2021 Request

The SEC requests five new staff attorney positions to support the work of IM's Office of Chief Counsel in providing guidance to other parts of the agency, other regulators, and market participants. This includes IM's increased engagement with international regulators on issues important to the U.S. asset management industry; the review of novel types of exemptive applications; guidance regarding innovations by closed-end funds and business development companies; closer coordination with the SEC's Office of Compliance Inspections and Examinations (OCIE) on exam initiatives; and expanded review of investment adviser-related enforcement cases.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	176	189	204
Cost:			
Salaries and Benefits	\$ 48,407	\$ 54,110	\$ 60,833
Non-Personnel Expenses	11,860	13,822	12,733
Total Costs	\$ 60,267	\$ 67,932	\$ 73,565

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Industry Statistics (as of the beginning of the fiscal year)			
Investment Companies:			
Number	3,975	3,975	3,900
Portfolios and Insurance Contracts	18,751	18,753	18,650
Complexes	783	767	750
Assets (dollars in trillions)	23.5	24.5	25.8
Investment Advisers:			
Number	13,222	13,463	13,463
Assets Under Management (dollars in trillions)	84.5	84.0	84.0
Disclosure and Accounting Reviews			
New Portfolios and Insurance Contracts Filed on Registration Statements	2,658	2,575	2,575
New Portfolio Disclosures and Insurance Contracts Reviewed	1,735	1,650	1,650
Existing Portfolios and Insurance Contracts Filed on Post-Effective Amendments ^{1,2}	30,302	32,050	32,050
Existing Portfolio Disclosures and Insurance Contracts Reviewed	2,934	3,800	3,800
Portfolios and Insurance Contracts Filed on Proxy Statements	696	825	825
Portfolios and Insurance Contracts Filed on Proxy Statements Reviewed	696	825	825
Annual and Periodic Reports Filed	13,724	13,700	13,700
Annual and Periodic Reports Partially Reviewed	4,639	4,625	4,625
Total Filings	47,380	49,150	49,150
Total Filings Reviewed	10,004	10,900	10,900
Percent Reviewed	21%	22%	22%
Disclosure and Accounting Guidance	27	30	30
Targeted Reviews, Sweeps, and Monitoring	20	20	20
Internal Accounting Review Guides	6	5	5
Informal Requests for Accounting Guidance	94	95	95

continued on next page

¹ Included in post-effective amendments are open-end, closed-end, and unit investment trust (UIT) portfolios.

² With respect to post-effective amendments, historically, over 90 percent of open-end and closed-end portfolios that contain material changes in disclosure or in fund operations are reviewed. Amendments to UIT portfolios, because of their repetitive nature, generally are not reviewed.

Workload Data (continued)

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Interpretive Guidance			
Informal Requests for Guidance	1,012	1,090	1,090
No-Action Letters Issued	20	20	20
Total Applications Concluded	203	250	250
Exemptive Applications Concluded	107	140	140
Deregistration Matters Reviewed	96	110	110
Tips, Complaints, and Referrals (TCR) Submitted	54	55	55
Meetings/Calls Related to International Issues	149	150	150
Supervision and Monitoring			
Enforcement-Related Matters Reviewed	794	810	810
Analytics Office Outreach	138	175	175
Analytics Office Reports	550	700	700
Data Analysis Requests	250	315	315
Rulemaking			
Rulemaking Actions	23	20	20
Business Solutions			
Filer and Staff Correspondence Disseminated	10,770	10,700	10,700
EDGAR Filer Support Requests Processed	970	950	950
EDGAR Watch List	5	5	5
Investment Adviser Regulation Depository (IARD) Filer Support Requests Processed	439	440	440

DIVISION OF ECONOMIC AND RISK ANALYSIS

The Division of Economic and Risk Analysis (DERA) provides high-quality quantitative and qualitative economic and risk analyses, accurate and reliable data, and insights from scientific research in support of the Commission's mission, including the agency's rulemaking, enforcement, and examination functions. DERA's support primarily falls into the four categories listed below.

Informing Policymaking with Robust Economic Analysis

DERA provides economic expertise for policymaking by analyzing the economic effects of regulations and other priority initiatives and by engaging in novel research regarding the regulation of financial markets. DERA's analyses typically examine the need for regulatory action; consider potential economic effects by collecting and analyzing market data and reviewing pertinent academic literature; and evaluate public comments.

DERA assesses economic issues and market risk by conducting its own risk assessments and working collaboratively with other agencies and organizations, both national and international, to assess global economic risks and threats facing the markets. On December 4, 2019, DERA published the first edition of its quarterly *Economic and Risk Outlook*, a periodic publication examining economic and risk factors affecting the securities markets. Immediate feedback on this new DERA publication has been overwhelmingly positive.

Supporting Enforcement and Inspection Activities

DERA economists directly support the SEC's enforcement and litigation activities by applying economic methods to address agency investigations, negotiations, and distribution of recovered funds to harmed investors. With increasing frequency, DERA testifies as fact and expert witnesses on behalf of the Commission. The fact that this expertise resides in the division is extremely cost-effective compared to the cost associated with contracting outside professionals. DERA also supports agency staff with examination planning, including providing guidance on the collection and analysis of data to help promote risk-based examination programs.

Improving Accessibility and Usability of SEC Data

DERA takes innovative approaches to developing solutions that make market information accessible to internal and external audiences. Structured data reporting enhances access for the Commission and other users to key information about registrants, their practices, and their offerings. DERA works closely with agency divisions and offices to design data structuring approaches for required disclosures, and supports the SEC's data collection and usage by designing taxonomies, validation rules, data quality assessments, and dissemination tools to facilitate high-quality data analyses.

Once this data is ingested, DERA provides a variety of platforms—and continues to develop new ones—that allow non-technical staff to access and use vast quantities of market data. In June 2019, DERA launched the SEC Data Catalog, which contains over 170 datasets from across the Commission.

Producing Papers and Studies on Significant Economic Issues

DERA produces papers and studies on significant economic issues that impact the Commission’s mission. These white papers and memoranda are publicly available on the DERA website and are often cross-referenced in Commission rulemakings or other policy initiatives. These papers showcase DERA staff’s academically rigorous research, which is often used to inform policy.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	135	136	145
Cost:			
Salaries and Benefits	\$ 37,925	\$ 39,638	\$ 44,030
Non-Personnel Expenses	33,025	31,594	30,381
Total Costs	\$ 70,950	\$ 71,233	\$ 74,411

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Reviews of Commission Rules ¹	91	110	80
Reviews of Self-Regulatory Organization (SRO) Rules and Public Company Accounting Oversight Board (PCAOB) Filings	42	46	49
Advice on Regulatory, Enforcement, and Risk Assessment Issues	4,224	4,230	4,240
Interactive Data Compliance Monitoring	8,524	8,533	8,542
Interactive Data Programs Supported	12	13	14

¹ Includes staff participation in Commission rulemaking at all stages of development, as well as 10-year rule reviews required by the Regulatory Flexibility Act. During FYs 2017–2020, the workload associated with 10-year rule reviews is elevated reflecting the Commission’s mandate to eliminate the current backlog. The FY 2021 target reflects normalization of this workload.

OFFICE OF THE GENERAL COUNSEL

The General Counsel serves as the chief legal officer of the Commission and heads the Office of the General Counsel (OGC). OGC provides independent legal analysis and advice to the Chairman, Commissioners, and operating divisions and offices on all aspects of the Commission’s activities. OGC also defends the Commission in federal district courts, represents the Commission in appellate matters and *amicus curiae* filings, and oversees the SEC’s bankruptcy program. In addition, OGC represents the Commission and its members and employees at the trial and appellate levels when they are parties or witnesses in civil or administrative litigation arising from the performance of official functions. OGC also performs a wide variety of other legal functions in support of the Commission’s operations.

In FY 2021, OGC anticipates continued work on legislative initiatives to reform the existing regulatory structure for the securities markets and the financial services industry. The staff of experienced attorneys will handle complex agency and securities law issues, address legal challenges to rulemakings, respond to emerging cryptocurrency-related securities issues, and work to protect the Commission’s identity against cyber-impersonation and other deceptive practices. OGC also expects to provide technical assistance to Congress and other financial regulatory agencies on numerous legislative initiatives and other matters. OGC will continue to manage the agency’s appellate litigation, including appeals related to complex enforcement cases and any challenges to new rulemakings. The staff will also continue to provide assistance and advice in responding to Congressional requests for information and documents.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalent	133	139	141
Cost:			
Salaries and Benefits	\$ 37,443	\$ 41,522	\$ 44,029
Non-Personnel Expenses	10,118	11,355	10,492
Total Costs	\$ 47,561	\$ 52,877	\$ 54,521

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Appellate Cases			
Open Matters	175	180	180
Adjudicatory Matters¹			
Pending Beginning of Year	187	241	266
Received	215	200	200
Completed	161	175	175
Pending End of Year	241	266	291
Legislation			
Testimony	5	10	10
Correspondence with Congress and Others	88	180	180
Legislative Analysis and Technical Assistance	253	380	380
Other	95	110	110
Advisory Services			
SEC Statutes			
Analysis of Enforcement Memoranda	2,266	2,200	2,200
Review of Rulemaking and Other Projects	398	600	600
Review of Articles and Speeches	301	300	300
Non-SEC Statutes			
Freedom of Information Act (FOIA)– Internal Appeals	597	640	640
Personnel Matters	243	245	250
Procurement Matters	803	823	844
Labor Matters	20	20	20
Attorney Misconduct Investigations	470	480	490
Other (Subpoenas)	39	40	40
Corporate Reorganization			
Petitions Involving Public Investor Interest	59	60	60
Chapter 11 Cases: Appearances			
Filed	44	40	40
Closed	1	20	20
Chapter 11 Cases: Monitored			
Filed	15	20	20
Closed	1	20	20
Disclosure Statement Reviews	104	80	80
Disclosure Statements Commented On	66	55	55

¹ Adjudicatory matters were impacted by the U.S. Supreme Court's recent decision in *Lucia v. SEC*, 138 S. Ct. 2044 (2018), which held that Commission Administrative Law Judges (ALJ) were not appointed properly and shifted some of the ALJs' responsibilities to the Commission to conduct hearings, prepare rulings, and issue decisions.

OTHER PROGRAM OFFICES

This section describes the responsibilities and activities of the agency's smaller program offices:

- Office of the Chief Accountant
- Office of Investor Education and Advocacy
- Office of International Affairs
- Offices of Administrative Law Judges
- Office of the Investor Advocate
- Office of Credit Ratings
- Office of Municipal Securities
- Office of the Advocate for Small Business Capital Formation

OFFICE OF THE CHIEF ACCOUNTANT

The Office of the Chief Accountant (OCA) is responsible for establishing and interpreting accounting and auditing policy to enhance the transparency and relevancy of financial reporting for investors. OCA works to improve the performance of public company financial statement preparers and auditors to ensure that financial statements used for investment decisions are presented fairly and have credibility. High-quality financial statements are the bedrock of the financial reporting system, establishing a consistent and enforceable framework that protects investors, contributing to the fair and efficient operation of our markets, and promoting capital formation. OCA leads the SEC's efforts to (1) oversee accounting standard-setting by the Financial Accounting Standards Board (FASB) and auditor oversight and standard-setting by the Public Company Accounting Oversight Board (PCAOB); and (2) monitor international accounting standard-setting by the International Accounting Standards Board (IASB) and international audit standard-setting by the International Auditing and Assurance Standards Board (IAASB) through participation in the Monitoring Board and Monitoring Group, respectively, and the activities of the International Organization of Securities Commissions (IOSCO).

OCA achieves its mission in the following ways:

The Accounting Group oversees accounting standard-setting by the FASB, supporting rulemaking and addressing emerging accounting issues through consultations. A significant focus of the group is the implementation of several recently adopted accounting standards by the FASB and IASB such as leases, financial instruments, revenue recognition, hedging, and other standards. The Accounting Group's workload in FY 2021 will include significant incremental work to monitor, interpret, and provide guidance to the accounting profession on the implementation of these new accounting standards. In addition, the Accounting Group continues to monitor and respond to issues arising from the new revenue recognition standard and other recently adopted standards.

The Professional Practice Group (PPG) provides expert advice related to auditing, independence, and internal controls primarily through consultations (including auditor independence), rulemaking support, and oversight of the PCAOB (including PCAOB standard-setting). PPG will continue its work related to potential changes to the Commission's auditor independence rules.

The International Group supports OCA’s efforts to engage and promote high-quality financial reporting and auditing globally, which is a very significant priority. In FY 2021, the Chief Accountant will continue to serve as Co-Chair of IOSCO’s Monitoring Group as it works to advance the public interest in international audit-related standard-setting. In this role, the group continues to be active in meeting and discussing matters internationally, including regular engagement with various international organizations committed to the improvement of audit quality. In addition, OCA contributes to high-quality international accounting standards through its participation and leadership roles with IOSCO, serving as Vice-Chair of the Committee on Issuer Accounting, Audit, and Disclosure (Committee 1), which is dedicated to improving the development of accounting and auditing standards and enhancing the quality and transparency of the information investors receive.

The Office of the Chief Counsel and Enforcement Liaison (OCCEL) provides legal counsel to OCA related to Commission rulemaking and its oversight activities related to standard-setting. In addition, OCCEL advises the Commission on enforcement matters related to accounting and auditing, including the Commission’s Rule 102(e) program. OCCEL also provides technical expertise to the Division of Enforcement (ENF) through consultation at all phases of the investigation process. The workload of OCCEL remains steady given the volume of rulemaking and the enforcement program’s continued focus on gatekeepers.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalent	44	45	46
Cost:			
Salaries and Benefits	\$ 13,836	\$ 14,514	\$ 15,481
Non-Personnel Expenses	3,321	3,864	3,560
Total Costs	\$ 17,157	\$ 18,379	\$ 19,041

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Development of Commission Accounting and Auditing Rules, etc.			
Rule Amendments, Proposed Amendments, and Commission Guidance Developed by OCA	1	1	1
OCA SEC Staff Announcements, Bulletins, and Statements	1	1	1
Consultation Arising from the Work of Other SEC Divisions and Offices	20	20	20
IOSCO Documents Related to Issuer Accounting, Audit, and Disclosure	3	2	3
Monitoring and Oversight of Standard-Setters			
SEC Designated U.S. Accounting Standard Setter Trustee and Board Appointments	6	5	5
U.S. Auditing Regulator (PCAOB) Board Appointments	1	1	1
U.S. Auditing Regulator Budget and Accounting Support Fee Approval	1	1	1
Monitoring and Oversight of Standard-Setting and Other Technical Work			
U.S. Accounting Standard-Setting Projects	24	20	20
Rules Adopted by the U.S. Auditing Regulator and Approved by the SEC	3	2	2
Interpretation of Accounting and Auditing Standards, Policies, and Positions			
Resolution of Accounting Issues of SEC Registrants	85	100	100
Engagement on Accounting Issues with Non-U.S. Regulators	55	66	66
Engagement on Auditing Issues with Non-U.S. Regulators	48	58	58
External Speaking Engagements	74	75	75
Recommendations and Questions Relating to the Qualification of Accountants			
Auditor Independence Consultations	180	185	185
Activities In Support of the Enforcement of the Securities Laws			
Consultation on Enforcement Investigations of SEC Registrants	76	85	85
Rule 102(e) Accountant Reinstatement Applications	9	9	9

OFFICE OF INVESTOR EDUCATION AND ADVOCACY

The Office of Investor Education and Advocacy (OIEA) seeks to provide Main Street investors with the information they need to make sound investment decisions.

OIEA administers two programs to promote this mission: assisting investors with complaints and questions about the securities markets and market participants, and conducting educational outreach to individual investors. OIEA also helps to inform Commission policy by advising the Commission and Commission staff on various issues from the perspective of Main Street investors, including with respect to rulemakings, Investor Advisory Committee recommendations, and through the International Organization of Securities Commissions’ Committee on Retail Investors.

In FY 2021, OIEA plans to tailor its investor education efforts to affinity groups to increase awareness about [Investor.gov](https://investor.gov); to help individuals understand the importance of investing; and to help individuals protect themselves from investment fraud. OIEA also plans to continue its “Before You Invest, Investor.gov” public service campaign focused on empowering Main Street investors through information and education, including increasing the number of background checks on investment professionals that investors can conduct on [Investor.gov](https://investor.gov).

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	41	42	43
Cost:			
Salaries and Benefits	\$ 10,935	\$ 11,833	\$ 12,669
Non-Personnel Expenses	5,714	5,597	5,253
Total Costs	\$ 16,649	\$ 17,430	\$ 17,923

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Investor Assistance			
Total Investor Assistance Matters Closed	17,910	18,000	18,000
Percentage of Investor Assistance Matters Closed Within:			
7 Days	42%	50%	50%
30 Days	82%	90%	90%
Investor Education			
Page Views on OIEA Web Pages	9,100,000	10,000,000	10,000,000
In-Person Investor Events	152	160	175
Number of Investor Alerts and Bulletins Issued	25	25	25

OFFICE OF INTERNATIONAL AFFAIRS

The Office of International Affairs (OIA) advances the SEC's mission by promoting international enforcement and supervisory cooperation; developing and implementing strategies to further SEC policy interests in the regulation and oversight of cross-border securities activities; managing and executing the SEC's participation in international regulatory bodies; engaging in regulatory dialogues with international counterparts; and providing technical assistance to strengthen partnerships with foreign authorities. OIA will continue to serve as the primary coordinator for the SEC on significant international initiatives and developments.

The Regulatory Policy and Supervisory Cooperation Group (OIA Policy Group) will continue to advise the Chairman, Commissioners, and staff on strategies for advancing the Commission's objectives in international organizations, including the Financial Stability Board (FSB) and the International Organization of Securities Commissions (IOSCO), and advance and coordinate the Commission's participation in these bodies. The OIA Policy Group will also advance the Commission's bilateral relationships with other jurisdictions and work with foreign authorities to address cross-border policy issues that may have an impact on U.S. market participants, e.g., the European Union's General Data Privacy Regulation; the Markets in Financial Instruments Directive (MiFID II); and new market developments such as digital assets and stablecoins.

The OIA Policy Group will also assist SEC examination staff in the Office of Compliance Inspections and Examinations (OCIE) and the Office of Credit Ratings (OCR) on cross-border supervisory issues, and assist foreign regulators with supervisory matters involving globally active regulated entities.

The Enforcement Cooperation and Technical Assistance Group will continue to assist the Division of Enforcement (ENF) in conducting investigations and enforcement proceedings with international aspects, including where wrongdoers, witnesses, evidence, or the proceeds of fraud are located abroad. This group also assists and advises foreign authorities with their investigations and litigation, i.e., where perpetrators, witnesses, evidence, or the proceeds of a fraud are located in the United States. The group will continue to advance the Commission's policy objectives for international cooperation, including promoting best practices and overcoming obstacles with respect to cross-border enforcement-related information sharing.

The group will continue to build capacity and strong relationships with the foreign counterparts the SEC relies on for assistance in SEC enforcement cases and overseas examinations. In response to requests from foreign securities authorities, the group provides technical advice and training; reviews regulatory oversight regimes and suggests improvements; and consults with foreign securities authorities on draft legislation and regulations and operational processes.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	50	53	54
Cost:			
Salaries and Benefits	\$ 13,091	\$ 14,612	\$ 15,574
Non-Personnel Expenses	3,442	4,058	3,762
Total Costs	\$ 16,533	\$ 18,670	\$ 19,336

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
ENF Requests to SEC OIA for International Assistance ¹	1,044	1,220	1,262
Responses to Foreign Requests for SEC Enforcement Assistance ¹	503	588	587
Number of International Regulatory and Law Enforcement Officials Trained	1,739	1,700	1,700
SEC Requests for Supervisory Cooperation Assistance	157	166	171
Responses to Foreign Requests for SEC Supervisory Cooperation Assistance	193	200	200
International Regulatory Initiatives (including regulatory initiatives) ²	254	300	300

¹ OIA's FY 2020 estimate and FY 2021 request use a linear trend analysis of actual results from the past five fiscal years. The FY 2020 estimate has been updated to incorporate FY 2019 actual results.

² During the course of FY 2019, the OIA Policy Group revised its practices for documenting international initiatives and bilateral meetings. The FY 2020 estimate has been updated to reflect the revised practice.

OFFICE OF ADMINISTRATIVE LAW JUDGES

The Office of Administrative Law Judges supports the SEC’s mission by conducting hearings, issuing initial decisions, and adjudicating ancillary matters in administrative proceedings. Where the Commission orders that a proceeding be heard by an administrative law judge (ALJ), the judge serves as an independent adjudicator who determines whether the allegations against one or more respondents are true. ALJs conduct public hearings in a manner similar to federal bench trials at locations throughout the United States. Following the hearing, the judge prepares an initial decision setting forth his or her factual findings and legal conclusions and determining whether sanctions are warranted. Certain proceedings may be resolved without an in-person hearing, such as when the judge decides that summary disposition is appropriate or finds a respondent in default.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	11	12	12
Cost:			
Salaries and Benefits	\$ 2,404	\$ 2,628	\$ 2,752
Non-Personnel Expenses	567	675	620
Total Costs	\$ 2,971	\$ 3,303	\$ 3,372

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Proceedings Inventory			
Pending Disposition Beginning of Year	186	43	23
Ordered for Hearing	8	20	40
Disposed	151	40	20
Canceled Before Hearing	32	5	5
Canceled After Hearing	—	—	—
Initial Decision Issued	119	35	15
Pending Disposition End of Year	43	23	43

Note: The FY 2020 estimate and FY 2021 request reflect a projected workload in light of the recent Lucia v. SEC decision. Future workload levels may increase over time as the fallout from Lucia v. SEC is mitigated.

OFFICE OF THE INVESTOR ADVOCATE

The mandate for the Office of the Investor Advocate (OIAD) is set forth in Section 4(g) of the Securities Exchange Act of 1934 (Exchange Act). OIAD is responsible for, among other things, identifying areas in which investors would benefit from changes to federal laws, SEC regulations, or the rules of self-regulatory organizations (SRO), and for providing assistance to investors in resolving significant problems they may have with the SEC or SROs. OIAD has four core functions: (1) provide a voice for investors; (2) assist retail investors; (3) study investor behavior; and (4) support the SEC's Investor Advisory Committee. OIAD carries out these functions in the ways listed below.

Investor Advocacy

Consistent with the requirements of Section 4(g), OIAD is responsible for identifying problems that investors have with financial service providers and investment products; analyzing the potential impact on investors of proposed regulations and rules; identifying areas in which investors would benefit from changes in SEC regulations or SRO rules; and proposing changes in regulations, legislation, or administration of programs that may mitigate problems identified.

Reports to Congress

OIAD is responsible for submitting two reports to Congress per year. A Report on Objectives is due no later than June 30 of each year, and its purpose is to set forth the objectives of the Investor Advocate for the following fiscal year. A Report on Activities is due no later than December 31 of each year, and it describes the activities of the Investor Advocate during the immediately preceding fiscal year. Among other things, the Report on Activities must summarize the most serious problems encountered by investors during the reporting period, identify any Commission or SRO action that was taken to address those problems, and recommend, as appropriate, any administrative and legislative actions to resolve problems encountered by investors.

Ombudsman

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

Investor Testing

The Investor Advocate is required to examine the potential impact on investors of SEC and SRO rulemakings, advise the Commission and SROs on potential changes to existing rules, identify problematic products and practices that harm investors, and generate related reports with substantive statistical analysis. To accomplish these objectives, OIAD utilizes investor testing and other research efforts, as appropriate, to gather input from investors on rulemaking initiatives and better understand their informational needs. OIAD anticipates additional research projects will develop in FY 2021 related to the Commission's Strategic Plan.

Investor Advisory Committee

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

OIAD will ensure that the concerns of investors are appropriately considered as decisions are being made and policies are being adopted at the Commission, at SROs, and in Congress. As required by statute, OIAD will analyze the potential impact on investors from proposed rules and regulations; identify areas in which investors would benefit from changes in rules and regulations; and propose policies to resolve problems that investors have with financial service providers and investment products.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	9	12	13
Cost:			
Salaries and Benefits	\$ 2,702	\$ 3,693	\$ 4,147
Non-Personnel Expenses	2,371	2,119	2,085
Total Costs	\$ 5,073	\$ 5,812	\$ 6,231

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Ombudsman			
Investor Matters	1,480	1,650	1,800
Investor Contacts	2,213	2,400	2,600
Outreach Events/Speeches	16	18	20
Investor Advocacy			
SEC Rulemakings Reviewed	27	25	25
SRO Rulemakings Reviewed	206	225	230
Policy Recommendations to SEC, SROs, or Congress	—	4	4
Outreach Events/Speeches	14	10	10
Investor Advisory Committee Support			
Committee Meetings	6	4	4

OFFICE OF CREDIT RATINGS

The Office of Credit Ratings (OCR) is charged with administering Commission rules with respect to the practices of nationally recognized statistical rating organizations (NRSRO). These rules are aimed toward promoting accuracy in credit ratings issued by NRSROs, ensuring that credit ratings are not unduly influenced by conflicts of interest and helping to ensure that firms provide greater disclosure to investors. In support of this mission, OCR conducts examinations of NRSROs to assess and promote compliance with statutory and Commission requirements; monitors the activities of NRSROs; develops and administers rules affecting NRSROs; and provides guidance generally with respect to the Commission’s regulatory initiatives related to NRSROs.

OCR is staffed to meet its responsibilities, which include conducting an examination of each NRSRO at least annually in eight specified review areas as mandated by the Dodd-Frank Act. OCR also monitors trends and developments affecting the credit rating industry. OCR is also responsible for developing rule recommendations for the Commission’s consideration, reviewing requests for Commission exemptive relief, formulating OCR staff guidance and other interpretive positions, and reviewing applications for NRSRO registration. OCR conducts studies and drafts reports, including a summary report of the examinations of NRSROs and an annual report to Congress on NRSROs.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	40	41	45
Cost:			
Salaries and Benefits	\$ 10,647	\$ 11,767	\$ 13,436
Non-Personnel Expenses	3,881	5,572	5,338
Total Costs	\$ 14,528	\$ 17,338	\$ 18,774

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Examinations	10	10	9
Rulemaking, Exemptive Orders, and Interpretative and Other Actions	3	4	4
Reports and Studies	2	3	3
Reviews of Potential Enforcement Actions	14	15	15
Tips, Complaints, and Referrals (TCR)	18	18	18
NRSRO Registrations — Filed Applications, Amendments, Withdrawals, and Cancellations	56	56	50

OFFICE OF MUNICIPAL SECURITIES

The Office of Municipal Securities (OMS) coordinates the Commission’s activities relating to the \$3.8 trillion municipal securities market and administers the Commission’s rules pertaining to municipal securities brokers and dealers, municipal advisors, investors in municipal securities, and municipal issuers. OMS advises the Commission on policy matters and current market issues relating to the municipal securities market and is responsible for policy development, coordination, and implementation of Commission initiatives to improve the municipal securities market. OMS provides technical assistance to other SEC divisions and offices, including the Division of Enforcement (ENF) and the Office of Compliance Inspections and Examinations (OCIE).

OMS also coordinates with the Municipal Securities Rulemaking Board (MSRB) on rulemaking and enforcement actions and reviews all MSRB proposed rule changes on behalf of the Commission. In addition, OMS leads semiannual meetings with MSRB and the Financial Industry Regulatory Authority (FINRA) regarding the municipal securities market, as required by the Dodd-Frank Act; regularly meets with MSRB and FINRA staff to discuss rulemaking, examination, and enforcement activities; meets with Internal Revenue Service staff; and coordinates with other regulators as needed. OMS also works closely with the municipal securities industry to educate market participants about the federal securities laws applicable to the municipal securities market.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalent	7	9	10
Cost:			
Salaries and Benefits	\$ 1,675	\$ 2,286	\$ 2,669
Non-Personnel Expenses	389	458	421
Total Costs	\$ 2,063	\$ 2,744	\$ 3,090

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
SRO Proposed Rule Changes Reviewed ¹	14	15	15
SEC Rulemaking and Exemptive and Interpretive Actions ²	6	7	7
Interpretive, Exemptive, No-Action, and Confidential Treatment Request Letters Closed ³	1	2	2
Reviews of Potential Enforcement Actions and OCIE Examinations ⁴	45	50	50
Congressional, Governmental, Industry, and Public Correspondence and Inquiries ⁵	601	650	650
Public Awareness and Market Outreach	26	32	32
Municipal Advisors⁶			
Registrants ⁷	547	532	527
Registration Applications Filed	30	35	35
Registration Amendments Filed ⁸	593	1,064	1,054
Registrations Withdrawn or Canceled ⁹	64	50	40

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

² For each of these activities in FY 2019, OMS served in a supporting role to another SEC division or office. OMS expects to serve in a supporting role to other SEC divisions and offices on SEC rulemakings and exemptive and interpretive actions in FY 2020 and FY 2021.

³ Figures provided in previous years' requests did not include confidential treatment requests.

⁴ Figures provided in previous years' requests did not include OCIE examinations.

⁵ This data combines correspondence and telephone/internet inquiries.

⁶ This data reflects the expanded responsibilities assigned to the Commission for oversight of municipal advisors (MA) (firms and sole proprietors) by the Dodd-Frank Act. In addition, there are approximately 3,400 Form MA-Is on file with the Commission in relation to natural persons engaged in municipal advisory activities.

⁷ These figures reflect all active MA registrations as of September 30 of the applicable fiscal year.

⁸ These figures assume two amendment filings per registrant per year.

⁹ These figures reflect the number of registration withdrawals or cancellations effective as of September 30 of the applicable fiscal year.

OFFICE OF THE ADVOCATE FOR SMALL BUSINESS CAPITAL FORMATION

The Office of the Advocate for Small Business Capital Formation (OASB) was established pursuant to the SEC Small Business Advocate Act (P.L. 114-284) as an independent office dedicated to advancing the interests of small businesses and their investors at the SEC and in the capital markets. OASB advocates for small businesses and their investors by conducting outreach efforts to solicit views on relevant capital formation issues; providing assistance to resolve significant problems; analyzing the potential impact of proposed regulations and rules on small business; and recommending changes to mitigate capital formation issues and promote the interests of small businesses and their investors.

Small Business Advocacy

Consistent with the requirements in the SEC Small Business Advocate Act, OASB is responsible for: (1) assisting small businesses and their investors in resolving significant problems they may have with the SEC or self-regulatory organizations (SRO); (2) identifying areas in which small businesses and their investors would benefit from changes in SEC regulations or SRO rules; (3) identifying problems that small businesses have with securing access to capital, including any unique challenges faced by women-owned small businesses, minority-owned small businesses, and small businesses affected by natural disasters; (4) analyzing the potential impact of proposed SEC regulations and SRO rules on small businesses and their investors; (5) conducting outreach to small businesses and their investors to solicit views on capital formation issues; (6) proposing appropriate regulatory and legislative changes to the SEC and to Congress to mitigate problems identified with small business capital formation and promote the interests of small businesses and their investors; and (7) working collaboratively with other SEC staff, SROs, and government agencies to advance the interests of small businesses and their investors.

Government-Business Forum on Small Business Capital Formation

OASB is responsible for planning, organizing, and executing the annual Government-Business Forum on Small Business Capital Formation described in Section 503 of the Small Business Investment Incentive Act of 1980 (15 U.S.C. 80c-1). The Forum is a unique event where members of the public and private sectors gather to craft suggestions for securities policy impacting emerging businesses and their investors.

Annual Report on Activities

OASB is responsible for preparing an annual report to Congress summarizing its activities in supporting small businesses and their investors during the preceding fiscal year. The report provides statistical information and analyses of the issues on which OASB has worked, information on steps that OASB has taken to improve small business services and the responsiveness of the SEC and SROs to such needs, and a summary of the most serious issues encountered by small businesses and their investors, including any unique issues encountered by minority-owned small businesses, women-owned small businesses, and small businesses affected by natural disasters.

Small Business Capital Formation Advisory Committee

In 2019, the Commission appointed the inaugural members of the Small Business Capital Formation Advisory Committee, which was established by the SEC Small Business Advocate Act to provide the SEC with advice on: (1) SEC rules, regulations, and policies relating to capital formation across the spectrum of small businesses, from emerging, privately-held companies to smaller public companies with less than \$250,000,000 in public market capitalization; (2) trading in the securities of such companies; and (3) public reporting and corporate governance requirements of such companies. The Small Business Advocate serves as a member of the Committee, and OASB provides support and assistance to help the Committee fulfill its statutory mission. The Committee submits recommendations to the Commission to which the Commission must respond.

FY 2021 Request

The FY 2021 request for two additional positions will enable the SEC to expand OASB to more fully satisfy the mandates set forth in the SEC Small Business Advocate Act, including analyzing and quantifying the challenges small businesses and their investors face in capital formation and conducting outreach to small businesses and their investors to engage new and diverse perspectives on relevant capital formation issues. The additional staff will enable OASB to develop resources for external constituencies to improve compliance and support access to capital markets. The request will also enable OASB to support the work of the recently established Small Business Capital Formation Advisory Committee, which is designed to provide marketplace perspectives about ways to better facilitate small business capital formation.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	1	7	11
Cost:			
Salaries and Benefits	\$ 349	\$ 1,858	\$ 3,050
Non-Personnel Expenses	102	226	261
Total Costs	\$ 451	\$ 2,085	\$ 3,312

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Assistance with Small Business Capital Formation Inquiries ¹	66	100	120
Outreach Events and Speeches	19	15	20
Government-Business Forum on Small Business Capital Formation	1	1	1
Reports on Small Business Forum and OASB Activities	2	2	2
Small Business Capital Formation Advisory Committee Meetings	2	4	4

¹ Inquiries include solicitation of support from OASB by marketplace participants with compliance obligations, access to capital formation resources, or policy recommendations. It is not intended to capture the totality of touchpoints with the public through outreach and other events but instead substantive issue resolution or resource navigation directly with affected parties. The FY 2020 and FY 2021 figures are estimates based upon an incomplete year of FY 2019 operating history and emerging visibility of the new office.

AGENCY DIRECTION AND ADMINISTRATIVE SUPPORT

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

Agency Direction includes:

- Executive Staff, which is comprised of the Chairman and Commissioners' Offices and the Office of Legislative and Intergovernmental Affairs
- Office of Public Affairs
- Office of the Secretary

Administrative Support includes:

- Office of the Chief Operating Officer and its component offices
- Office of the Ethics Counsel
- Office of Minority and Women Inclusion
- Office of Equal Employment Opportunity

EXECUTIVE STAFF

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

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

OLIA serves as the liaison between the SEC and Congress, and is responsible for responding to requests from Congress for information related to agency programs and legislation affecting the SEC or its mission. Specifically, OLIA coordinates testimony and witness preparation for SEC officials appearing at Congressional hearings; responds to requests by members of Congress and their staff for meetings, briefings, and technical assistance on legislation and other matters affecting the SEC or its mission; responds to requests from members of Congress and their staff for information concerning the operations and activities of the SEC; and assists in responding to Congressional correspondence. OLIA also serves as the agency’s official liaison to other federal government agencies such as the U.S. Department of the Treasury, the U.S. Commodity Futures Trading Commission, and other federal financial regulatory agencies.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	44	47	47
Cost:			
Salaries and Benefits	\$ 11,705	\$ 13,425	\$ 14,050
Non-Personnel Expenses	2,926	3,303	3,037
Total Costs	\$ 14,631	\$ 16,727	\$ 17,087

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Commission Meetings	86	88	88
Calendar Items	577	590	590
Seriatim Actions	523	530	530
Congressional Testimonies	4	5	5

OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs (OPA) makes the work of the SEC open to the public, understandable to investors, and accountable to taxpayers. OPA helps all SEC divisions and offices accomplish the agency's mission.

OPA leverages technology and multimedia to deliver news, data, and other information to inform investors and facilitate the public's interactions with the SEC. The office maintains the agency's digital platforms, including [SEC.gov](https://www.sec.gov), which is among the federal government's most frequently used websites. Additionally, OPA promotes SEC workforce efficiency, collaboration, and engagement through strategic internal communication knowledge management. This included the launch of a modernized intranet site in FY 2019 that meets individual staff needs, elevates staff performance, and reduces costs.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	18	20	21
Cost:			
Salaries and Benefits	\$ 4,300	\$ 4,954	\$ 5,461
Non-Personnel Expenses	6,799	7,252	6,879
Total Costs	\$ 11,099	\$ 12,206	\$ 12,340

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
News Releases and Statements	383	425	425
Email and Mobile Bulletins	5,169	5,000	5,000
Social Media Posts ¹	9,101	9,500	9,500
Number of SharePoint Top-Level Sites, Web Pages, or Applications Created and/or Administered ²	18	22	22
Number of Internal Communications Artifacts, including Articles, Reminders, and Daily Emails Distributed	3,124	3,700	3,700
SEC.gov Website Content Updates	23,069	25,000	28,000
The Exchange Intranet Content Updates ³	1,710	2,900	3,190
Number of Digital Signage Slides, Posters, and Kiosk Announcements	616	700	800

¹ Social media posts include those done by individual divisions and offices on SEC-official social media accounts. See [SEC.gov/opa/socialmedia](https://www.sec.gov/opa/socialmedia).

² Number only represents the top-level (i.e., first level/parent) sites. Nearly 500 subsites, pages, document libraries, and/or workflows comprise these sites.

³ The SEC deployed a new intranet platform, The Exchange, in March 2019. The FY 2019 figure reflects a partial year of data.

OFFICE OF THE SECRETARY

The Office of the Secretary (OS) is critical in ensuring the effective processing of all Commission business. OS reviews for legal and factual sufficiency orders and releases issued by the Commission; schedules and coordinates Commission meetings; prepares and maintains records of Commission actions; receives and tracks filings in administrative proceedings; and advises the Commission and staff about practice and procedure. OS is responsible for the public dissemination of Commission documents such as notices, orders, and rulemakings, and oversees the comment letter intake process.

Because all Commission enforcement and regulatory actions flow through OS, the agency's rulemaking agenda and enforcement program will continue to have a significant impact on OS workload in FY 2021. In recent years, OS has generally experienced significantly increased workload levels. The higher workload OS has taken on is consistent with the agency's increased enforcement actions and rulemaking activity. In addition, OS will continue to improve business operations and further enhance its current information technology systems. OS intends to focus resources on enhancing its internal and outward-facing processes to allow for expedited and efficient access by all customers, including the public.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalent	20	21	22
Cost:			
Salaries and Benefits	\$ 4,654	\$ 5,071	\$ 5,588
Non-Personnel Expenses	5,259	5,907	5,468
Total Costs	\$ 9,913	\$ 10,977	\$ 11,057

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Releases and Orders Processed¹			
Enforcement	3,828	3,905	3,983
Regulatory	2,036	2,077	2,118
Other	2,051	2,092	2,134
Federal Register Submissions²			
Self-Regulatory	1,416	1,444	1,473
Rulemaking/Other	631	644	656
Public Comment Letters Processed	10,568	12,000	14,000
Documents Posted on SEC.gov	5,192	5,500	5,600
Administrative Proceedings Items Processed	6,310	6,436	6,436
Service of Process – Administrative Proceedings	12,582	12,833	13,090

¹ This activity has been revised to include orders and also to specify the types of releases and orders processed.

² OS has not previously reported this activity, which includes all submissions to the Federal Register for publishing. Examples of items reported include notices and orders of self-regulatory organizations, Sunshine Act Notices, and rulemakings.

OFFICE OF THE CHIEF OPERATING OFFICER

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

There are seven offices within OCOO:

- OCOO's Front Office
- Office of Financial Management
- Office of Information Technology
- Office of Human Resources
- Office of Acquisitions
- Office of Support Operations
- EDGAR Business Office

OFFICE OF THE CHIEF OPERATING OFFICER (FRONT OFFICE)

The front office of the Office of the Chief Operating Officer (OCOO) oversees and coordinates the activities of the six component offices. In addition, the front office manages several key functions, as detailed below.

Chief Data Officer

The OCOO front office will be the home of the newly established Chief Data Officer (CDO), who will develop a data management vision for the agency and oversee the agency's data management activities, including maintaining a comprehensive data inventory and publishing open data to the public in accordance with Office of Management and Budget (OMB) guidance. Furthermore, the CDO will oversee the SEC's Information Services function, which includes the agency's library and third-party research and data resources.

Chief Risk Officer

Within the OCOO front office, the Office of the Chief Risk Officer (OCRO) coordinates the agency's enterprise risk management functions as required under OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. OCRO also is responsible for leading the agency's assessments of internal controls over operations and coordinating the annual management assurance process. Finally, OCRO serves as the liaison between the SEC and audit organizations, and supports the timely completion of corrective actions on audit recommendations.

Managing Executive Support for Small Offices

Through the Office of the Managing Executive for Small Offices (MESO), OCOO provides vital business operations and management support to small offices throughout the Commission, which enables senior management in those offices to better focus on their organizational goals and mission. In particular, MESO works collaboratively with office heads to manage their financial, human resources, and information technology initiatives to achieve their organizational objectives and support the overall agency mission.

Strategic Planning and Program Management

Within the OCOO front office, the Office of Strategic Planning and Program Management focuses on four distinct areas: (1) SEC-wide strategic planning; (2) OCOO strategic planning; (3) leading improvements in agency program management; and (4) fostering strong project management.

FY 2021 Request

For FY 2021, the SEC requests two additional positions to support the build-out of the new Office of the Chief Data Officer (OCDO) and execute the functions of the CDO, as required under the Foundations for Evidence-Based Policymaking Act. Specifically, the positions will focus on data management initiatives related to enabling secure, effective, and efficient use of data in service of the SEC’s mission and objectives.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	12	16	24
Cost:			
Salaries and Benefits	\$ 2,962	\$ 4,679	\$ 7,121
Non-Personnel Expenses	1,477	1,670	1,568
Total Costs	\$ 4,439	\$ 6,349	\$ 8,689

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Number of Auditor Engagements Facilitated	29	30	30
Number of Business Processes Analyzed for Improvements	19	20	20
Number of Small Offices Supported	11	11	11
Information Services¹			
Public Reference–Visitors	430	500	500
Library Password Management–Active Passwords	21,710	22,000	22,250
Library Acquisitions–Contracts Managed	120	120	122
Library Acquisitions–Invoices Reviewed/Paid	650	650	650
Library Reference–In-Depth Research Requests	270	300	325
Library Reference–Quick Reference Requests	1,864	2,000	2,200

¹ The Information Services (Library) Program and corresponding workload items have been transferred from the EDGAR Business Office (EBO) to OCDO (under OCOO), effective FY 2020. For ease of reference, FY 2019 actuals for EBO workload data related to the Library Program are included here.

OFFICE OF FINANCIAL MANAGEMENT

The Office of Financial Management (OFM) administers the financial management and budget functions of the SEC. The office assists the Chief Operating Officer in formulating budget and authorization requests, monitors the utilization of agency resources, and develops, oversees, and maintains SEC financial systems, statements, and reports. These activities include cash management, accounting, fee collections, travel policy development, and oversight of budget justification and execution.

OFM is committed to strengthening financial management within the agency through a coordinated effort involving the modernization and integration of financial systems, the improvement of financial reporting and accountability, and the enhancement of efficient and effective internal controls. In addition, OFM supports ongoing rulemaking efforts to tag registration fee data in order to automate a highly manual review process and will soon implement a new disgorgement and penalty system to support higher data quality and management of financial obligations related to enforcement judgments.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	88	88	90
Cost:			
Salaries and Benefits	\$ 20,640	\$ 22,285	\$ 23,894
Non-Personnel Expenses	7,337	8,454	7,699
Total Costs	\$ 27,977	\$ 30,739	\$ 31,593

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Accounting and Finance			
Quarterly/Annual Financial Statements Issued ¹	36	36	36
Financial Transactions Analyzed	9,618,025	10,000,000	11,800,000
Analysis and Reconciliation Reports Prepared	8,938	9,027	9,118
Planning and Budget			
Number of Conference Requests Submitted in the Automated Event Request System (AERS)	103	105	105
Percentage of Reserve Fund Letters Delivered to Congress On Time	100%	100%	100%

¹ This activity includes the five required financial statements—the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and Statement of Custodial Activity—on a quarterly and annual basis (20 statements total), and the four Investor Protection Fund financial statements, as required by the Dodd-Frank Act, on a quarterly and annual basis (16 statements total).

OFFICE OF INFORMATION TECHNOLOGY

Information technology (IT) plays a critical role in the mission of the SEC and its ability to share information and data both internally and externally. The increasing size and complexity of U.S. markets requires that the SEC continue leveraging technology to streamline operations and increase the effectiveness of the agency's programs, building on the recent progress made in key areas to modernize technology systems. The Office of Information Technology (OIT) is focused on advancing both its cloud capabilities and its cybersecurity efforts to prevent threats that pose risks to investors, financial services firms, markets, and the SEC itself.

OIT supports the agency in all aspects of technology and has overall management responsibility for the Commission's IT program, including application development, infrastructure operations and engineering, user support, IT program management, capital planning, security, and enterprise architecture. OIT operates and hosts the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system, which electronically receives, processes, and disseminates more than 500,000 financial statements every year. OIT also maintains a dynamic and robust public-facing website, [SEC.gov](https://www.sec.gov), that contains a wealth of information about the SEC and the securities industry.

FY 2021 Request

OIT requests three additional staff to provide needed cybersecurity expertise. OIT intends to enhance its cybersecurity posture by continuing the build-out of the SEC's information security defenses and monitoring capabilities to ensure the appropriate controls, policies, and procedures are in place to safeguard the Commission.

In FY 2021, the SEC intends to continue investing in mission-critical technology projects that enhance the agency's security posture, expand the use of risk and data analytics, and reduce cost by migrating legacy applications to modern enterprise solutions. Supported by full use of the Reserve Fund, in FY 2021, the SEC plans to focus on several key IT priorities:

- Cybersecurity
- Data analytics
- EDGAR enhancements and modernization, including security uplift
- Enforcement investigation and litigation support
- Examination management
- Business process improvements

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

The multi-year effort of overhauling EDGAR will continue, resulting in a new, modernized system that will, among other things, modernize the core technologies underlying the EDGAR system, make it easier for registrants to file through the system, improve system security, and enhance the usability of EDGAR data by the public through [SEC.gov](https://www.sec.gov).

In addition, building foundational capabilities in the SEC's cloud environment will unlock future opportunities for cost savings, application consolidation, and security enhancements. The SEC will set technology standards for development in the cloud, and will invest in automation to implement inherited security controls and improve delivery time. The SEC will also establish disaster recovery and security tools required for further migration of applications. These efforts will allow the SEC to retire outdated legacy applications that are expensive to secure and maintain.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	174	192	205
Cost:			
Salaries and Benefits	\$ 44,786	\$ 51,770	\$ 57,813
Non-Personnel Expenses	31,313	36,605	33,194
Total Costs	\$ 76,099	\$ 88,375	\$ 91,008

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Internal Process Improvements and Employee Productivity			
User Requests for Helpdesk Assistance	176,797	175,000	175,000
Amount of Network-Based Storage (terabytes)	21,990	23,990	23,990
Network Users	6,343	6,450	6,450
Information Security and Disaster Recovery			
Percentage of Major Systems Certified and Accredited	100%	100%	100%

OFFICE OF HUMAN RESOURCES

The Office of Human Resources (OHR) is responsible for the strategic management of the SEC's human capital. OHR consults with management, establishes and administers human capital programs and policies, and ensures compliance with federal regulations and negotiated agreements.

Programs and policies under OHR's purview include:

- Recruitment, staffing, and retention
- Position management and classification
- Compensation administration
- Benefits counseling and processing
- Leave programs
- Leadership and employee development
- Performance management and awards
- Labor relations
- Disability program
- Work-Life programs
- Telework
- Employee records processing and maintenance

FY 2021 Request

OHR requests one additional position for FY 2021 to further the strategic management of the SEC's human capital by allowing for increased focus on attracting and retaining a diverse and talented workforce with the right mix of skills and expertise, and administering programs to enhance employee engagement and leadership development.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	101	105	109
Cost:			
Salaries and Benefits	\$ 22,925	\$ 25,552	\$ 28,472
Non-Personnel Expenses	6,553	9,400	6,754
Total Costs	\$ 29,478	\$ 34,952	\$ 35,226

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
AskHR Inquiries ¹	16,673	13,000	13,000
Personnel Actions Processed ¹	18,041	18,311	18,585
Recruitment Actions ¹	360	365	370
Training Sessions Held	1,357	800	1,000
Number of Training Session Attendees	28,470	25,000	25,000
Studies, Reviews, and Policies Issued	601	511	744
Classification Assessments and Federal Staffing Policy Reviews ²	52	52	54
Applications Processed for Students and Special Programs ³	3,297	3,297	3,346
Number of On-Boards for Students and Special Programs ⁴	587	587	595

¹ Actual figures will be highly dependent on the appropriations enacted by Congress. They also account for personnel actions' processing for regular and recurring actions associated with current employees, e.g., career ladder promotions, career tenure changes, and awards.

² This is a new metric for a significant component of OHR's workload. This metric captures workload related to classification studies, desk audits, office re-organizations, and the review and update of SEC Administrative Regulations and Operating Procedures related to federal staffing.

³ This is a new metric for a significant component of OHR's workload. This metric captures the number of applications submitted and processed by OHR for the Student Honors Program, Upward Mobility Program, and Chairman's Attorney Honors Program.

⁴ This new metric captures the number of applications that are further evaluated and result in a selection and on-board for the Student Honors Program, Upward Mobility Program, and Chairman's Attorney Honors Program.

OFFICE OF ACQUISITIONS

The Office of Acquisitions (OA) develops and executes programs for the SEC’s acquisitions policy; procurement and contract administration; acquisitions workforce training and certification; and government purchase cards (GPC).

OA is responsible for procuring all goods and services—except real property and employee training—for the SEC. OA provides oversight of the GPC Program and certification programs for OA staff, Contracting Officer’s Representatives (COR), and program/project managers. OA is responsible for maintaining the on-site/off-site contractor database, closing out contracts, and implementing and enforcing specific Congressional legislation, Executive mandates, and other directives relating to procurement.

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

FY 2021 Request

The FY 2021 request seeks one additional position to focus efforts on the quality and management of acquisition and contract management risks based on findings from the Office of Inspector General, the SEC’s Risk Management Oversight Committee, and the development and monitoring of controls.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalent	53	53	53
Cost:			
Salaries and Benefits	\$ 11,932	\$ 12,590	\$ 13,185
Non-Personnel Expenses	2,671	3,069	2,803
Total Costs	\$ 14,602	\$ 15,660	\$ 15,988

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Procurement Actions (contracts and purchase orders)	1,800	1,850	1,850
Total Dollars Obligated of Contracts with Business Funded by SEC	\$ 458,533,626	\$ 475,000,000	\$ 500,000,000
Additional Value of Interagency Agreements Obligated (in dollars)	\$ 28,662,734	\$ 29,000,000	\$ 30,000,000
GPC Cardholder Statements Audited	105	105	105
Closeout Actions Processed	405	350	350
Dollars Recovered for Reuse (closeouts and Unliquidated Obligations [ULO] de-obligations)	\$ 25,446,879	\$ 25,000,000	\$ 25,000,000
CORs Managed	449	459	459
Small Business Actions Processed	1,047	1,000	1,000
Dollars Spent with Small Business	\$ 215,664,089	\$ 250,000,000	\$ 250,000,000
Percentage of Small Business Dollars (23% federal-wide minimum goal)	47%	50%	50%
Multi-Agency Collaborative Actions	704	650	650
Multi-Agency Contract Value Awarded (in dollars)	\$ 104,761,958	\$ 100,000,000	\$ 100,000,000

Note: Data pulled from Federal Procurement Data System (FPDS) except Interagency Agreements from Procurement Information System for Management (PRISM).

OFFICE OF SUPPORT OPERATIONS

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

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	90	90	92
Cost:			
Salaries and Benefits	\$ 18,705	\$ 19,855	\$ 21,363
Non-Personnel Expenses	5,371	6,185	5,644
Total Costs	\$ 24,076	\$ 26,040	\$ 27,007

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Records Management—Official Certificates	2,466	2,500	2,600
Records Management—Document Requests	448	620	620
FOIA Requests Carried Forward from Prior FYs	599	658	717
New FOIA/PA Requests Received	11,546	14,146	14,000
FOIA/PA Requests Completed	11,487	14,087	14,000
Security Services—Interim Suitability Determinations Made	2,300	2,500	2,500
Security Services—HSPD-12 Credentials Issued	4,818	4,800	4,800
Security Services—HSPD-12 Credential Certificates Updated	2,048	2,050	2,050
Print Production (millions of pages)	1.77	2.35	2.35

EDGAR BUSINESS OFFICE

The EDGAR Business Office (EBO) provides business oversight and governance of the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. EBO partners with SEC divisions and offices to gather, manage, and prioritize agency business requirements for EDGAR system development. In addition, EBO seeks to improve the filing and disclosure process for filers.

In FY 2021, EBO will continue its direct executive-level oversight of the EDGAR system to provide greater control, accountability, and transparency of the system's business operations. EBO will further continue to oversee the ongoing modernization and improvement of EDGAR, as well as ensure new regulatory priorities are appropriately interpreted and implemented into the system.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	36	32	33
Cost:			
Salaries and Benefits	\$ 8,167	\$ 8,737	\$ 9,429
Non-Personnel Expenses	1,854	2,123	1,934
Total Costs	\$ 10,021	\$ 10,861	\$ 11,362

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity ¹	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
EDGAR Filings, Disclosure, and Review²			
Online Searches for EDGAR Filings (in millions)	24,317	25,532	26,809
Number of Electronic Filings Received (in millions)	1.9	2.0	2.0
EDGAR Business Owner/Program Office			
EDGAR Development Releases	4	3	4
EDGAR Infrastructure Releases	4	4	4
EDGAR Filer Manual Seriatim Updates	4	2	4
Technical Support—Internet and Email Inquiries	1,011	1,050	1,075
Assistance and Technical Support— Telephone Inquiries	80,122	82,500	85,000
EDGAR Form IDs Processed	73,460	75,650	77,900

¹ The Information Services (Library) Program and corresponding workload items have been transferred from EBO to the Office of the Chief Data Officer under the Office of the Chief Operating Officer (OCOO), effective FY 2020. For ease of reference, FY 2019 actuals for EBO workload data related to the Library Program are included in the OCOO section.

² The EDGAR Filings, Disclosure, and Review workload items were previously reported under the Office of Information Technology.

OFFICE OF THE ETHICS COUNSEL

The Office of the Ethics Counsel (OEC) is responsible for administering the Commission’s Ethics Program and for interpreting the SEC’s Supplemental Ethics Rules as well as federal government-wide ethics laws, rules, and regulations. OEC provides independent legal analysis and advice to the Chairman, Commissioners, and divisions and offices on ethics issues. In addition, the OEC Compliance team manages personal trading requests for staff Commission-wide in compliance with the SEC Supplemental Ethics Rules and provides training and counseling on personal trading questions. OEC is also the SEC’s liaison with the U.S. Office of Government Ethics (OGE). OEC expects its workload and responsibilities to increase as the overall workforce of the SEC increases, as the office manages the development and implementation of two significant IT systems, and as the number of enforcement matters continues at a high level.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	18	18	19
Cost:			
Salaries and Benefits	\$ 4,599	\$ 4,719	\$ 5,223
Non-Personnel Expenses	1,175	1,328	1,213
Total Costs	\$ 5,775	\$ 6,048	\$ 6,437

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Ethics Counseling Inquiries	9,600	9,888	10,184
Review of Public Financial Disclosure Forms	422	435	615
Commission Memoranda Review	1,600	1,648	1,697
Review of Confidential Financial Disclosure Forms	4,700	4,841	4,986
Clearance of 8B Requests	182	187	193
Pre-clearance of Requests for Trading	38,000	39,140	40,314
Employees Trained in Ethics	4,800	4,944	5,092
Review of SEC Forms 682 Financial Disclosure Forms	200	206	212
Testing of Employee Compliance Data	475	489	504

OFFICE OF MINORITY AND WOMEN INCLUSION

The Office of Minority and Women Inclusion (OMWI) is responsible for all matters related to diversity in management, employment, and business activities at the SEC. OMWI is tasked with developing standards for equal employment opportunity and the diversity of the SEC's workforce and senior management; increasing participation of minority-owned and women-owned businesses in SEC's programs and contracts; and assessing the diversity policies and practices of entities regulated by the SEC. OMWI is also responsible for developing standards for determining whether SEC contractors and subcontractors comply with their contractual obligations to make a good faith effort to include minorities and women in their workforces.

OMWI will continue to promote diversity and inclusion in the workforce and business activities of the SEC and implement standards for assessing the diversity policies of SEC-regulated entities. Notably, OMWI will work actively to support the SEC's new Diversity and Inclusion Strategic Plan. OMWI's workforce activity will be increasingly focused on building new opportunities for diverse candidates to join the SEC through early-career programs. OMWI will also support those divisions and offices authorized to fill positions in FY 2021, including through targeted outreach. OMWI also expects to support increased engagement with diversity-focused professional organizations and events to promote workforce development and inclusion. OMWI also plans to leverage new data tools to provide even more timely and actionable workforce information to SEC leaders.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalent	9	9	10
Cost:			
Salaries and Benefits	\$ 2,184	\$ 4,397	\$ 4,871
Non-Personnel Expenses	1,043	1,199	1,138
Total Costs	\$ 3,227	\$ 5,596	\$ 6,009

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Diversity Assessments	16	16	16
Advancing Employee Development	2	2	2
Reporting Requirements and Data Analyses ¹	105	N/A	N/A
Leadership Diversity Data Analyses ²	N/A	5	5
Diversity and Inclusion Programs	59	50	50
Diversity and Inclusion Training	20	15	15
Roundtable or Public Meetings	3	3	3
Vendor Outreach	62	60	60
Targeted Advertisement Sources	265	200	200
Diversity Standards and Policies	1	2	2
Good Faith Effort Contract Reviews	26	30	30

¹ OMWI is planning to retire Reporting Requirements and Data Analyses, as is it transitioning to a dashboard-based approach with more continuous reporting possibilities.

² This is a new workload activity; new systems allow SEC leaders to continuously monitor real-time diversity data. OMWI will now track Leadership Diversity Data Analyses provided by OMWI directly to SEC leaders.

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

The Office of Equal Employment Opportunity (OEEO) strives to enhance equal access to employment opportunities for the best and brightest talent and to foster an equitable work environment in which employees perform the SEC's mission. SEC employees come from diverse backgrounds and are entitled to a workplace where employment decisions are made without regard to race, color, sex, age, religion, national origin, or genetic information. Like other demographic groups protected by statute, the law shields individuals with disabilities from discrimination; however, individuals with disabilities may lawfully receive preferential treatment, e.g., in the hiring process. To maintain the neutrality and impartiality necessary to fulfill its responsibilities, OEEO is required to be independent of any other SEC offices, and the OEEO director reports to the SEC Chairman. OEEO has two primary analytical functions: Compliance and Barrier Analysis.

The Compliance function applies legal principles to the processing and adjudication of complaints of discrimination under Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Rehabilitation Act, the Equal Pay Act, and the Genetic Information Nondiscrimination Act. The Equal Employment Opportunity Commission enforces these laws, adjudicates cases, and regulates equal employment opportunity programs across the federal government.

The Barrier Analysis function analyzes quantitative and qualitative data to determine whether a policy, practice, or procedure impedes access to employment opportunities for members of a protected demographic group. When OEEO identifies such an impediment, the office collaborates with stakeholders to identify options to eliminate the potential barrier in the employment lifecycle, starting with recruitment and ending with separation.

In support of its two analytical functions, OEEO also provides opportunities to quickly resolve disputes; conducts mandatory training; engages in proactive prevention of discrimination through raising awareness and by providing technical assistance; and files required annual reports with external stakeholders. OEEO engages frequently with internal and external stakeholders to perform its functions.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	13	12	13
Cost:			
Salaries and Benefits	\$ 3,573	\$ 3,812	\$ 4,271
Non-Personnel Expenses	1,813	2,010	1,899
Total Costs	\$ 5,385	\$ 5,821	\$ 6,170

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Compliance	248	270	270
Reporting	8	8	8
Barrier Analysis	1,959	1,959	1,959
Mission Support	1,139	1,139	1,139

OFFICE OF INSPECTOR GENERAL

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

In FY 2021, the OIG will continue to focus on improving agency programs and operations through audits, evaluations, and reviews. The OIG will conduct audits and evaluations pursuant to the audit plan it will develop for FY 2021. The OIG will also enhance staff and agency integrity by investigating allegations of employee and contractor misconduct, as well as allegations of fraud, waste, and abuse in agency programs and operations. The OIG's audit and investigative workload remains high because of a variety of factors, including continued Congressional oversight of the SEC and the number of tips and complaints received by the OIG. OIG expects workload levels to remain high through FY 2021.

The OIG will continue the oversight responsibilities established by the Dodd-Frank Act. In particular, Section 966 of the Dodd-Frank Act required the OIG to establish an OIG SEC Employee Suggestion Program (ESP). Under that program, SEC employees may submit to the OIG suggestions for improving the SEC's work efficiency, effectiveness, and productivity, as well as the SEC's use of its resources. SEC employees may also submit through the ESP allegations of waste, abuse, misconduct, or mismanagement within the Commission. During FY 2021, the OIG will continue to monitor, track, and analyze information received through the ESP and will increase efforts to promote the program to solicit suggestions that will improve the SEC's effectiveness in overseeing the securities markets and protecting investors. The OIG will also produce the required annual report to Congress on the ESP. In addition, the OIG will operate a program for recognizing employees who make suggestions, through the ESP, that increase the work efficiency, effectiveness, or productivity of the SEC, or reduce waste, abuse, misconduct, or mismanagement, as provided for by the Dodd-Frank Act.

In addition, there has been an increase in the coordination of IG activities to strengthen the oversight of the federal financial regulatory structure. For example, the SEC IG currently serves on the Council of Inspectors General on Financial Oversight (CIGFO), which was established by Section 989E of the Dodd-Frank Act. The OIG's participation on CIGFO requires additional resources to provide effective oversight. In particular, the OIG will be required to prepare a section of CIGFO's annual report to Congress in FY 2021. That section of the report will highlight the concerns and recommendations in the OIG's ongoing and completed work, focusing on issues that might apply to the broader financial sector. CIGFO may also task the SEC OIG to conduct other audit or review activities on CIGFO's behalf.

Increased coordination and initiatives undertaken by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) have increased demands on OIG resources. To implement measures included in legislation to promote coordination and transparency into the work of OIGs, the SEC OIG has devoted added resources to initiatives such as the IG Enhancement Act and Whistleblower Protection Coordination Act (WPCA). Similar legislation has been proposed that would increase OIG coordination and reporting with OIGs throughout the federal government. Additionally, the emphasis on cybersecurity enhancements and investigations as the government increasingly moves to IT-based services and solutions increases the need for technical solutions and skills for providing oversight. The increase in OIG activities will result in the need for more OIG resources.

The OIG currently has 55 positions. For FY 2021, the OIG does not plan to request any additional positions.

Regulatory Requirement

The Inspector General Act of 1978 (as amended through Pub. L. 115-254) requires that each Inspector General (IG) submit a budget estimate and request each fiscal year to the head of the agency to which the IG reports. Section 6(f)(1) requires that the request include:

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

As required by the Act, the IG of the SEC submits the following information for the OIG's budget estimate and request for FY 2021.

- The aggregate budget request for the operations of the OIG is \$16,312,272.22.
- The OIG budget request incorporates a sufficient aggregate amount of funds for the operations of the OIG. The OIG training needs have traditionally been partially funded through the agency's training budget (i.e., approximately \$1,000 per FTE for general training needs). The estimate for OIG specialized training costs for FY 2021 is \$112,000. The IG certifies that the aggregate amount of the request satisfies all training requirements for the OIG for FY 2021 and any assessment required to support CIGIE.
- The estimated amount of the SEC OIG's contribution to CIGIE is 0.30 percent of the budget request, or \$48,829.

(DOLLARS IN THOUSANDS)	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Full-Time Equivalents	49	52	53
Cost:			
Salaries and Benefits	\$ 12,396	\$ 13,970	\$ 14,895
Non-Personnel Expenses	3,617	4,987	4,704
Total Costs	\$ 16,014	\$ 18,957	\$ 19,599

Totals may not appear to sum from detail lines due to rounding of actual values

Workload Data

Activity	FY 2019 Actual	FY 2020 Estimate	FY 2021 Request
Audits/Evaluations			
Pending Beginning of Year	4	7	7
Opened	13	14	13
Completed	10	14	13
Pending End of Year	7	7	7



2019 FinTech Forum, sponsored by the SEC's Strategic Hub for Innovation and Financial Technology (FinHub), focused on distributed ledger technology and digital assets.



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RISKS, INTERNAL CONTROLS, AND MANAGEMENT CHALLENGES

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

Risk Management

The responsibilities of the Chief Risk Officer (CRO) include coordinating the agency's enterprise risk management functions, as required under the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. The enterprise risk management program assists the SEC in achieving its strategic and operational objectives by providing an enterprise-wide approach for managing the agency's most significant risks and challenges. The CRO, with input from the Risk Management Oversight Committee, provides governance and oversight of the SEC's enterprise risk management program. This Committee oversees the development and implementation of strategic and programmatic risk frameworks and methodologies and produces and maintains the agency's risk profile. In FY 2021, the SEC will continue to refine its enterprise risk management practices and work to integrate enterprise risk management with the agency's strategic goals, performance metrics, and internal control environment, as well as support risk-informed decision-making.

Management Assessments of Internal Control

The SEC remains committed to maintaining strong internal control. Internal control is integral to effective agency management, providing reasonable assurance that the SEC's operational, reporting, and compliance objectives are being achieved. The Federal Managers' Financial Integrity Act of 1982 (FMFIA), along with implementing guidance in OMB Circular A-123, establishes management's responsibility to institute, maintain, assess, and report on internal accounting and administrative controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The FMFIA also requires agencies to annually assess whether financial management systems conform to related requirements. Finally, the FMFIA requires that the head of each Executive Agency annually submit to the President and Congress: (1) a statement on whether there is reasonable assurance that the agency's controls are achieving their intended objectives; and (2) a report on material weaknesses in the agency's controls.

The SEC's Office of the CRO, which is within the Office of the Chief Operating Officer (OCOO), executes the SEC's Management Assurance Program to provide the Chairman with the information necessary to appropriately and accurately submit the required statement and report. This program is executed at multiple levels within the SEC and includes:

- An entity-level control assessment;
- Internal management reviews, self-assessments, and tests of internal controls;
- Assurance statements from each division director and office head on the effectiveness of their controls;
- Management's personal knowledge gained from daily operations;
- Review and analysis of reports and recommendations from the Government Accountability Office (GAO) and the SEC Office of Inspector General (OIG);
- Reviews of financial management systems;
- Reports pursuant to the Federal Information Security Management Act of 2014 (FISMA) and OMB Circular A-130, *Managing Federal Information as a Strategic Resource*; and
- Reports and other information from Congress or agencies such as OMB, the Office of Personnel Management, and the General Services Administration, reflecting the adequacy of internal controls.

The SEC's annual assessment of internal controls and assurance statements based on these sources and assessments is discussed in the SEC's Agency Financial Report (AFR), which can be found at [SEC.gov](https://www.sec.gov).

Management Challenges Identified by the Office of Inspector General

The SEC's FY 2019 AFR provides a summary of the most serious management and performance challenges facing the SEC, as identified by the OIG in the *Other Information* section. The AFR also details the actions currently being taken to address these challenges.

The table on the next page describes how the resources requested for FY 2021 will help address the challenges identified by the Inspector General.

Management Challenge Identified by the Inspector General	How the FY 2021 Budget Addresses the Challenge
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Meeting Regulatory Oversight Responsibilities

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

The Office of Compliance Inspections and Examinations' (OCIE) management will continue to take steps to address the challenge of ensuring sufficient examination coverage of registered investment advisers. This includes continuing to augment and refine OCIE's risk-based examination approach, tools, and data that help identify areas of risk; firms that may present heightened risk of non-compliance; and activities that may harm investors. The Division of Enforcement will also continue to leverage data analytics to better detect potential securities law violations and accelerate the speed of investigations. Further, the Division of Economic and Risk Analysis will continue to provide highly-valued analytics that support SEC risk scoping, investor protection, detection of illegal conduct, and resource allocation efforts.

The SEC's [FY 2018–FY 2022 Strategic Plan](#) identifies the need to adjust the agency's efforts in response to significant developments and trends in the evolving capital markets as one of the three primary strategic goals. The SEC continues to recognize the need to maximize technology to deliver information to the public, better identify risks, uncover frauds, sift through large volumes of data, inform policymaking, and streamline operations. Key information technology (IT) initiatives include the following:

- Continuing the development of a modernized, more secure Electronic Data Gathering, Analysis, and Retrieval (EDGAR) filing system;
- Expanding the SEC's use of secure cloud computing to deliver a wider range of services at a lower cost and in a more secure manner;
- Deploying enhancements to critical analytic systems and upgrading the agency's electronic discovery and document management tools;
- Retiring legacy SEC systems and applications in favor of modernized, more secure replacements; and
- Digitizing business processes to improve efficiency.

continued on next page

**Management Challenge
Identified by the
Inspector General**

How the FY 2021 Budget Addresses the Challenge

**Protecting Systems
and Data**

Protecting SEC systems and data is of paramount importance to the SEC and the markets. The Office of Information Technology works diligently to build and enhance the agency's information security capabilities to defend against capable and motivated threat actors who seek to disrupt agency operations and access non-public information. Implementing a successful and holistic cybersecurity program is challenging amidst an evolving global cybersecurity landscape, emerging threats, new compliance requirements, and finite resources. To ensure an effective information security program, the SEC will continue to prioritize investments in information security.

While continued progress has been made—including implementing enhanced encryption capabilities, completing extensive security assessments and source code reviews, and implementing enhanced security services to protect agency systems—more work remains. For example, while the Office of Inspector General (OIG) during its FY 2019 audit of the agency's compliance with the Federal Information Security Modernization Act of 2014 (FISMA) found that the SEC's information security program increased its maturity rating for 3 of the 5 Critical Infrastructure Cybersecurity (CSF) functional areas, as well as in 18 individual metric categories, the OIG identified 9 new recommendations.

During FY 2019, SEC staff closed 28 OIG IT-related recommendations and 3 Government Accountability Office (GAO) recommendations while supporting 10 audits pertaining to IT. To continue making progress to close outstanding recommendations and support ongoing audit activity, OIT established a Cyber Risk and Governance Branch (CRG). Among other things, the CRG leads the development of enterprise information security policies and works with agency stakeholders to identify, analyze, and coordinate mitigation strategies for IT risks identified by internal and external audits and reviews. In FY 2020, the agency plans to hire additional staff to support forthcoming audits, and to prioritize and address recommendations made by both the OIG and GAO.

In FY 2021, the SEC will remain focused on improving the agency's cyber risk profile. Principal efforts include making progress toward implementing the SEC's Identity, Credentialing, and Access Management strategy; improving security governance and oversight functions; enhancing enterprise security awareness and training efforts; and modernizing legacy information systems.

**Improving Contract
Management**

In FY 2020 and FY 2021, the Office of Acquisitions (OA) will continue the Contract Management Excellence Initiative, working on a variety of fronts to further promote effective contract management. These efforts include improving communications between Contracting Officers and Contracting Officer's Representatives (COR), ensuring CORs receive proper training to oversee contract management and maintain their proper certifications. OA will continually conduct reviews of contract files to make sure they contain appropriate documentation. The SEC will also continue the COR Improvement Initiative to provide efficient and functional control, transparency, and management of the COR Program across the SEC.

continued on next page

**Management Challenge
Identified by the
Inspector General**

How the FY 2021 Budget Addresses the Challenge

**Ensuring Effective
Human Capital
Management**

The SEC's [FY 2018–FY 2022 Strategic Plan](#) establishes that strengthening the agency's human capital management program is key to achieving agency goals. In GAO's recently completed triennial review of the SEC's human capital management, GAO found that the SEC had made significant progress in workforce and succession planning and cross-divisional communications and collaboration.

The SEC continues to implement outstanding recommendations from the OIG and GAO, including those related to the rollout of a new Performance Management system in FY 2020, which is built upon strengthening coaching and feedback, and rewarding top performers.

Additionally, the SEC receives valuable feedback from employees directly through the Office of Personnel Management's annual Federal Employee Viewpoint Survey. This input provides agency management with valuable insight into how well agency leaders are managing, training, and developing personnel, and where the agency has opportunities to improve.

In FY 2021, the Office of Minority and Women Inclusion (OMWI) will continue to work with all divisions and offices, SEC senior leadership, and the agency's Diversity Council, Office of Equal Employment Opportunity, and Office of Human Resources to promote diversity in the agency's workforce and cultivate an inclusive work environment. The SEC will continue to implement existing initiatives and explore new strategies for improving gender, racial, and ethnic diversity in SEC mission-critical occupations and senior management positions. Further, OMWI will continue to work with OA to build on the agency's success in advancing the SEC's supplier diversity goals. OMWI will also continue to conduct post-award reviews of agency contractors to determine compliance with SEC Contract Standard for Contractor Workforce Inclusion.

CROSS-AGENCY COLLABORATION

The SEC values its many partnerships with other federal agencies, financial regulators, and foreign governments. Collaborating across regulatory boundaries, market segments, and national borders furthers the SEC's ability to achieve its mission. The securities markets are large and dynamic, and the SEC understands that cooperation is essential to meet its strategic goals. Some examples of cross-agency collaboration efforts during FY 2019–FY 2021 are highlighted below.

Strategic Goal 1

Focus on the long-term interests of our Main Street investors

The SEC frequently works with other entities to facilitate access to the information investors need to make informed investment decisions. Led by the Office of Investor Education and Advocacy (OIEA), the SEC participates in numerous collaboration activities with other regulators, federal agencies, and committees to make information accessible to investors. These organizations work together to educate and prepare young Americans for life-long financial success. For example, OIEA is a national partner of Jump\$tart and OIEA's director, Lori Schock, serves on Jump\$tart's board of directors (ex officio). Jump\$tart is a coalition of diverse education stakeholders, including federal agencies, non-profits, and financial firms, that work together to educate and prepare young Americans for life-long financial success. Jump\$tart partners include, among others, the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board (FRB), the Federal Trade Commission (FTC), the Financial Industry Regulatory Authority (FINRA), the General Services Administration (GSA), the Office of the Comptroller of the Currency (OCC), the North American Securities Administrators Association (NASAA), and the U.S. Department of Agriculture (USDA).

The SEC's Division of Enforcement (ENF) continues to prioritize effective coordination with criminal authorities in bringing parallel enforcement actions seeking to hold wrongdoers accountable and remove bad actors from our markets. In FY 2019, in more than 400 SEC enforcement investigations, other regulators and law enforcement offices requested and obtained access to materials contained in the SEC's investigative files. In many of these cases, the SEC and the criminal law enforcement counterparts employed complementary tools to further our shared goal of investor protection. Frequently, this entailed collaboration with overseas regulatory and law enforcement counterparts.

The SEC's Office of Compliance Inspections and Examinations (OCIE) frequently collaborates with other regulators, both domestically and abroad, to ensure that critical issues and risks impacting investors are addressed in an efficient and effective manner. These cooperation efforts include coordinated examinations, information sharing, periodic meetings, and other strategic efforts with domestic regulators such as FINRA, OCC, the U.S. Commodity Futures Trading Commission (CFTC), the Financial Crimes Enforcement Network (FinCEN), the U.S. Department of Labor, and the Public Company Accounting Oversight Board (PCAOB). Further, given the increasingly global marketplace, OCIE continues to work with the SEC's Office of International

Affairs (OIA) to protect investors through more frequent discussions and collaboration with foreign financial regulatory authorities from around the globe. These efforts have proven to be an effective method of overseeing entities and issues that impact retail investors and cross jurisdictional lines.

The SEC also collaborates with external partners to protect the financial well-being of American seniors. The SEC works closely with the Elder Justice Interagency Working Group (EJWG) and the Elder Justice Coordinating Council (EJCC) to safeguard their interests. The EJWG is responsible for carrying out elder justice activities including elder abuse prevention, research, grant and program funding, and prosecution. The EJCC is a federal entity charged with identifying and proposing solutions to the problems surrounding elder abuse, neglect, and financial exploitation. Among other roles, OIEA helps inform these working groups about the SEC's initiatives to protect older Americans from investment fraud and abusive sales practices. Furthermore, through the Outsmarting Investing Fraud Program, OIEA staff conducts educational programs with the FINRA Investor Education Foundation, state securities regulators, and AARP on how to identify common persuasion techniques used by con artists.

OIEA also represents the SEC on the Financial Literacy and Education Commission (FLEC), which was established under the Fair and Accurate Credit Transactions Act of 2003. FLEC is chaired by the Secretary of the Treasury and made-up of the heads of more than 20 additional federal agencies. The Commission was tasked with developing a national financial education website ([MyMoney.gov](https://www.mymoney.gov)) and a national strategy on financial education.

Strategic Goal 2

Recognize significant developments and trends in our evolving capital markets and adjust our efforts to ensure we are effectively allocating our resources

The SEC's Strategic Hub for Innovation and Financial Technology (FinHub) coordinates the agency's oversight and response regarding emerging technologies in financial, regulatory, and supervisory systems, including in the areas of distributed ledger technology (including digital assets), automated investment advice, digital marketplace financing, and artificial intelligence/machine learning. FinHub staff participates in the Financial Stability Oversight Council (FSOC) Digital Assets and the Distributed Ledger Technology Working Group. In these efforts, FinHub staff works with a wide-range of market participants, including issuers, and serves as our liaison to other regulators, including the FTC, FRB, OCC, FDIC, CFTC, FinCEN, the U.S. Department of the Treasury, the U.S. Department of Justice, and the Consumer Financial Protection Bureau (CFPB).

The SEC is a member of the Financial Stability Board (FSB), which promotes international financial stability by coordinating national financial authorities and international standard-setting bodies as they work toward developing strong regulatory, supervisory, and other financial sector policies. The FSB fosters a level playing field by encouraging coherent implementation of these policies across sectors and jurisdictions. In addition to its monitoring

functions, the Division of Trading and Markets (TM) assists the Commission with its work in various domestic and international regulatory groups, including the FSB, FSOC, Senior Supervisors Group, and International Organization of Securities Commissions (IOSCO), by providing technical expertise on market and risk management developments and emerging financial issues. TM cooperates and collaborates with the FRB, Federal Reserve Banks, the Bank of England, the Financial Conduct Authority, and other regulators regarding the capital, liquidity, internal controls, funding sources, and financial condition of firms—and their holding companies—that are supervised by the SEC, as well as regulatory and supervisory issues of mutual interest.

In addition, asset management activities and the risks arising from those activities have been an increasing focus of discussion by the FSB, IOSCO, and other international regulatory bodies in recent years. The Division of Investment Management (IM) staff dedicate significant time and resources to these discussions, including by hosting meetings and workshops. IM staff also provide substantial assistance in drafting reports and notes by international regulatory bodies on asset management-related topics.

The SEC, OCC, FDIC, CFTC, and the Board of Governors of the Federal Reserve System adopted a common rule to implement Section 619 of the Dodd-Frank Act known as the “Volcker Rule.” The agencies are coordinating their implementation of the common rules and collaborating on responses to interpretive questions. This close partnership enables the Commission to fulfill its statutory mandate to issue and implement rules under Section 619 in coordination with the other rulemaking agencies. Interagency coordination also reduces the potential costs to affected firms that could arise from diverging interpretations of the common rule.

The SEC’s oversight of broker-dealers is in many ways a coordinated effort with FINRA. The SEC and FINRA have regular contact to discuss strategic initiatives, examination coordination, risk assessment efforts, rulemaking issues, and evolving industry risks. This type of coordination is ultimately intended to make oversight of broker-dealers more effective and efficient and improve compliance within the industry. As an example, the two agencies coordinate to formally present Compliance Outreach Seminars to representatives of firms they oversee.

To enhance credit rating agency oversight and foster more effective supervision, the SEC’s Office of Credit Ratings (OCR) meets with international regulators in the Supervisory Colleges for Credit Rating Agencies to share information related to internationally active credit rating agencies.

Strategic Goal 3

Elevate the SEC’s performance by enhancing our analytical capabilities and human capital development

The Office of Human Resources (OHR) participates in quarterly discussions with FDIC, CFTC, OCC, the Federal Housing Finance Agency (FHFA), the National Credit Union

Association (NCUA), and the Farm Credit Administration to benchmark benefits and work-life program offerings among the federal financial regulatory agencies. The goal is to benchmark program areas, share information about human capital management practices, and explore best practices. OHR and these organizations take a biannual survey to benchmark compensation and benefits programs. The survey is conducted by a third party, with the SEC compensation team managing the contract and internal agency agreements. OHR also participates in the Enterprise Data & Analytics Community of Practice, a collaboration effort sponsored by the SEC, GSA, NASAA, OCC, and the U.S. Department of Veterans Affairs to share human capital analytics and data visualization best practices.

In addition, OHR participates in a Financial Agency Rotation (FAR) program with Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) agencies. FAR is an intra-agency detail program specifically for mid-level employees who directly work on financial regulatory and policy issues, to improve employee development and encourage intra-agency cooperation among financial regulators and policymakers.

The Office of the General Counsel (OGC) meets quarterly with labor law attorneys and labor relations specialists from the FIRREA agencies to discuss labor law issues. OGC also participates in a community practice group of attorneys representing federal agencies in employment law matters. Participants regularly schedule speakers from across the federal government to present on new developments in federal employment law. Members also participate in an active listserv to address issues of common concern.

The Office of Information Technology (OIT) works extensively with the U.S. Department of Homeland Security (DHS) and the Office of Management and Budget on the security of agency systems. As one example, the SEC utilizes government-wide DHS offerings meant to help assess and bolster agency information security programs.

The EDGAR Business Office helps the SEC gain efficiencies by participating in the Information Services (Library) collaboration effort with an emphasis on fostering relationships with peer FSOC libraries to develop a forum for discussing common issues, including licensing terms, data sharing, and library infrastructure needs. Participants include the Senate; Georgetown University Law Library; Law Library of Congress; Jones Day; Crowell & Moring; Finnegan; and FSOC libraries. By meeting with peer and other external libraries, the SEC is able to discuss best practices and develop benchmarking metrics.

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

EVIDENCE BUILDING

Internal and external evaluations play a significant role in monitoring and improving SEC program performance. Through objective measurement and analysis, agency managers determine the extent to which programs are achieving mission objectives, allowing them to direct SEC resources accordingly. In FY 2019, there was one Government Accountability Office (GAO) report and four Office of Inspector General (OIG) reports issued related to agency operations. Beyond this, examples of reviews and evaluations that the agency has initiated and plans to continue are listed below.

1. The SEC conducted investor research to better understand how investors interact with markets, including one survey and one round of qualitative research involving focus groups and one-on-one interviews. In addition, the agency conducted surveys focused on improving the experience and satisfaction of investors using the agency's online resources and tools. The Office of Investor Education and Advocacy (OIEA) and the Office of the Investor Advocate (OIAD) will continue to gather information regarding the behavior of Main Street investors, the type of information they need and use when making investment decisions, and the usefulness of the SEC's investor education and other programs.
2. The SEC created the Asset Management Advisory Committee (AMAC) to provide the Commission with diverse perspectives on asset management and related advice and recommendations, including trends and developments affecting investors and market participants; the effects of globalization, including as it relates to operations, risks, and regulation; and changes in the role of technology and service providers. The AMAC held its inaugural meeting in January 2020.
3. The SEC created the Fixed Income Market Structure Advisory Committee (FIMSAC) to provide the Commission with diverse perspectives on the structure and operations of the U.S. fixed income markets, as well as advice and recommendations on matters related to fixed income market structure. Since its inception, the FIMSAC has made 10 recommendations on 9 topics. These recommendations include ideas to improve transparency and promote liquidity for both institutional and retail investors in the corporate bond and municipal securities markets. The FIMSAC continues to consider significant fixed income topics, including rating agency compensation models, index construction, and LIBOR (London Interbank Offered Rate) transition.
4. With respect to rulemaking, the SEC continues to leverage its robust processes for obtaining public input and performing rigorous economic analyses of the agency's rules at both the proposing and adopting stages. These efforts are critical to identifying the benefits and costs of regulatory actions, including situations where a rule's effects may not be consistent with expectations. For example, the Division of Investment Management (IM) has pioneered the development of new and simplified ways for Main Street investors

to provide feedback on proposals that directly affect them. These include a “feedback flier” that allows Main Street investors to submit comments without needing to review the entire rulemaking proposal or write a letter, and the “Tell Us” website, which provides a portal for this feedback. The Commission also reviews its rules retrospectively, listening to investors and others about where rules are, or are not, functioning as intended. The Division of Economic and Risk Analysis (DERA) often plays a critical part in this process. For example, during FY 2019, DERA staff produced papers addressing questions about the effects of changes in trading rules and about information access across markets.

5. The Division of Trading and Markets (TM) hosted roundtables with other regulators and participants in the securities industry during which panelists discussed whether the evolution of public and private market data products and services provided have affected the ability of market participants to obtain the data and access needed to trade effectively in today’s equity market structure. These initiatives are in response to the concern that technology advancement has shifted the market structure outside of the full regulatory landscape. Thus, there is a need to gain clarification on issues such as latency and data content between the securities information processors’ (SIP) public data products and exchange-generated proprietary products. There is also a need to explore whether and how the public SIP data products could be improved. The Commission will continue to assess issues in this area, and is continuing to explore potential rulemaking.
6. The Division of Corporation Finance (CF) plays a significant role in promoting capital formation and broadening investor options by helping companies navigate our regulatory framework to participate in our capital markets in a number of ways, including through our disclosure review program, engagement with individual issuers, investors, and other market participants seeking interpretive guidance, and public outreach efforts. As part of the SEC’s ongoing focus on improving the proxy process and the ability of shareholders to exercise their voting rights, the SEC staff, led by CF and IM, held a roundtable to discuss the proxy process and rules. The event provided a public forum for in-depth discussions with investors, issuers, and other market participants about the proxy voting mechanics and technology, the shareholder proposal process, and the role of proxy advisory firms. The SEC’s Office of the Advocate for Small Business Capital Formation (OASB) has conducted a number of outreach events focused on engagement with small businesses and their investors.
7. The SEC reviews performance goal data on a quarterly basis. Each quarter, the SEC’s performance improvement office reviews the status of performance goals and indicators to determine whether the agency is on target for achieving these goals for the fiscal year. The report includes the quarterly result for each performance goal or indicator and the progress achieved toward meeting the target for the fiscal year. This review process is in line with the Office of Management and Budget and Performance Improvement Council recommendations for frequent data-driven reviews.

LINKS TO ADDITIONAL INFORMATION AND RESOURCES

Reference	URL
FY 2018–FY 2022 Strategic Plan	SEC.gov/strategic-plan
FY 2019 Agency Financial Report	SEC.gov/files/sec-2019-agency-financial-report.pdf
Prior Year Congressional Budget Justifications	SEC.gov/reports
Investor.gov	Investor.gov
Office of the Whistleblower	SEC.gov/whistleblower
Enforcement Actions	SEC.gov/litigation.shtml
Laws that Govern the Securities Industry	SEC.gov/about/laws.shtml
Glossary of Terms and Acronyms	SEC.gov/fast-answers



Division of Investment Management Director Dalia Blass discusses diversity and key human capital issues during a town hall meeting in Washington, DC.



FY 2019 Annual Performance Report (APR) and FY 2021 Annual Performance Plan (APP)

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A READER'S GUIDE TO SEC PERFORMANCE INFORMATION

The SEC's strategic and performance planning framework is based on the FY 2018–FY 2022 Strategic Plan, which is available at [SEC.gov/strategic-plan](https://www.sec.gov/strategic-plan). The Strategic Plan outlines the agency's mission, vision, values, strategic goals, and strategic initiatives. The SEC's work is structured around three strategic goals that also serve as its strategic objectives, as well as 14 strategic initiatives the agency plans to achieve in support of those goals and objectives.

This section comprises the agency's FY 2019 APR and FY 2021 APP, which explain how the SEC uses resources to achieve each of its three strategic goals. For each strategic goal, this section presents the following information:

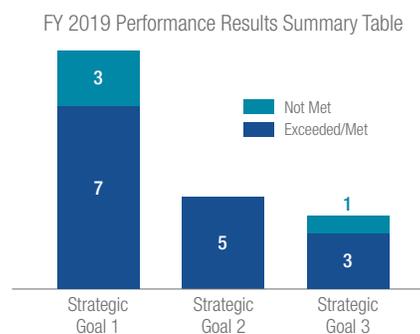
A Strategic Goal Summary: Reviews the purpose of each strategic goal and provides additional information to identify the resources allocated toward achieving the goal.

Performance Goals and Indicators: Presents the performance goals and performance indicators by strategic goal, comparing planned and actual performance levels for FY 2019. Four years of historical data is provided for performance goals and performance indicators where available.

FY 2019 APR AND FY 2021 APP SUMMARY

The SEC dedicates its resources to: (1) focusing on the long-term interests of our Main Street investors; (2) recognizing significant developments and trends in our evolving capital markets and adjusting our efforts to ensure we are effectively allocating our resources; and (3) elevating the SEC's performance by enhancing our analytical capabilities and human capital development. In FY 2019, total SEC obligations were \$1.656 billion in support of 4,350 total full-time equivalents (FTE). Of 19 total performance targets, the agency met or exceeded 15 and did not meet 4.

The budget request for FY 2021 totals \$1.895 billion, an increase of about \$80 million relative to the agency's FY 2020 enacted amount of \$1.815 billion. The FY 2021 budget request funds 4,590 FTEs, an increase of about 240 FTEs compared to the FY 2019 level.



PERFORMANCE SUMMARY BY STRATEGIC GOAL

Strategic Goal 1

Focus on the long-term interests of our Main Street investors

- 1.1 Enhance our understanding of the channels retail and institutional investors use to access our capital markets to more effectively tailor our policy initiatives.
- 1.2 Enhance our outreach, education, and consultation efforts, including in ways that are reflective of the diversity of investors and businesses.
- 1.3 Pursue enforcement and examination initiatives focused on identifying and addressing misconduct that impacts retail investors.
- 1.4 Modernize design, delivery, and content of disclosure so investors, including in particular retail investors, can access readable, useful, and timely information to make informed investment decisions.
- 1.5 Identify ways to increase the number and range of long-term, cost-effective investment options available to retail investors, including by expanding the number of companies that are SEC-registered and exchange-listed.

The SEC places a high priority on direct engagement with Main Street investors and other market participants. In FY 2019, the SEC staff traveled around the country to attend events to educate investors and listen to the challenges they have experienced first-hand in our markets. It is invaluable for the SEC to hear from investors, in their own words, how our capital markets are working for them and how the agency can improve. The SEC staff participated in 510 in-person outreach events that were tailored for senior citizens, educators, current and former military personnel, younger investors, and other traditionally underserved communities. For example, as part of the Teachers Initiative, the Commission launched several investor outreach efforts nationwide with a focus on educators, including a podcast series, local events at schools, seminars, and a conference on investment challenges facing educators. In FY 2019, approximately \$1.11 billion and 2,907 FTEs were directed at achieving results in Strategic Goal 1. Of 10 performance targets, the agency met or exceeded 7 and did not meet 3.

In FY 2021, the SEC plans to continue to take actions to simplify and update disclosure requirements in an effort to enhance the quality of information available to investors and reduce costs for registrants. The Commission proposed additional amendments to modernize the description of business, legal proceedings, and risk factor disclosures that registrants are required to make pursuant to Regulation S-K. The proposal to modernize these core disclosure

requirements recognizes the significant changes that have taken place in our economy in the last 30 years, including that in certain industries, intangible assets—and, in particular, human capital—often are a significant driver of long-term value in today’s global economy.

The SEC will continue its efforts to increase the attractiveness of the public markets. Recently, the SEC expanded a key initiative from the JOBS Act by adopting a rule to extend the “test-the-waters” accommodation to all issuers, not just emerging growth companies. This will allow issuers to gauge market interest in a possible initial public offering (IPO) or other proposed registered securities offering by permitting discussions with certain investors prior to the filing of a registration statement. In FY 2021, the agency is requesting a total of \$1.29 billion and 3,067 FTEs toward achieving results in focusing on the long-term interests of our Main Street investors.

Goal Leader(s): Director, Office of the Investor Advocate; Director, Office of Investor Education and Advocacy; Director, Division of Corporation Finance; Director, Division of Investment Management; Director, Division of Trading and Markets; Director, Division of Enforcement; Director, Division of Economic and Risk Analysis; Director, Office of Compliance Inspections and Examinations

PERFORMANCE GOAL 1 Investor research on the readability/usefulness of disclosures									
Description: This metric indicates the number of times the Commission has collected data directly from investors through research projects such as surveys, focus groups, and one-on-one interviews in order to understand how investors process information to make investment decisions, and to evaluate potential methods for enhancing the readability or usefulness of disclosures.									
Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Research projects	Prior-year data not available			4	16	4	2	6	6
Target: Not Met									
Analysis: Due to the government lapse in appropriations and delays in obtaining budget allocation, the Office of the Investor Advocate’s (OIAD) work plan for FY 2019 was amended to push FY 2019 work to CY 2019 Q4 (FY 2020 Q1). Seven projects are to be completed in CY 2019.									
Plan for Improving Program Performance: OIAD’s work plan for FY 2020 was revised to incorporate research projects that were not completed due to the government shutdown. Additional resources including a senior economist and contractor resources have been identified to assist in completing the planned research projects.									
Responsible Division/Office: Office of the Investor Advocate									
Data Source: Internal Tracking Log									

PERFORMANCE GOAL 2
Number of outreach events, roundtables, educational, and information sessions for different types of investors/market participants

Description: This metric indicates the number of two types of activities: (1) educational events that are designed primarily to provide individual investors and the general public with information about investing and the securities markets; and (2) outreach events that are designed primarily to engage with investors (including small business investors) and receive feedback about policy questions. Outreach events could include public events, meetings with groups of investors, or a coordinated series of one-on-one meetings (not routine meetings with advocacy groups).

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Educational events	Prior-year data not available				N/A	350	510	350	400
Outreach events	Prior-year data not available				19	10	40	31	29

Target: Educational events–Exceeded; Outreach events–Exceeded

Analysis: In FY 2019, the SEC staff exceeded the goals for investor educational events and outreach events by focusing on different segments of the population, including senior citizens, both current and former military personnel, teachers, younger investors, and other affinity groups. A number of the events occurred during World Investor Week, a global initiative promoted by the International Organization of Securities Commissions to raise awareness about the importance of investor education and protection. The SEC staff led U.S. efforts and organized outreach events around the country with the Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, and the North American Securities Administrators Association to highlight key investor education messages.

Responsible Division/Office: Office of Investor Education and Advocacy; Office of the Investor Advocate

Data Source: Internal Tracking Logs

PERFORMANCE GOAL 3
Percentage of enforcement actions in which the Commission obtained relief on one or more claims

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

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Percentage	94%	95%	97%	94%	92%	92%	95%	92%	92%

Target: Exceeded

Analysis: In addition to securing victories in specific cases through litigation and trial, the SEC’s litigation efforts also help the agency obtain appropriate settlements in other cases by demonstrating that it will pursue litigation and trial, if necessary, to obtain appropriate relief. The SEC endeavors to resolve actions quickly and on a favorable basis, where practicable, while at the same time filing contested matters where favorable settlements are unavailable before filing. The agency seeks to direct its limited resources toward cases that are likely to have the greatest impact in furthering of the SEC’s mission.

Responsible Division/Office: Division of Enforcement

Data Source: Case Tracking System for the Division of Enforcement

PERFORMANCE GOAL 4

Percentage of investment advisers and broker-dealers examined during the year

Description: Investment advisers and broker-dealers are critical market participants in terms of their interactions with retail investors. This metric indicates the volume of advisers and broker-dealers examined by the SEC or a self-regulatory organization (SRO) as a percentage of the total number of registrants. This metric includes all types of examinations: risk priority examinations, cause inspections to follow up on tips and complaints, limited-scope special inspections to probe emerging risk areas, and oversight examinations of broker-dealers to test compliance and the quality of examination by the Financial Industry Regulatory Authority (FINRA).

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Investment advisers	10%	10%	11%	15%	17%	13%	15%	16%	16%
Broker-dealers	49%	51%	50%	48%	48%	45%	43%	43%	44%

Target: Investment advisers—Exceeded; Broker-dealers—Not Met

Analysis: FY 2019 examination priorities focused on both investment advisers (IA) and broker-dealers (BD) in an effort to protect retail investors and address critical risks in the marketplace. Although coverage rates declined slightly from the FY 2018 levels due, in part, to the government shutdown, these rates were close to expectations and will remain a priority in future years, as building and maintaining examination coverage of the industry helps the Commission promptly detect violations of federal securities laws and promote compliance with such laws.

Plan for Improving Program Performance: The performance target for broker-dealer coverage was set at an approximate level and the deviation from the target was minimal. Broker-dealer examinations and coverage will be a continued focus for regulators during FY 2020 and FY 2021, and the Commission anticipates that annual coverage levels will remain significant going forward.

Responsible Division/Office: Office of Compliance Inspections and Examinations

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

PERFORMANCE GOAL 5

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

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

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Percentage	81%	96%	93%	96%	92%	80%	93%	80%	80%

Target: Exceeded

Analysis: In FY 2019, the division exceeded the target by 13 percentage points. Going forward, the division will continue its efforts to prioritize the timeliness and efficiency of distributing funds, which have been enhanced through such efforts as centralizing the function and implementing various process improvements.

Responsible Division/Office: Division of Enforcement

Data Source: Case Tracking System for the Division of Enforcement

PERFORMANCE GOAL 6

Number of regulatory initiatives (i.e., concept, proposing, and adopting releases and exemptive orders) that could impact a company's ability to become and remain a public company, or that are designed to expand the number or range of cost-effective investment options available to retail investors

Description: The SEC staff provides policy recommendations to the Commission that are designed to promote capital formation while maintaining investor protection and to help improve the retail investor experience. This includes recommending proposed rules, final rules, public requests for comment, issuance of exemptive orders, and other initiatives that seek to facilitate investment product innovation, reduce regulatory burdens, and/or help retail investors have the tools and information they need to access and understand the investment options available to them.

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Corporation Finance rulemaking		Prior-year data not available				9	12	9	9
Investment Management rulemaking		Prior-year data not available				10	18	15	12
Investment Management exemptive orders		Prior-year data not available				135	101	135	135

Target: Corporation Finance rulemaking—Exceeded; Investment Management rulemaking—Exceeded; Investment Management exemptive orders—Not Met

Analysis: During FY 2019, the SEC recommended to the Commission a number of rulemakings that were designed to lower barriers to entry and expand the number or range of cost-effective investment options available to investors. Through the staff's efforts during the fiscal year, these divisions were able to effectively use the Commission's time to complete more rulemakings than was initially targeted.

Plan for Improving Program Performance: Exemptive applications are submitted by applicants voluntarily and not required by the Commission, thus the actual figures may vary greatly from year to year depending on market developments and trends. The prolonged government shutdown in FY 2019 was also a key factor that contributed to the lower numbers, as the staff was not able to review and process applications during that time. Also, the agency believes the anticipated adoption of the exchange-traded fund (ETF) rule—which would allow new ETFs to be launched without exemptive relief—contributed to lower figures, as ETF applicants seeking exemptive relief were waiting for the outcome of the rule. The Commission also recently issued a proposing release on a new expedited applications process that will, if adopted in FY 2020, enable quicker issuance of certain exemptive orders and hence may impact the number of applications received and approved.

Responsible Division/Office: Division of Corporation Finance; Division of Investment Management

Data Source: Internal Databases

PERFORMANCE INDICATOR 1

Number of companies that are SEC-registered and exchange-listed

Description: The estimated number of companies that are both SEC-registered (by annual filings 10-K, 20-F, and 40-F) and are listed on major U.S. exchanges.

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Actual
Number of companies	4,378	4,406	4,262	4,243	4,333	4,294

Responsible Division/Office: Division of Economic and Risk Analysis

Data Source: The Center for Research in Securities Prices (CRSP)

Strategic Goal 2

Recognize significant developments and trends in our evolving capital markets and adjust our efforts to ensure we are effectively allocating our resources

- 2.1 Expand market knowledge and oversight capabilities to identify, understand, analyze, and respond effectively to market developments and risks.
- 2.2 Identify, and take steps to address, existing SEC rules and approaches that are outdated.
- 2.3 Examine strategies to address cyber and other system and infrastructure risks faced by our capital markets and our market participants.
- 2.4 Promote agency preparedness and emergency response capabilities.

The capital markets are evolving rapidly, mainly as a result of technology and broad, global macroeconomic factors. Staying up-to-date with market trends and developments is critical to the SEC's ability to remain an effective regulator. The SEC regulates the major securities market participants, including broker-dealers, transfer agents, securities information processors, securities exchanges, clearing agencies, and other self-regulatory organizations such as the Financial Industry Regulatory Authority. In FY 2019, the SEC continued to be responsive and innovative in the face of significant market developments and trends. The SEC launched FinHub, the Strategic Hub for Innovation and Financial Technology, a resource for public engagement on the Commission's FinTech-related issues and initiatives. The Cyber Unit investigated and recommended enforcement actions against fraudulent ICOs and in other cryptocurrency-related cases. In FY 2019, approximately \$206 million and 540 FTEs were directed at achieving results in Strategic Goal 2. Of five performance targets, the agency met or exceeded all five.

In FY 2021, the agency will continue to strive to ensure that as technology and business practices evolve, so too will the regulatory framework to identify and respond effectively to market developments and risks such as Brexit and the London Interbank Offered Rate (LIBOR) transition.

For Brexit, the SEC's responsibility is primarily related to the impact it will have on U.S. capital markets, and SEC staff will continue to focus on the disclosures that companies and advisers make related to Brexit and the functioning of our market utilities and other infrastructure. The SEC will continue to monitor and plan for potential Brexit-related impacts on U.S. investors and markets.

The SEC will continue to increase its attention to issues raised by the expected transition away from LIBOR as a benchmark for short-term interest rates, including market function and investor protection risks. LIBOR is used extensively in the United States and globally as

a benchmark to set interest rates for various commercial and financial contracts; as such, the discontinuation of LIBOR at the end of 2021 could have a significant impact on financial markets and may present a material risk for market participants, including public companies, exchanges, clearing agencies, investment advisers, investment companies, and broker-dealers.

In FY 2021, the agency is requesting a total of \$239 million and 570 FTEs to direct toward achieving results in recognizing significant developments and trends in the evolving capital markets.

Goal Leader(s): General Counsel; Director, Division of Trading and Markets; Director, Division of Corporation Finance; Director, Division of Investment Management; Director, Division of Economic and Risk Analysis; Director, Office of Compliance Inspections and Examinations; Director, Office of Support Operations; Director, Office of Information Technology

PERFORMANCE GOAL 7
Respond to 95 percent of written requests for guidance within 90 days, in accordance with timeframes established by SEC policy

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

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Division of Trading and Markets (TM)		Prior-year data not available				95%	98%	95%	95%
Division of Investment Management (IM)		Prior-year data not available				95%	100%	95%	95%
Division of Corporation Finance (CF)		Prior-year data not available				95%	99%	95%	95%

Target: TM–Exceeded; IM–Exceeded; CF–Exceeded

Analysis: During FY 2019, the SEC continued to exceed its target of issuing initial comments on exemptive applications and guidance letters within 90 days. The agency has been able to achieve this level of success because providing initial comments within the targeted timeframe has been a continuing priority.

Responsible Division/Office: Division of Trading and Markets; Division of Investment Management; Division of Corporation Finance

Data Source: CCO Project Tracker (IM) and Internal Databases (CF, TM)

PERFORMANCE GOAL 8
Number of examinations that request information related to an entity's information security

Description: Managing cyber and information risks is critical to the operation of the financial markets. As a result, the SEC's risk-based examination program will ensure that a portion of its exams each year will assess whether regulated entities are monitoring, managing, and appropriately addressing these types of risks. The results of these important reviews will inform the SEC regarding industry developments and future work in this area. Overall, this metric reflects the continued focus of the SEC's examination program in this area by measuring the number of examinations reviewing critical cyber and information risks.

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Number of examinations that request information		Prior-year data not available				150	229	300	350

Target: Exceeded

Analysis: During FY 2019, more than 225 examinations requested information related to information security, the results of which helped to determine whether market participants are actively engaged in monitoring and addressing critical risks in this area. These examinations also helped the Commission monitor industry developments so that future oversight efforts can be appropriately planned and executed. The program intends to continue its significant cyber and information security examination work in future years.

Responsible Division/Office: Office of Compliance Inspections and Examinations

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

PERFORMANCE GOAL 9
Conduct at least a certain number of disaster recovery, crisis management, or incident response exercises

Description: Emergency preparedness is tested in an annual FEMA-directed exercise (called Eagle Horizon) that focuses on Continuity of Operations (COOP). Additionally, the SEC will also conduct tests through Occupant Emergency Plan (OEP) evacuation and Shelter-In-Place (SIP) exercises, and aims to enhance its computing infrastructure to eliminate down time if systems at one site fail.

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Number of response exercises		Prior-year data not available				11	12	11	11

Target: Exceeded

Analysis: During FY 2019, the SEC conducted one additional SIP exercise; this is the result of breaking a large drill into two smaller drills.

Responsible Division/Office: Office of Information Technology; Office of Support Operations

Data Source: Data Center Services Branch and Internal Tracking Log

Strategic Goal 3

Elevate the SEC's performance by enhancing our analytical capabilities and human capital development

- 3.1 Focus on the SEC's workforce to increase our capabilities, leverage our shared commitment to investors, and promote diversity, inclusion, and equality of opportunity among the agency's staff.
- 3.2 Expand the use of risk and data analytics to inform how we set regulatory priorities and focus staff resources, including developing a data management program that treats data as an SEC-wide resource with appropriate data protections, enabling rigorous analysis at reduced cost.
- 3.3 Enhance our analytics of market and industry data to prevent, detect, and prosecute improper behavior.
- 3.4 Enhance the agency's internal control and risk management capabilities, including developing a robust and resilient program for dealing with threats to the security, integrity, and availability of the SEC's systems and sensitive data.
- 3.5 Promote collaboration within and across SEC offices to ensure we are communicating effectively across the agency, including through evaluation of key internal processes that require significant collaboration.

The SEC is committed to the agency's performance through technology, data analytics, and human capital to ensure effective and efficient operation in the ever-evolving capital markets ecosystem. The SEC understands that maintaining a high level of staff engagement, performance, and morale is critical to its ability to execute the agency's mission. Over the past eight years, the SEC has made tremendous improvement in its ranking among the *Best Places to Work* for mid-size agencies, climbing from #27 in FY 2011 to maintaining at least a Top 5 ranking the past three years. These positive results reflect the culmination of a persistent, multi-year effort by the SEC employees, the National Treasury Employees Union, and the SEC's leadership team in working together to create an environment that engages employees and supports their commitment to excellence on behalf of Main Street investors and the capital markets. In FY 2019, approximately \$343.8 million and 903 FTEs were directed at achieving results in Strategic Goal 3. Of four performance targets, the agency met or exceeded three and did not meet one.

In FY 2021, the SEC seeks to conduct hiring in critical areas such as enforcement and examinations, market oversight, cybersecurity, and small business capital formation. The SEC understands it must continue to add high-quality individuals who have the experience and expertise necessary to enhance our market oversight and improve our ability to serve Main Street investors. In FY 2021, the agency is requesting a total of \$400 million and 953 FTEs toward achieving results in elevating SEC performance by enhancing our analytical capabilities and human capital development.

Goal Leader(s): Chief Operating Officer; Director, Office of Human Resources; Director, Office of Information Technology; Director, Office of Support Operations

PERFORMANCE GOAL 10
Results of Federal Employee Viewpoint Survey

Description: The data gathered via the Federal Employee Viewpoint Survey (FEVS) will be used to determine the SEC’s overall success in improving employee morale and cooperation. Specifically, this performance goal will be measured via the Partnership for Public Service’s *Best Places to Work* ranking for mid-size federal agencies, as well as the percentage of positive responses to the cooperative subfactor of the FEVS, which focuses on managerial communication and collaboration.

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
<i>Best Places to Work</i> ranking	Ranked #14	Ranked #10	Ranked #6	Ranked #5	Ranked #3	Ranked #5	Ranked #5	Ranked #5	Ranked #3
Cooperative subfactor	54%	56%	62%	69%	71%	65%	69%	70%	70%

Target: *Best Places to Work* ranking—Met; Cooperative subfactor—Exceeded

Analysis: These results would not be possible were it not for the efforts of hundreds of managers, frontline staff, and union representatives working together to improve employee satisfaction and engagement. The FEVS program focuses on driving a high response rate to the FEVS each year to ensure accurate results, and helping SEC divisions and offices improve on their specific results through collaboration, use of various tools, and consulting services led by the Office of Human Resources.

Responsible Division/Office: Office of Human Resources

Data Source: Annual Partnership for Public Service calculated ranking based on Annual Employee Viewpoint Survey (EVS) administered by the Office of Personnel Management

PERFORMANCE GOAL 11
Percentage of Plan of Action and Milestones (POA&Ms) closed or mitigated within six months from identification

Description: The metric captures the percent of POA&Ms closed or mitigated within six months from identification, as determined by the Enterprise Governance, Risk, and Compliance Capability.

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual ¹	FY 2020 Estimate	FY 2021 Estimate
Percentage	Prior-year data not available				27.9%	35.0%	36.7%	40.0%	45.0%

Target: Exceeded

Analysis: During FY 2019, the SEC continued to work proactively to address the backlog of existing POA&Ms that are more than six months old. The SEC exceeded the target by implementing mandatory triggered actions for POA&Ms that remained unaddressed beyond established risk-based remediation timeframes.

Responsible Division/Office: Office of Information Technology

Data Source: Information Securities—Enterprise Governance, Risk, and Compliance Capability

PERFORMANCE GOAL 12
Percentage of GAO and OIG recommendations closed out within 12 months

Description: Timely completion of audit recommendations is an important SEC priority. This metric measures how well the Commission is doing completing corrective action on GAO and OIG audit recommendations within 12 months.

Fiscal Year	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Plan	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
GAO and OIG recommendations	Prior-year data not available				72%	65%	50%	65%	65%

Target: Not Met

Analysis: In FY 2019, the SEC closed 50 percent of open GAO and OIG audit recommendations within one year of issuance, which was below its target of 65 percent; however, the SEC also closed an additional eight open GAO and OIG audit recommendations right after the 12-month milestone, which would have resulted in a 62 percent completion rate. In addition, in FY 2019 the SEC closed more aged recommendations—i.e., those open for more than 12 months—than in any of the previous 4 years.

Plan for Improving Program Performance: The SEC will focus on improving how the agency addresses its open audit recommendations in a timely manner and further enhancing its audit follow-up program. In FY 2019, the SEC hired its first ever Chief Risk Officer to help lead the team that is dedicated to ensuring the timely completion of agency corrective actions. In early FY 2020, the agency also hired a full-time audit liaison who will focus on enhancing and coordinating procedures, monitoring corrective action responses, and improving the agency’s communication with audit organizations.

Responsible Division/Office: Office of the Chief Operating Officer

Data Source: Audit Management System (Archer)

¹ The FY 2019 percentage is based on the new calculation methodology. POA&Ms are identified within a 12-month period, where the end of that 12-month period is 6 months prior to the reporting period.



Division of Investment Management, Chief Accountant's Office Annual Alumni Event in Washington, DC.



Appendices

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APPENDIX A: VERIFICATION AND VALIDATION OF PERFORMANCE DATA

The SEC's programs require accurate data to properly assess program performance and make sound management decisions. To ensure data is correct, a system of data verification and validation is used. Data verification is a systematic process for evaluating a set of data against 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 in an effort to ensure that performance data are free of systematic error or bias, and that what is intended to be measured is actually measured. Together, these processes are used to evaluate whether the information has been generated according to specifications, satisfies acceptance criteria, and is appropriate and consistent with its intended use.

Below is a list of steps taken to ensure the performance data presented in this report is complete, reliable, and accurate.

1. The agency develops performance goals through its strategic planning process.
2. The SEC's divisions and offices provide:
 - The procedures used to obtain assurance as to the accuracy and reliability of the data;
 - The data definitions for reference;
 - Documentation and explanation of the performance goal calculations; and
 - The sources of the underlying data elements.
3. The performance data is approved by the division directors and office heads. This process ensures that the data used in the calculation of performance goals is accurate and reliable, and that internal control is maintained throughout the approval process.

APPENDIX B: SEC'S RESPONSES TO GOVERNMENT ACCOUNTABILITY OFFICE REPORTS

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

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

GAO Report: "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO-19-483, dated June 26, 2019)



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

August 22, 2019

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Brown:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the proposed rule.

In its report, GAO's review did not identify any deficiencies in the practices the SEC's Office of the Secretary (OS) currently follows to intake, analyze, and post comment letters. However to support the integral role the public plays in the Commission's rulemaking process, GAO recommends that federal agencies, including the SEC, develop a policy for posting duplicate comments and associated identity information. More importantly, the policy should be clearly communicated to the public on the SEC's website. I support this recommendation, and have asked staff to promptly formalize a written internal policy and communicate that policy to the public on our website.

If you have any questions or would like to discuss this response in more detail, please contact me at (202) 551-2100, or have a member of your staff contact Holli Heiles Pandol, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jay Clayton".

Jay Clayton
Chairman

GAO Report: "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO-19-483, dated June 26, 2019)



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

August 22, 2019

The Honorable Michael Crapo
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the purposed rule.

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Sincerely,

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Jay Clayton
Chairman

GAO Report: "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO-19-483, dated June 26, 2019)



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

August 22, 2019

The Honorable Elijah Cummings
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Cummings:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the purposed rule.

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Jay Clayton
Chairman

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

August 22, 2019

The Honorable Kay Granger
Ranking Member
Committee on Appropriations
U.S. House of Representatives
1016 Longworth House Office Building
Washington, DC 20515

Dear Ranking Member Granger:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the purposed rule.

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Sincerely,

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Jay Clayton
Chairman

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

August 22, 2019

The Honorable Ron Johnson
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Johnson:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the proposed rule.

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Sincerely,

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Jay Clayton
Chairman

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

August 22, 2019

The Honorable Jim Jordan
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

Dear Ranking Member Jordan:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the purposed rule.

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Jay Clayton
Chairman

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

August 22, 2019

The Honorable Patrick Leahy
Vice Chairman
Committee on Appropriations
United States Senate
S-146, The Capitol
Washington, DC 20510

Dear Vice Chairman Leahy:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the proposed rule.

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Jay Clayton
Chairman

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

August 22, 2019

The Honorable Nita Lowey
Chairwoman
Committee on Appropriations
U.S. House of Representatives
H-307, The Capitol
Washington, DC 20515

Dear Chairwoman Lowey:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the purposed rule.

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If you have any questions or would like to discuss this response in more detail, please contact me at (202) 551-2100, or have a member of your staff contact Holli Heiles Pandol, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jay Clayton", is written over a circular stamp. The stamp contains the text "Jay Clayton" and "Chairman" below it.

Jay Clayton
Chairman

GAO Report: "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO-19-483, dated June 26, 2019)



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

August 22, 2019

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear Ranking Member McHenry:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the purposed rule.

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Jay Clayton
Chairman

GAO Report: "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO-19-483, dated June 26, 2019)



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

August 22, 2019

The Honorable Gary Peters
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

Dear Ranking Member Peters:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the proposed rule.

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Sincerely,

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Jay Clayton
Chairman

GAO Report: "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO-19-483, dated June 26, 2019)



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

August 22, 2019

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

Dear Chairman Shelby:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the purposed rule.

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Sincerely,

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Jay Clayton
Chairman

GAO Report: "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO-19-483, dated June 26, 2019)



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

August 22, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Waters:

I am pleased to respond to the recommendation made by the U.S. Government Accountability Office (GAO) to the Securities and Exchange Commission (SEC) in its June 2019 Report entitled "Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process" (GAO 19-483). The report examines the Administrative Procedure Act (APA) requirement to agencies to publish Notices of Proposed Rulemaking (NPRM) in the Federal Register and provide interested commenters an opportunity to comment on the purposed rule.

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Jay Clayton
Chairman

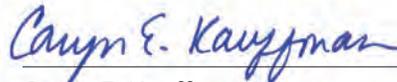
APPENDIX C: INFORMATION TECHNOLOGY RESOURCE STATEMENT

In compliance with the Federal Information Technology Acquisition Reform Act of 2014 (FITARA) (P.L. 113-291), we hereby affirm the following:

- The Chief Information Officer (CIO) has collaborated with all divisions and offices and the Chief Financial Officer (CFO) on the information technology (IT) portions of the SEC's budget submission, and that this budget request includes appropriate estimates of all IT resources.
- The CIO has reviewed and had significant input in approving IT investments included in this budget request.
- The CIO, working with the CFO, had a significant role in reviewing planned IT support for major programs and significant increases and decreases in IT resources reflected in this budget.
- The SEC has fully implemented its plan to ensure that all common baseline FITARA responsibilities are in place.
- The CIO certifies the use of incremental development practices for major systems development across the SEC.
- The CIO, in his role as Senior Agency Official for Privacy (SAOP), has reviewed the IT budget submission, and that privacy requirements, as well as any associated costs, are explicitly identified and included with respect to any IT resources that will be used to create, collect, use, process, store, maintain, disseminate, disclose, or dispose of personally identifiable information (PII).
- We have made no solicitations for new or modernized technology or services for which a Quality Service Management Office (QSMO) has been pre-designated.



David Bottom
Chief Information Officer



Caryn E. Kauffman
Chief Financial Officer

APPENDIX D: THE SEC'S GOOD ACCOUNTING OBLIGATION IN GOVERNMENT ACT (GAO-IG ACT) REPORT

The following information is provided pursuant to Section 2(b) of the GAO-IG Act relating to U.S. Government Accountability Office (GAO) and SEC Office of Inspector General (OIG) audit recommendations outstanding for longer than one year. Specifically, the following information is being submitted within the SEC's annual budget justification submitted to Congress:

- Status of public GAO recommendations outstanding for longer than one year, along with whether they have a clear budget implication and the estimated completion date (Section 1);
- Status of public OIG recommendations outstanding for longer than one year, status of corrective actions being taken, and the estimated completion date (Section 2);
- A reconciliation of the GAO recommendations listed in this report with the ones identified on the GAO website (Section 3);
- A reconciliation of the OIG recommendations listed in this report compared with the ones shown in the latest OIG Semiannual Report (Section 4); and
- A statement by the agency regarding corrective actions on audit recommendations outstanding for less than one year (Section 5).

Section 1: Status of public GAO recommendations outstanding for longer than one year that are designated by GAO as “open” or “closed, unimplemented,” recommendation status, and the estimated completion date.¹ None of the six open recommendations listed in the below table have clear budget implications, and the SEC is taking corrective actions on all of the recommendations.

SECTION 1 Status of Public GAO “Open” Recommendations		
Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
GAO-13-621 Securities and Exchange Commission: Improving Personnel Management Is Critical for Agency's Effectiveness (dated 7/18/2013)	Conduct periodic validations (with staff input) of the performance management system and make changes, as appropriate, based on these validations.	Corrective actions in progress (Summer 2021)
GAO-17-464 Telecommunications: Agencies Need to Apply Transition Planning Practices to Reduce Potential Delays and Added Costs (dated 9/21/2017)	The Chairman of the Securities and Exchange Commission should ensure that the Commission's Chief Information Officer identifies the agency's future telecommunications needs, areas for optimization, and the costs and benefits of new technology; completes a strategic analysis of the commission's telecommunications requirements; and incorporates the identified requirements into transition planning.	Corrective actions are complete. SEC will be requesting closure of this recommendation. (Winter 2020)
GAO-17-464 Telecommunications: Agencies Need to Apply Transition Planning Practices to Reduce Potential Delays and Added Costs (dated 9/21/2017)	The Chairman of the Securities and Exchange Commission should ensure that the Commission's Chief Information Officer identifies roles and responsibilities related to the management of assets and human capital and legal expertise for the transition; includes key local and regional officials in SEC's transition communication plan; and completes efforts to use configuration and change management processes in the transition.	Corrective actions in progress (Fall 2020)
GAO-17-464 Telecommunications: Agencies Need to Apply Transition Planning Practices to Reduce Potential Delays and Added Costs (dated 9/21/2017)	The Chairman of the Securities and Exchange Commission should ensure that the Commission's Chief Information Officer identifies the resources needed for the full transition, justifies requests for transition resources, identifies staff resources needed for the full transition, and completes efforts to analyze training needs for staff assisting with the transition.	Corrective actions in progress (Fall 2020)

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¹ The SEC is not reporting on historical recommendations closed more than 5 years ago. The SEC does not have any recommendations designated by GAO as "closed, unimplemented" that are less than 5 years old.

SECTION 1
Status of Public GAO “Open” Recommendations

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<p>GAO-17-464 Telecommunications: Agencies Need to Apply Transition Planning Practices to Reduce Potential Delays and Added Costs (dated 9/21/2017)</p>	<p>The Chairman of the Securities and Exchange Commission should ensure that the Commission's Chief Information Officer completes efforts to demonstrate that the commission's transition goals and measures align with its mission, identifies transition risks related to critical systems and continuity of operations, and identifies mission-critical priorities in SEC's transition timeline.</p>	<p>Corrective actions in progress (Fall 2020)</p>
<p>GAO-18-256 Financial Services Regulation: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced (dated 1/30/2018)</p>	<p>SEC should publicly disclose its section 610 reviews, or summaries of the reviews, with the basis for any conclusions. Such disclosure could include publishing results in the Federal Register or on the agency's website.</p>	<p>SEC plans to request closure of the recommendation.</p>

Section 2: Status of public OIG recommendations outstanding for longer than one year, recommendation status, and estimated completion date. There are 25 OIG recommendations in this category.

SECTION 2 Status of Public OIG Recommendations with No Final Action Taken		
Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	Define and implement a process that includes clear roles and responsibilities for developing and maintaining a comprehensive and accurate inventory of agency information systems [non-public information].	Corrective actions in progress (Spring 2020)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	Define and implement a process to develop and maintain up-to-date inventories that include detailed information necessary for tracking and reporting of hardware assets connected to the agency's network, and [non-public information].	Corrective actions in progress (Fall 2020)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	(a) Continue efforts to define and formalize a plan addressing how enterprise architecture program management will be integrated with other institutional management disciplines, such as organizational strategic planning, strategic human capital management, performance management, information security management, and capital planning and investment control; and (b) define and implement a process to ensure information technology initiatives undergo an enterprise architecture compliance review before funding.	Corrective actions in progress (Summer 2020)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	Improve the agency's acquisition of information systems, system components, and information system services by coordinating with the Office of Acquisitions to (a) identify, review, and modify as necessary the agency's existing information technology contracts (including those we reviewed) to ensure the contracts include specific contracting language, such as information security and privacy requirements, material disclosures, Federal Acquisition Regulation clauses, and clauses on protection, detection, and reporting of information; and (b) define and implement a process to ensure that future acquisitions of information technology services and products include such provisions.	Corrective actions in progress (Winter 2020)

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SECTION 2
Status of Public OIG Recommendations with No Final Action Taken

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	Develop, review, and approve secure baselines for all systems included in the [non-public information].	Corrective actions in progress (Winter 2020)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	Define and implement a process, including roles and responsibilities, to routinely: (a) [non-public information]; (b) perform [non-public information] of all devices within the agency's network; and (c) document, track, and address the [non-public information], including those issues and vulnerabilities identified as unmitigated at the time of our audit.	Corrective actions in progress (Spring 2020)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	[Non-public information]	Corrective actions in progress (Winter 2020)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	[Non-public information]	Corrective actions are complete. SEC will be requesting closure of this recommendation. (Winter 2020)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	Develop and implement a process to ensure that all individuals with significant security responsibilities receive required specialized training before gaining access to information systems or before performing assigned duties.	Corrective actions in progress (Spring 2020)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	Update the existing continuous monitoring strategy to define (a) qualitative and quantitative performance measures or data that should be collected to assess the effectiveness of the agency's continuous monitoring program; (b) procedures for reviewing and modifying all aspects of the agency's continuous monitoring strategy; and (c) the agency's ongoing authorization process.	Corrective actions in progress (Spring 2020)

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SECTION 2
Status of Public OIG Recommendations with No Final Action Taken

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	Review and update incident response plans, policies, procedures, and strategies to (a) address all common threat and attack vectors and the characteristics of each particular situation; (b) identify and define performance metrics that will be used to measure and track the effectiveness of the agency's incident response program; (c) develop and implement a process to ensure that incident response personnel obtain data supporting the incident response metrics accurately, consistently, and in a reproducible format; (d) define incident response communication protocols and incident handlers' training requirements; and (e) remove outdated terminology and references.	Closure request submitted to OIG. Actions completed, pending confirmation by OIG.
546 Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (Nonpublic) (dated 3/30/2018)	Perform an assessment of existing incident response reporting mechanisms, and develop a process to periodically measure and ensure the timely reporting of incidents to agency officials and external stakeholders.	Corrective actions are complete. SEC will be requesting closure of this recommendation. (Winter 2020)
547 Audit of the SEC's Internal Controls for Retaining External Experts and Foreign Counsel for the Division of Enforcement (dated 6/15/2018)	Work with the Division of Enforcement to develop a process that ensures contracting officers enforce contract requirements related to personally identifiable information, when necessary, for any new contracts for expert services.	Corrective actions in progress (Spring 2020)
549 The SEC Made Progress But Work Remains To Address Human Capital Management Challenges and Align With the Human Capital Framework (dated 9/11/2018)	Finalize standard operating procedures for the agency's performance management program.	Corrective actions in progress (Spring 2021)
550 Evaluation of the EDGAR System's Governance and Incident Handling Processes (Non-public Report) (dated 9/21/2018)	[Non-public information]	Corrective actions are complete. SEC will be requesting closure of this recommendation. (Winter 2020)

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SECTION 2
Status of Public OIG Recommendations with No Final Action Taken

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
550 Evaluation of the EDGAR System's Governance and Incident Handling Processes (Non-public Report) (dated 9/21/2018)	[Non-public information]	Corrective actions in progress (Spring 2020)
552 Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	Update configuration management procedures to require that [non-public information] are approved.	Corrective actions in progress (Spring 2020)
552 Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	Update configuration management procedures to require [non-public information].	Corrective actions in progress (Spring 2020)
552 Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	Complete initiatives to implement [non-public information].	Corrective actions are complete. SEC will be seeking closure of this recommendation. (Winter 2020)
552 Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	Complete initiatives to implement [non-public information].	Corrective actions in progress (Spring 2022)
552 Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	Update procedures for the [non-public information].	Corrective actions in progress (Spring 2020)

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SECTION 2
Status of Public OIG Recommendations with No Final Action Taken

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
552 Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	Define and implement a control to detect instances where contractor personnel received network accounts but were not assigned privacy and information security awareness training, nor tracked within system reporting tools.	Corrective actions in progress (Winter 2020)
552 Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	[Non-public information]. Additionally, Office of Information Technology should develop [non-public information]. Accordingly, Office of Information Technology should update policies and procedures to [non-public Information].	Corrective actions in progress (Spring 2020)
552 Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	[Non-public information]	Corrective actions in progress (Spring 2020)
552 Fiscal Year 2018 Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/17/2018)	Establish a process to improve coordination and communication among the various Office of Information Technology teams [non-public information].	Corrective actions in progress (Spring 2020)

Section 3: GAO.gov Recommendation Database Reconciliation

Section 1 of this report lists six open GAO recommendations. The GAO.gov Recommendation Database lists 16 open recommendations as of January 10, 2020. Three of the 16 recommendations on GAO.gov’s site were recently closed, as communicated by GAO. GAO is in the process of updating its website. Seven of the open recommendations on GAO.gov’s site were not older than one year on the date the annual budget justification was submitted.

The table below provides more detailed information on the three recommendations currently listed as “open” on the GAO.gov site but for which GAO has communicated to SEC the intention to close and as such are not listed in Section 1.

SECTION 3 Analysis of Discrepancies Between Section 1 Table and GAO.gov Recommendation Database		
Report Number, Title, and Date	Recommendation	Analysis
GAO-09-483 Regulation SHO: Recent Actions Appear to Have Initially Reduced Failures to Deliver, but More Industry Guidance is Needed (dated 5/12/2009)	To address the current information gap in Regulation SHO for prime brokerage arrangements and mitigate the impact of any unintended consequences caused by SEC rules, as well as ensure consistent implementation of SEC rules by the industry, the Chairman should finalize, in an expedited manner upon finalization of the temporary rule, the revised 1994 Prime Broker Letter.	Closed by auditors
GAO-17-469 Information Security: SEC Improved Control of Financial Systems but Needs to Take Additional Actions (dated 7/27/2017)	Maintain up-to-date network diagrams and asset inventories in the system security plans for GSS and a key financial system to accurately and completely reflect the current operating environment.	Closed by auditors
GAO-19-483 Federal Rule Making Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment Process (dated 6/26/2019)	The Chairman of the Securities and Exchange Commission (SEC) should develop a policy for posting duplicate comments and associated identity information and clearly communicate it to the public on the SEC website.	Closed by auditors

Section 4: OIG Semiannual Report Reconciliation

There is one discrepancy between Table 3 in the OIG Semiannual Report dated April 1, 2019–September 30, 2019 (OIG Report) and the table presented in Section 2 of this report. Since the issuance of the OIG Report, the OIG has closed one recommendation.

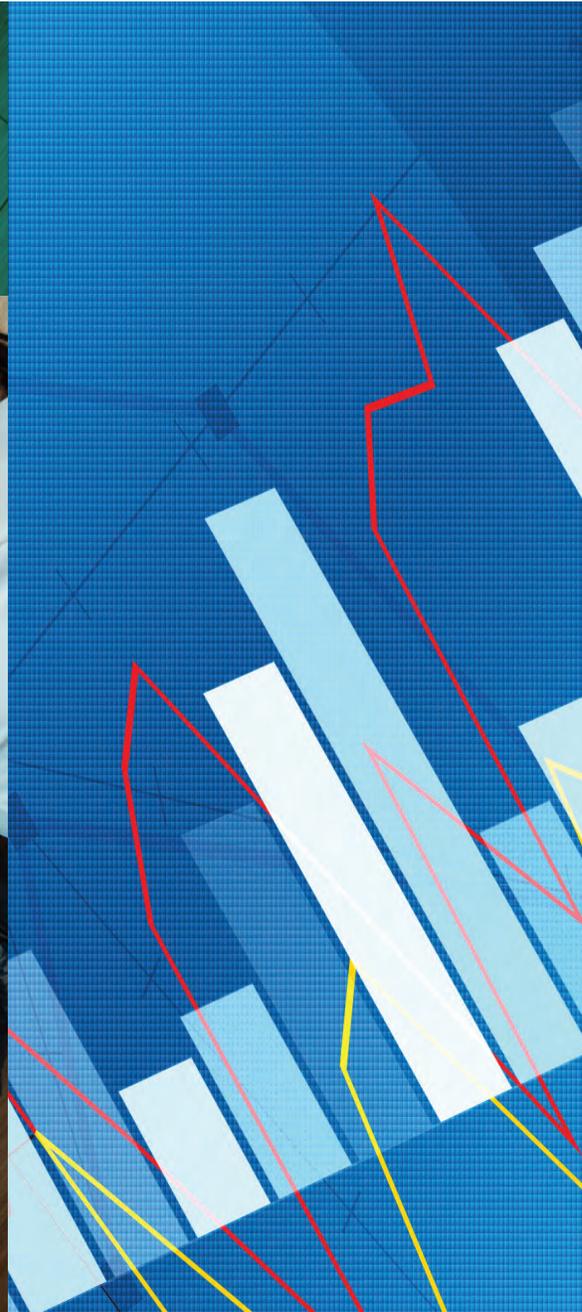
SECTION 4 Analysis of Discrepancies Between Section 2 Table and OIG Semiannual Report Recommendations Listed in OIG Semiannual Report		
Report Number, Title, and Date	Recommendation	Analysis
549 The SEC Made Progress But Work Remains To Address Human Capital Management Challenges and Align With the Human Capital Framework (dated 9/11/2018)	Consider reviewing the Office of Human Resource's processes for the steps related to pre-job posting consultation and issuing a certificate to identify and, as necessary, implement potential process improvements.	Closed by auditor on 12/18/2019

Section 5: Recommendations outstanding for less than one year, for which the agency is determining whether to implement the recommendation

The SEC has 27 OIG and 7 GAO recommendations outstanding for less than one year. The agency is in agreement with all 34 recommendations and is currently formulating or implementing corrective action plans.

The SEC's FY 2021 Congressional Budget Justification/Annual Performance Plan and FY 2019 Annual Performance Report were successfully produced through the efforts of our talented staff. To these individuals, we offer our sincerest appreciation. To comment on this report, please send an email to OFM_budget_formulation@sec.gov.

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U.S. Securities and
Exchange Commission
100 F Street NE
Washington, DC 20549
SEC.gov