

## Public Statement

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# Statement on the Renaming of the Office of Compliance Inspections and Examinations to the Division of Examinations



**Chairman Jay Clayton**



**Commissioner Hester M. Peirce**



**Commissioner Elad L. Roisman**



**Commissioner Allison Herren Lee**



**Commissioner Caroline A. Crenshaw**

**Dec. 17, 2020**

This year marks 25 years since the creation of the SEC's Office of Compliance Inspections and Examinations (OCIE). Since its inception, OCIE has grown – in both number (over 1,000) and percentage (23%) of SEC employees – to represent the second largest office or division at the SEC, second in size only to the Division of Enforcement. In that time, OCIE has greatly increased the effectiveness of the Commission's compliance and examination function. OCIE's presence and engagement has promoted a strong culture of compliance within the financial services industry. To better reflect these important contributions and its overall role at the

Commission, starting today, OCIE will be renamed the “Division of Examinations” (the Division). The SEC’s five Commissioners unanimously support this decision.

Over the last 25 years, the Division has developed a strong, centralized National Examination Program, with staff located across its Washington D.C. headquarters and all 11 SEC regional offices. The Division is primarily responsible for conducting risk-based examinations of entities registered with the SEC, including, among others:

- more than 13,800 investment advisers,
- approximately 10,000 mutual funds and ETFs,
- more than 3,600 broker-dealers,
- approximately 350 transfer agents,
- nine clearing agencies,
- 24 national securities exchanges,
- more than 500 municipal advisors,
- the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC) and the Public Company Accounting Oversight Board (PCAOB).

Over the past several years, in addition to responding to the growth in the investment adviser and national securities exchange populations, the Division has assumed examination responsibilities for many new types of registered entities – including private fund advisers, municipal advisors, Regulation SCI entities, and soon-to-be registered securities-based swap dealers – all highlighting the growing breadth and complexity of the Division’s responsibilities.

Although conducting examinations is a primary function of the Division, it is not its only function. The Division also plays a significant role in proactively promoting compliance with the federal securities laws, with a focus on preventing problems before they occur. The Division often is the first point of contact at the Commission for many registrants, particularly smaller financial firms, and it conducts significant outreach to market participants around the country. The Division also has published detailed risk alerts for firms in areas including cybersecurity, compliance programs, management of conflicts of interest, and the safeguarding of assets, among others.

In addition to its role in identifying and monitoring risks, improving industry practices, and identifying and referring misconduct, the Division’s work routinely informs the SEC’s policy divisions and offices. The Division’s expertise has informed a substantial number of Commission rulemaking initiatives.

The Division of Examinations will continue to perform all of its core examination functions and will continue to leverage its offices and program areas to support and carry out its mission: the Investment Adviser/Investment Company Examination Program; the Broker-Dealer and Exchange Examination Program; the Clearance and Settlement Examination Program; the FINRA and Securities Industry Oversight Examination Program; the Technology Controls Program; the Office of Risk and Strategy; and the newly created Event and Emerging Risks Examination Team.

The Division’s new name reflects the important role that its expert staff play in support of the SEC’s mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. We thank Pete Driscoll and the entire staff of the Division of Examinations for their continued dedication to advancing the SEC’s mission on behalf of investors.