

U.S. SECURITIES AND EXCHANGE COMMISSION



FISCAL YEAR 2022

# Congressional Budget Justification Annual Performance Plan

FISCAL YEAR 2020

# Annual Performance Report



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## ABOUT THIS REPORT

The Congressional Budget Justification (CBJ) is the annual presentation to Congress that justifies the U.S. Securities and Exchange Commission's (SEC) budget request. This report also includes the Annual Performance Plan (APP) for fiscal year (FY) 2022 and the Annual Performance Report (APR) for FY 2020, 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
- 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://sec.gov/cj).

To comment on the SEC's FY 2022 CBJ and APP and FY 2020 APR, email

[OFM\\_budget\\_formulation@sec.gov](mailto: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) 2022. The SEC requests \$1.993 billion in support of 4,859 positions and 4,658 full-time equivalents (FTE) to carry out our statutory mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. We strive to advance these goals simultaneously, in ways that provide lasting benefits to investors, issuers, and the capital markets.

The SEC is charged with overseeing approximately \$100 trillion in annual securities trading on U.S. equity markets and the activities of more than 28,000 registered entities. The agency also oversees 24 national securities exchanges, nine credit rating agencies, and seven active registered clearing agencies, as well as the Public Company Accounting Oversight Board (PCAOB), the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC), and the Financial Accounting Standards Board (FASB). In addition, the SEC is responsible for reviewing the disclosures and financial statements of more than 7,400 reporting companies, of which more than half are exchange listed. The SEC also engages and interacts with the investing public on a daily basis through a number of activities ranging from our investor education programs to alerts on [SEC.gov](https://www.sec.gov). In addition, we provide critical market information through the agency's information technology (IT) systems such as the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system.

The importance of the SEC's work—as well as the resiliency and dedication of the SEC workforce—was demonstrated during the recent COVID-19 economic shock. The Commission's efforts have been and will continue to be an important factor in our nation's response to and recovery from the current COVID-19 pandemic.

SEC staff has been overseeing the markets remotely and executing the agency's mission under difficult circumstances the last 15 months. Separately, early in the pandemic, we witnessed some system-wide issues affecting critical parts of our short-term funding markets, including treasury, repo, and money market funds markets. We also saw challenges in these markets in September 2019. It's important to ensure the transparency and resilience of these markets, which have grown in recent years and underlie so many aspects of the economy.

In addition, while our core market infrastructure stands up to extraordinary trading volumes and price volatility, such events could expose investors to rapid and severe losses and undermine market confidence. Trading technologies have raised important policy questions for the Commission about how best to keep the markets fair for everyone, particularly in the areas of best execution, customers' access to markets, and competition among firms.

The FY 2022 request would enable the SEC to effectively carry out its mission and make a meaningful difference in meeting the challenges of today's global, interconnected, and

technologically-sophisticated markets. Specifically, the request would support additional staff for the following priority areas:

- Strengthening transparency and accountability in our markets, so people can invest with confidence and be protected from fraud and manipulation;
- Promoting efficiency and competition, so our markets operate with lower costs to companies and higher returns to investors;
- Making sure companies—incumbents and entrepreneurial startups alike—can raise needed capital to innovate, expand their operations, and contribute to economic growth; and
- Making sure our markets serve the needs of working families.

Our FY 2021 appropriation furthered our ability 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. For FY 2022, we are seeking to increase our workforce by 65 positions in order to continue this work and to address the priorities laid out above.

The dedicated women and men of the SEC continue to move the agency forward in the face of ever-changing markets. We have seen that when the SEC does its job—when there are clear rules of the road and a cop on the beat to enforce them—our economy grows and our nation prospers. With the staff’s exceptional drive and commitment, the SEC will continue its work to ensure that our markets remain the world’s best.

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

As Chair Gensler highlighted in his testimony before the U.S. House Appropriations Committee, Subcommittee on Financial Services and General Government, the capital markets affect nearly every American. The \$50 trillion debt markets are how local governments raise funds, how corporations borrow money, or how construction of the hospital down the street gets financed. They also fund our mortgages and auto loans. Our \$45 trillion public equity markets, which get most of the attention, connect Americans looking to invest with public companies seeking to grow, innovate, and hire employees. Our multi-trillion-dollar private equity and venture capital markets also play a significant role.

These markets are also experiencing significant growth. A record 67 million U.S. families held direct and indirect stock holdings in 2019, up 13 percent from 2010.<sup>1</sup> Total assets invested in registered investment companies have grown by more than two-thirds since 2015.<sup>2</sup>

Similarly, in the last five years, the number of registered investment advisers our divisions oversee increased from about 12,000 to approximately 14,000. Over the last year alone, the number of individual clients reported by these advisers jumped by nearly 20 percent, to more

<sup>1</sup> Data drawn from the public version of triennial Survey of Consumer Finances (SCF): [www.federalreserve.gov/econres/scfindex.htm](http://www.federalreserve.gov/econres/scfindex.htm). The SCF is sponsored by the Board of Governors of the Federal Reserve System with the cooperation of the U.S. Department of the Treasury. The 2019 SCF is the most recent survey.

<sup>2</sup> See Investment Company Institute, “2021 Investment Company Fact Book,” available at [www.ici.org/system/files/2021-05/2021\\_factbook.pdf](http://www.ici.org/system/files/2021-05/2021_factbook.pdf).

than 48 million individuals. The aggregate regulatory assets under management these advisers report increased 13 percent over the last year as well.<sup>3</sup>

As our capital markets have grown, though, the SEC has not grown to meet the needs of the 2020s. At the end of FY 2016, the SEC had 4,650 people on board. Four years later, that number had decreased by about 4 percent.

Further, a number of capital market trends are stretching SEC resources as well. These include the once-in-a-generation wave of traditional initial public offerings (IPO) and an unprecedented surge in non-traditional IPOs by special purpose acquisition companies (SPAC); the growing size and number of private funds, particularly private equity and venture capital funds; the significant growth in crypto assets; and the rise of financial technology and data analytics. As more Americans are accessing the capital markets, we need to be sure that the Commission has the resources to protect them.

The highlights of our FY 2022 request are described below.

## Enforcement

Maintaining a vigorous program to deter misconduct and punish securities law violators is critical to protecting investors and promoting confidence in the integrity of our markets. Our FY 2022 request adds nine new positions in the Division of Enforcement (ENF) to enhance ENF's ability to pursue complex investigations of large financial institutions, which require significant resources given the billions of dollars at issue, the size and scale of the institutions, and the millions of investors, clients, and others affected.

Further, our economy's reliance on the rapidly changing field of data analytics, known as deep learning, is growing. We are starting to see artificial intelligence-based funds, high-frequency traders, and asset management platforms, along with predictive tools and sentiment analysis, that require us to similarly use data to enhance the self-regulatory organizations' (SRO) and SEC's capabilities to identify potentially violative conduct and develop data-driven policies.

## Examinations

Another area where additional FY 2022 resources would directly benefit investors is our National Examination Program, overseen by the Division of Examinations (EXAMS). EXAMS is increasing the use of data and risk analytics to more expertly scope its examinations and identify best practices. Even as these improvements have led to more impactful exam activities, EXAMS continues to be challenged by growth in the number of registered investment advisers, as well as the addition of swap market participants to the division's responsibilities effective in the fall of 2021. Our FY 2022 request would add nine examiner positions for these priority areas. Four of these positions would be to oversee the entities that would be required to register under the SEC's rules related to security-based swaps.

<sup>3</sup> Based on Form ADV data.



## Corporation Finance

Facilitating capital formation—which is critical to economic growth and resilience—is a core element of the SEC mission. Among the SEC divisions and offices that promote capital formation, the Division of Corporation Finance (CF) continues to focus on modernizing rules while enhancing public access to markets. The division helps companies seeking to raise capital in the public markets comply with disclosure and financial accounting rules, while also enhancing disclosures to investors about firm operations, finances, and plans for proceeds from the offering. We are in the midst of a once-in-a-generation wave of traditional IPOs, i.e., companies that are seeking to go public via the stock market. From January 1 to May 19 of this year, nearly 400 companies filed traditional IPO S-1 forms. That is rapidly approaching the number of companies that filed for public offerings in all of 2016. IPOs create new disclosures and ongoing streams of work for which SEC staff are responsible. Our capital markets also are witnessing an unprecedented surge in non-traditional IPOs by SPACs. The SEC has received 700 S-1 filings year-to-date from these shell companies seeking to go public. Three hundred SPAC IPOs have been completed so far in 2021. This compares to just 13 in all of 2016. The FY 2022 request would allow CF to add 12 positions to cover this increased workload and advance key rulemaking priorities.

## Trading and Markets

To advance modernization of our market supervision capabilities, the FY 2022 request would add 10 positions to the Division of Trading and Markets in support of its mission to foster investor protection and confidence in the securities markets. These resources would support rulemakings on cross-border security-based swaps, including single-name credit default swaps, and enhance market monitoring activities that help identify emerging risks and trends.

Further driving a need for additional resources is the growth and volatility of crypto assets. This asset class, though fluctuating a lot, has grown significantly in scale and valuations over the last five years. Five years ago, the market capitalization for all crypto assets was about \$9 billion. In the last few months, the asset class has remained volatile, hitting highs in the mid-\$2 trillion range and lows in the mid-\$1 trillion range. Additionally, new technology developments in capital markets put additional demands on SEC resources—not only in examinations and enforcement matters, but also in new rulemaking and policy areas.

Rules on security-based swaps required by the Dodd-Frank Act will go into effect this year. These rules will require the registration and regulation of security-based swap dealers. There are separate rules requiring dealers to report security-based swap transaction data to the public. The agency estimates that 45 to 50 entities will register as security-based swap dealers. The SEC has stood up a staff joint venture to help coordinate actions among staff, but investment in several areas will be needed to complete our work in this area.

Finally, in 2019, the SEC put in place a new rule, Regulation Best Interest, to protect retail customers. In FY 2022, SEC staff will implement the rule in ways that will maximize investor protection. At the same time, we are considering what guidance or other updates, if any, may be needed to

ensure that broker-dealers fully understand the rules and that Regulation Best Interest lives up to the promise of its name.

### Investment Management

We have seen significant growth in the number of private funds, in particular private equity and venture capital funds. There are more than 18,000 private equity funds, a 58 percent increase over the last five years. Meanwhile, the number of venture capital funds increased by 110 percent, to more than 1,700 funds. The size of these funds has also grown, with reported gross fund assets increasing by 116 percent in private equity funds and close to 200 percent in venture capital funds over that period.

The demand for real-time market monitoring and risk evaluation of the fund industry has become more acute, especially given recent market volatility. Evaluation of these issues will increasingly depend on detailed analyses of industry and other market data. The Division of Investment Management has successfully established an industry specialist function that provides thought leadership and important market engagement to help guide this work. The FY 2022 request would provide five new positions to bolster our data analytics capabilities to provide timely analyses of market and regulatory data, and assist with disclosure reviews and examinations.

### Economic and Risk Analysis

The FY 2022 request would provide six positions for the Division of Economic and Risk Analysis to perform economic analysis in support of enforcement activities and evaluation of ongoing market events, as well as to address the increased workload of economic impact analyses of proposed rules.

### Investor Advocate

The Office of the Investor Advocate analyzes the potential impact on investors of proposed regulatory changes, among other core functions. The FY 2022 request would provide two new positions to test SEC disclosure rules for investor accessibility and comprehension.

### Advocate for Small Business Capital Formation

The FY 2022 request supports one additional position to provide feedback and recommendations to the SEC and SRO staff during regulation drafting and identify areas in which small businesses and their investors would benefit from changes in SEC regulations or SRO rules.

### Chief Data Officer

The SEC is also committed to enhancing its expertise and capabilities to oversee and manage agency data, which include publicly available data sets, internal agency data, and market-sensitive data provided by securities industry participants. The agency's Office of the Chief Data Officer (CDO) works to enable SEC staff to securely, efficiently, and effectively leverage the full value of Commission data in support of our mission. To bolster these efforts, the

FY 2022 request would add one position to the CDO function, which is housed within the Office of the Chief Operating Officer. This professional would ensure data-related systems are effectively aligned and monitor the quality and usability of swaps data for SEC analysts.

### Information Technology

Efficient, effective, and responsible use of data and IT is essential to maintain the SEC's capabilities to oversee fast-paced markets. The SEC is already making progress in key areas such as cybersecurity, secure cloud infrastructure, and data management. This request would enable the SEC to continue to implement our multi-year strategy to enable data analytics, modernize key systems, and enhance the security and management of sensitive data. The SEC's FY 2022 request would support five new positions to advance the SEC's implementation of cloud-based services and infrastructure, as well as information security-related priorities such as identity and access management.

The request also assumes that the SEC will have continued access to the Commission's Reserve Fund, which allows the agency to commit to important, long-term IT initiatives that would otherwise be more difficult to execute due to year-to-year funding uncertainties. For example, the Fund has enabled the SEC to undertake the modernizations of key systems in enforcement and examinations, as well as of the EDGAR system.

### Minority and Women Inclusion

The Office of Minority and Women Inclusion plays a key role in supporting efforts to promote capital-raising opportunities for women-owned and minority-owned businesses, assess diversity practices among the agency's registrant population, and promote diversity on the agency's advisory committees. The FY 2022 request supports one additional position to continue these efforts, and also support diversity and inclusion initiatives within the SEC.

### Inspector General

The SEC's Office of Inspector General (OIG) seeks to add three positions to better respond to requirements, including mandated audits of SEC programs, support for the SEC's Employee Suggestion Program, and activities within the OIG's Office of Investigations. These additional positions will work on audits and cyber-crime matters to accommodate an increasingly complex workload.

### Real Property Leasing

Finally, the FY 2022 request would support the SEC's ongoing efforts, with the assistance of the General Services Administration (GSA), to conduct a competitive procurement for a successor lease for the agency's Fort Worth Regional Office. While the outcome of this competitive acquisition has yet to be determined, GSA has asked the SEC to include \$6.7 million in our FY 2022 request to fund potential move, replication, and related costs associated with a replacement lease. As the agency has requested in recent years for other leasing needs, the SEC would propose to offset these costs with fee collections, and after each procurement is completed, any unused amounts would be refunded 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

## History

During the peak of the Great Depression, Congress passed the Securities Act of 1933<sup>1</sup> (Securities Act) and the Securities Exchange Act of 1934<sup>2</sup> (Securities Exchange Act), which established the SEC. These laws were designed to regulate the financial markets and restore investor confidence in U.S. capital markets by providing investors and the markets with reliable information and clear rules to ensure honest dealings. The main purpose of these laws was to ensure the following:

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

## Purpose

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 FINRA, MSRB, and PCAOB. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010<sup>3</sup> (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](http://Investor.gov), as well as through an online database of disclosure documents that public companies and other market participants are required to file with the SEC. These can be found at: [SEC.gov/edgar/searchedgar/companysearch.html](http://SEC.gov/edgar/searchedgar/companysearch.html).

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

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

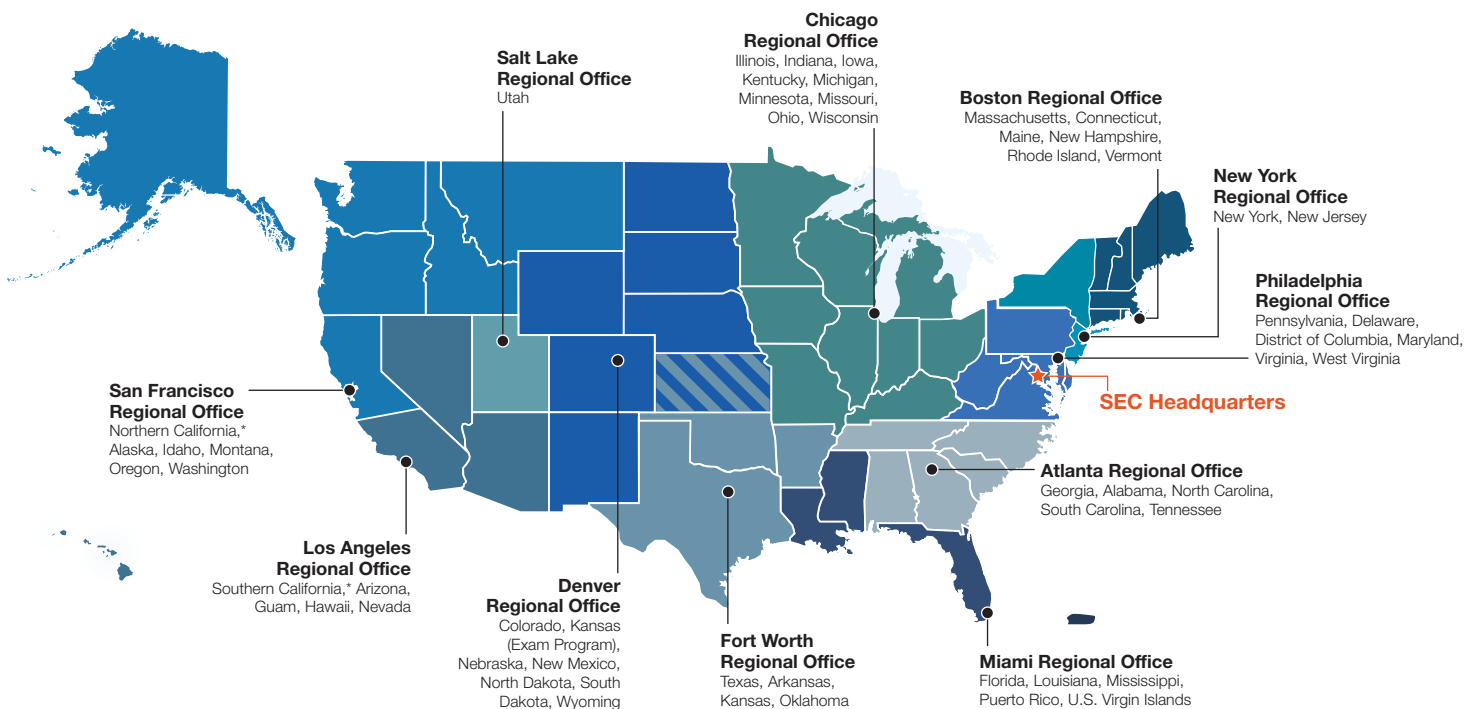
<sup>3</sup> More information about the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 can be found at [SEC.gov/about/laws/wallstreetreform-cpa.pdf](http://SEC.gov/about/laws/wallstreetreform-cpa.pdf)

# ORGANIZATIONAL STRUCTURE AND RESOURCES

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 Chair. The five Commission members act jointly to set and enforce the rules that govern the securities markets and its participants. The Chair is responsible for overseeing the executive and administrative functions of the agency and its more than 4,700 staff members.

## 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



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# POSITIONS AND FULL-TIME EQUIVALENTS (FTE) BY PROGRAM

	FY 2020 Actual		FY 2021 Enacted		FY 2022 Request	
	Actual Positions	FTE	Estimated Positions	FTE	Estimated Positions	FTE
<b>Enforcement</b>	1,352	1,305	1,363	1,316	1,372	1,330
<b>Examinations</b>	1,108	1,058	1,115	1,068	1,124	1,088
<b>Corporation Finance</b>	419	393	424	393	436	409
<b>Trading and Markets</b>	276	248	286	258	296	275
<b>Investment Management</b>	208	189	221	203	226	218
<b>Economic and Risk Analysis</b>	156	133	161	143	167	158
<b>General Counsel</b>	146	137	155	137	156	148
<b>Other Program Offices</b>						
Chief Accountant	48	43	48	42	48	48
Investor Education and Advocacy	43	41	44	43	44	43
International Affairs	53	51	53	48	53	51
Administrative Law Judges	12	11	12	10	12	10
Investor Advocate	13	11	15	13	17	15
Credit Ratings	45	41	46	43	46	43
Municipal Securities	10	9	10	10	10	10
Advocate for Small Business Capital Formation	10	6	11	11	12	12
Strategic Hub for Innovation and Financial Technology	—	—	9	5	9	7
<b>Subtotal</b>	<b>234</b>	<b>212</b>	<b>248</b>	<b>225</b>	<b>251</b>	<b>239</b>
<b>Agency Direction and Administrative Support</b>						
Executive Staff	37	35	33	26	33	31
Public Affairs	22	20	25	20	25	23
Secretary	25	19	25	22	25	24
Chief Operating Officer	31	21	39	29	40	35
Financial Management	92	88	90	88	90	89
Information Technology	208	185	211	191	216	209
Human Resources	114	105	117	108	117	112
Acquisitions	55	53	57	54	57	54
Support Operations	92	88	91	88	91	89
EDGAR Business Office	33	33	34	31	34	32
Ethics Counsel	19	18	19	19	19	19
Minority and Women Inclusion	11	7	12	8	13	10
Equal Employment Opportunity	13	12	13	13	13	13
<b>Subtotal</b>	<b>752</b>	<b>684</b>	<b>766</b>	<b>697</b>	<b>773</b>	<b>740</b>
<b>Inspector General</b>	55	50	55	50	58	53
<b>Total Positions and FTE</b>	<b>4,706</b>	<b>4,411</b>	<b>4,794</b>	<b>4,490</b>	<b>4,859</b>	<b>4,658</b>

# OBLIGATIONS BY OBJECT CLASS

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Personnel Compensation and Benefits</b>			
Personnel Compensation (11.0)	\$ 897,970	\$ 955,000	\$ 1,015,649
Personnel Benefits (12.0)	322,927	338,317	381,271
<b>Subtotal, Cost of Compensation and Benefits</b>	<b>\$ 1,220,897</b>	<b>\$ 1,293,317</b>	<b>\$ 1,396,919</b>
<b>Other Expenses</b>			
Benefits for Former Personnel (13.0)	1,675	3,300	42
Travel and Transportation of Persons (21.0)	3,275	1,202	9,375
Transportation of Things (22.0)	85	259	259
Rent, Communications, and Utilities (23.0)	67,863	115,695	127,551
Printing and Reproduction (24.0)	11,535	3,379	7,560
Other Contractual Services (25.0)	471,311	488,805	451,236
Supplies and Materials (26.0)	1,100	1,126	1,133
Equipment (31.0)	21,179	27,221	28,123
Land and Structures (32.0)	1,353	431	4,817
Insurance Claims and Indemnities (42.0)	799	901	901
<b>Subtotal, Cost of Other Expenses</b>	<b>580,174</b>	<b>642,319</b>	<b>630,998</b>
<b>Subtotal, Obligations</b>	<b>\$ 1,801,072</b>	<b>\$ 1,935,637</b>	<b>\$ 2,027,917</b>
Budget Authority used to Liquidate Prior Obligations for Deficient Leases, per an October 3, 2011, Report from the Comptroller General	25,480	2,296	
<b>Total Budget Authority</b>	<b>\$ 1,826,551</b>	<b>\$ 1,937,932</b>	<b>\$ 2,027,917</b>
Less: Anticipated Carryover of Prior Year Unobligated Balances		(31,097)	(13,000)
Less: Anticipated Recoveries of Prior Year Obligations		(25,000)	(22,000)
<b>Request for SEC Operations</b>		<b>\$ 1,881,835</b>	<b>\$ 1,992,917</b>
New York Regional Office Move-Related Costs	4,648		
Headquarters Potential Move-Related Costs		18,650	
Potential Build-out Costs Associated with San Francisco Regional Office Lease Replacement		12,677	
Fort Worth Regional Office Potential Move-Related Costs			6,746

# STRATEGIC GOAL AND PROGRAM

(DOLLARS IN THOUSANDS)

SEC Program	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request			
			Goal 1 Investors	Goal 2 Innovation	Goal 3 Performance	FY 2022 Request
Enforcement	\$ 588,530	\$ 621,698	\$ 594,244	\$ 19,169	\$ 25,559	\$ 638,972
Examinations	412,504	440,561	410,937	22,830	22,830	456,596
Corporation Finance	161,416	171,446	118,807	39,602	21,601	180,011
Trading and Markets	98,200	109,836	11,732	82,121	23,463	117,315
Investment Management	73,586	84,411	50,732	23,554	16,307	90,593
Economic and Risk Analysis	67,066	69,409	45,033	15,762	14,260	75,055
General Counsel	56,175	60,396	31,138	9,082	24,651	64,870
Other Program Offices	89,089	101,010	64,420	29,499	13,469	107,388
Agency Direction and Administrative Support	234,953	255,562	16,037	16,828	241,679	274,544
Inspector General	19,551	21,307	6,772	6,772	9,029	22,572
<b>Subtotal, Obligations</b>	<b>\$ 1,801,072</b>	<b>\$ 1,935,637</b>	<b>\$ 1,349,850</b>	<b>\$ 265,218</b>	<b>\$ 412,849</b>	<b>\$ 2,027,917</b>
Budget Authority used to Liquidate Prior Obligations for Deficient Leases, per an October 3, 2011, Report from the Comptroller General	25,480	2,296				
<b>Total Budget Authority</b>	<b>\$ 1,826,551</b>	<b>\$ 1,937,932</b>				<b>\$ 2,027,917</b>
Less: Anticipated Carryover of Prior Year Unobligated Balances		(31,097)				(13,000)
Less: Anticipated Recoveries of Prior Year Obligations		(25,000)				(22,000)
<b>Request for SEC Operations</b>		<b>\$ 1,881,835</b>				<b>\$ 1,992,917</b>
New York Regional Office Move-Related Costs	4,648					
Headquarters Potential Move-Related Costs		18,650				
Potential Build-out Costs Associated with San Francisco Regional Office Lease Replacement		12,677				
Fort Worth Regional Office Potential Move-Related Costs						6,746

# REQUEST SUMMARY OF CHANGES

<i>(DOLLARS IN THOUSANDS)</i>	Positions	FTE	Amount
<b>FY 2021 Enacted<sup>1</sup></b>	<b>4,794</b>	<b>4,490</b>	<b>\$ 1,937,932</b>
<b>FY 2022 Base Changes</b>			
Annualization of Prior Year Staffing Actions		148	42,138
Other Compensation Adjustments			55,769
Net Changes in Non-Compensation Costs			(14,505)
<b>Subtotal, Base Changes</b>	<b>—</b>	<b>148</b>	<b>\$ 83,402</b>
<b>FY 2022 Current Services Level</b>	<b>4,794</b>	<b>4,638</b>	<b>\$ 2,021,335</b>
<b>FY 2022 Program Increases</b>			
Addition of 65 Positions (20 FTE)			
Enforcement	9	3	
Examinations	9	3	
Corporation Finance	12	3	
Trading and Markets	10	3	
Investment Management	5	2	
Economic and Risk Analysis	6	2	
General Counsel	1	—	
Other Program Offices	3	1	
Agency Direction and Administrative Support	7	2	
Inspector General	3	1	
<b>Subtotal, Program Increases</b>	<b>65</b>	<b>20</b>	<b>\$ 6,582</b>
<b>FY 2022 Operational Budget Request</b>	<b>4,859</b>	<b>4,658</b>	<b>\$ 2,027,917</b>
Less: Anticipated Carryover of Prior Year Unobligated Balances			(13,000)
Less: Anticipated Recoveries of Prior Year Obligations			(22,000)
<b>FY 2022 Request for SEC Operations</b>	<b>4,859</b>	<b>4,658</b>	<b>\$ 1,992,917</b>
Fort Worth Regional Office Potential Move-Related Costs			6,746

<sup>1</sup> FY 2021 includes amount necessary to liquidate prior obligations on deficient leases.

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# FY 2022 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, \$1,992,917,000, to remain available until expended; of which not less than \$17,649,400 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 Fort Worth Regional Office, not to exceed \$6,745,900, 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 2022, all amounts appropriated under this heading shall be deemed to be the regular appropriation to the Commission for fiscal year 2022: *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 \$1,992,917,000 of such offsetting collections shall be available until expended for necessary expenses of this account; and not to exceed \$6,745,900 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 Fort Worth Regional Office facilities: *Provided further*, That the total amount appropriated under this

heading from the general fund for fiscal year 2022 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2022 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 Fort Worth Regional Office facilities is subsequently de-obligated by the Commission, such amount that was derived from the general fund shall be returned to the general fund, and such amounts that were derived from fees or assessments collected for such purpose shall be paid to each national securities exchange and national securities association, respectively, in proportion to any fees or assessments paid by such national securities exchange or national securities association under section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) in fiscal year 2022.



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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 uncover misconduct and deter 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, on the basis of ENF investigations and recommendations, the Commission brings hundreds of civil and administrative enforcement actions against individuals and entities for fraud, financial and accounting irregularities and misstatements, misconduct by investment professionals and regulated entities, and other violations. The meaningful remedies that the Commission obtains through enforcement actions deter future wrongdoing and, when possible, deprive violators of the fruits of their misconduct. When the Commission obtains disgorgement of ill-gotten gains, it 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 SEC resources. These principles drive ENF 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 2020 was a successful year for ENF despite significant challenges created by the global COVID-19 pandemic. The Commission, acting on recommendations by ENF, brought a broad mix of impactful enforcement actions that addressed a wide variety of misconduct across the spectrum of the securities markets. For more details, see ENF's Annual Report at [SEC.gov/files/enforcement-annual-report-2020.pdf](https://www.sec.gov/files/enforcement-annual-report-2020.pdf).

## FY 2022 Request

For FY 2022, ENF is requesting nine additional positions. These positions will enhance ENF's ability to pursue complex investigations of large financial institutions, which require significant resources given the billions of dollars at issue, the size and scale of the institutions, and millions of investors, clients, and others impacted. With the increased amount of referrals ENF received over the past fiscal year, it is expected that the number of litigated cases will continue to rise. ENF requires additional resources to ensure that it has an adequate number of attorneys to staff the increasing number of litigated cases.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	1,305	1,316	1,330
<b>Cost:</b>			
Salaries and Benefits	\$ 374,115	\$ 392,302	\$ 413,229
Non-Personnel Expenses	214,415	229,396	225,743
<b>Total Costs</b>	<b>\$ 588,530</b>	<b>\$ 621,698</b>	<b>\$ 638,972</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Intelligence Analysis</b>			
Investor Tips and Complaints	24,000	28,000	26,000
Matters Under Inquiry Opened	901	925	945
<b>Investigations</b>			
Opened	976	1,000	1,020
Ongoing at End of Year	1,563	1,610	1,640
<b>Proceedings</b>			
Administrative			
Opened	510	525	535
Pending at End of Year	1,155	1,190	1,210
Civil Litigation			
Opened	205	210	215
Pending at End of Year	1,846	1,900	1,940

## DIVISION OF EXAMINATIONS

The mission of the Division of Examinations (EXAMS) is to protect investors, ensure market integrity, and support responsible capital formation through risk-focused strategies that: (1) promote and improve compliance; (2) prevent fraud; (3) monitor risk; and (4) inform regulatory policy. EXAMS 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. EXAMS' risk-based program is designed to focus its 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.

The size of the SEC-regulated community continues to grow in volume and complexity. At the beginning of FY 2022, EXAMS anticipates that it will oversee more than 14,000 investment advisers with over \$100 trillion in assets under management; approximately 730 investment company complexes managing over 15,000 investment company portfolios; over 3,500 broker-dealers with more than 155,000 branch offices; approximately 525 municipal advisors; 24 national securities exchanges; and more than 300 transfer agents. EXAMS will also oversee at least nine entities that provide clearing agency functions—including four that have been deemed systemically important—and which include the largest equities, equity options, and fixed income clearing agencies in the world. In addition, EXAMS will have responsibility for 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). Finally, several new registrant categories, including security-based swap execution facilities, security-based swap data repositories, and security-based swap dealers, will be subject to EXAMS examinations and will require resources. The examination program needs significant additional resources to maintain and improve the examination coverage of this vast and growing group of entities.

Further, the financial industry and marketplace continues to evolve and grow increasingly complex with technological advancements and commercial developments changing the way our markets operate and spurring the development of many new products and services. 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, EXAMS anticipates that several critical issues and risks will continue to impact investors and regulated entities in FY 2022, including cyber and information security risks, as well as risks related to financial technology, including digital assets. 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 2022 Request

EXAMS requests nine additional positions that will augment efforts to: (1) protect retail investors; (2) examine new categories of regulated entities; (3) address critical risks such as information security and anti-money laundering; and (4) further address the disparity between the number of exam staff and the growing number, size, and complexity of registered firms. Four of these positions would be to oversee the entities that would be required to register under the SEC’s rules related to security-based swaps.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	1,058	1,068	1,088
<b>Cost:</b>			
Salaries and Benefits	\$ 288,181	\$ 302,689	\$ 321,445
Non-Personnel Expenses	124,323	137,872	135,151
<b>Total Costs</b>	<b>\$ 412,504</b>	<b>\$ 440,561</b>	<b>\$ 456,596</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Investment Adviser Examinations	2,128	2,230	2,380
Investment Company Examinations (includes administrators)	107	104	104
Broker-Dealer Examinations	332	319	327
Transfer Agent Examinations	44	41	44
Municipal Advisor Examinations	48	44	48
Market Oversight Inspections <sup>1</sup>	265	169	199
Clearing Agency Examinations	28	28	28
Funding Portal Examinations	—	5	10
Security-Based Swap Entity Examinations	—	—	10

<sup>1</sup> 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 non-compliance with disclosure and accounting requirements under the federal securities laws and 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.

## Rulemaking and Interpretive Advice

CF assists the Commission, as needed, with implementing any new rules to further facilitate capital formation and identifying any unnecessary barriers and impediments. As part of this effort, CF will consider proposing amendments to modernize disclosure requirements and continue the division's efforts to enhance capital formation opportunities for businesses.

## Disclosure Review Program

Through its filing review process, CF selectively reviews filings made under the Securities Act of 1933 and 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 & Agriculture; and Technology.

## FY 2022 Request

The FY 2022 request supports 12 positions to enhance ongoing efforts to facilitate capital formation, continue to focus on modernizing disclosure requirements, and to monitor and enhance compliance with reporting requirements. These positions are also needed to address the recent surge in the use of Special Purpose Acquisition Companies (SPAC) and Initial Public Offerings (IPO) with disclosures requiring review by division staff. The request would also support modernizing the systems and processes used in the Disclosure Review Program. By modernizing systems and processes, the Disclosure Review Program will be able to quickly recognize emerging trends in disclosure filings and enhance the division's ability to efficiently deploy resources where they are needed.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	393	393	409
<b>Cost:</b>			
Salaries and Benefits	\$ 113,925	\$ 118,427	\$ 128,109
Non-Personnel Expenses	47,491	53,018	51,902
<b>Total Costs</b>	<b>\$ 161,416</b>	<b>\$ 171,446</b>	<b>\$ 180,011</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Review</b>			
Reporting Company Reviews <sup>1</sup>	3,500	3,300	3,300
Number of New Issuer Reviews			
IPO 1933 Act	630	630	630
New 1934 Act	80	80	80
Total Reviews	4,210	4,010	4,010
<b>Rulemaking and Interpretive</b>			
General Advice and Coordination			
No-Action Letters/Interpretive Requests	85	85	85
No-Action Letters (Shareholder Proposals)	240	240	240

<sup>1</sup> The number of active reporting companies has been steadily declining in recent years and CF adjusts the projected number of reporting company reviews 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 three years. With the increasing trend in SPAC IPOs, the number of reporting company reviews will similarly increase in connection with CF's review of SPAC business combination transaction filings.

# 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 focuses 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 Analytics and Research and the Office of the Managing Executive.

TM supervises the self-regulatory organizations (SRO) and other major market participants in the U.S. securities markets that, as of September 2020, include 24 national securities exchanges; 34 National Market System (NMS) stock alternative trading systems (ATS); 55 non-NMS stock ATSs; over 3,600 broker-dealers; 7 active clearing agencies; more than 350 transfer agents, the Financial Industry Regulatory Authority (FINRA); and various securities information processors.

## FY 2022 Request

TM requests 10 positions to advance modernization of our market supervision capabilities. These resources would support rulemakings on cross-border security-based swaps (SBS), including single-name credit default swaps, and enhance market monitoring activities that help identify emerging risks and trends.

More specifically, the SEC has completed the necessary rulemakings to stand-up the Title VII regime for SBS dealers and major security-based participants (together, “SBS Entities”). Such entities are required to begin to count their transactions toward applicable registration thresholds on August 6, 2021. Compliance with many rules applicable to SBS Entities is required beginning on October 6, 2021, and registration statements for SBS dealers are required beginning on November 1, 2021.



The Commission has finalized the rules related to SBS data transaction reporting as well as those related to the registration and regulation of SBS data repositories (SBSDR). The Commission is currently in the process of registering SBSDRs and as a result, transaction reporting could begin as early as November 8, 2021. The Commission will likely turn next to finalizing rules related to the registration and regulation of SBS execution facilities. The timing of mandatory clearing and trading related to SBS will depend on how the market develops.

The SEC actively engages with its counterparts at the Commodity Futures Trading Commission (CFTC) to find ways to further harmonize the agency’s respective rules with those of the CFTC, where appropriate, to increase effectiveness as well as reduce complexity and costs. The SEC remains committed to consulting and coordinating to the benefit of its respective agencies, as well as to the markets and market participants it oversees.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	248	258	275
<b>Cost:</b>			
Salaries and Benefits	\$ 69,521	\$ 75,343	\$ 83,414
Non-Personnel Expenses	28,679	34,493	33,902
<b>Total Costs</b>	<b>\$ 98,200</b>	<b>\$ 109,836</b>	<b>\$ 117,315</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Securities Firm Supervision</b>			
SRO Proposed Rule Changes Reviewed <sup>1</sup>	85	77	78
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	12	10	10
Interpretive, Exemptive, and No-Action Request Letters Closed <sup>2</sup>	16	10	10
Reviews of Potential Enforcement Actions	1,028	1,100	1,100
Notices Filed by SROs Relating to Applications for Admission or Continuance as or with an SRO Member Notwithstanding a Statutory Disqualification	22	24	24
Provision of Interpretation and Guidance and Responding to General Questions	13,875	13,250	13,000
Tips, Complaints, and Referrals (TCR)	311	300	275
Risk Assessment of Broker-Dealers Filing Form 17-H			
Firms Assessed	79	80	100
Filings Reviewed	271	300	300
Number of Form 17-H Filings Received	1,325	1,225	1,225
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	7	8	10
Filings Reviewed	84	84	120
Applications Reviewed	3	4	3
Broker-Dealers			
Registrants	3,620	3,470	3,320
Registration Applications Filed	171	180	180
Registration Amendments Filed	9,114	10,410	9,960
Registrations Withdrawn or Cancelled	377	325	325
Financial Reports Filed	3,779	4,614	4,475
Security-Based Swap Dealers			
Registrants	—	10	20
Registration Applications Filed	1	9	10
Major Security-Based Swap Participants			
Registrants	—	—	2
Registration Applications Filed	—	—	2
Funding Portals	60	65	70

*continued on next page*

## Workload Data (continued)

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Securities Market and Infrastructure Supervision</b>			
SRO Proposed Rule Changes and Advance Notices Reviewed <sup>1</sup>	2,530	2,489	2,525
NMS and SRO Plan Amendments Filed	35	20	20
SEC Rulemaking, Exemptive Orders, and Interpretive and Other Actions	17	10	10
Interpretive, Exemptive, and No-Action Request Letters Closed <sup>2</sup>	15	20	20
Securities Exchanges			
Registrants	24	24	25
Registration Applications Filed	1	1	—
Registration Amendments Filed	333	319	333
Registrations Withdrawn or Cancelled	—	—	—
Alternative Trading Systems (ATS)			
Registrants	55	65	75
Initial Operations Reports Filed	15	15	15
Initial Operations Report Amendments Filed	88	98	108
Cessations	7	5	5
Quarterly Reports	216	260	300
NMS Stock ATS			
NMS Stock ATSS	41	37	40
Initial Form ATS-N Filed	5	5	5
Form ATS-N Amendments Filed	276	285	294
Notice of Cessations Filed	1	2	2
Form ATS-R Quarterly Reports	130	148	160
Security-Based Swap Execution Facilities <sup>3</sup>			
Registrants	—	—	6
Registration Applications Filed	—	—	9
Proposed Rule Changes Filed	—	—	30

continued on next page

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

<sup>2</sup> 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.

<sup>3</sup> 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.

## Workload Data (continued)

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
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 <sup>4</sup>			
Registrants	278	300	325
Registration Applications Filed	33	35	35
Registration Amendments Filed	165	170	170
Registrations Withdrawn or Cancelled	17	15	15
Annual Reports Filed	267	275	300
Large Traders			
Registrants	8,633	9,750	10,652
Registration Applications Filed	1,333	1,375	1,160
Registration Amendments Filed	2,830	2,930	3,030
Terminated or Inactive	307	307	307
Annual Reports Filed	3,647	8,633	9,750

<sup>4</sup> 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 (ETF), closed-end funds, variable insurance products, and other investment companies, as well as for investment advisers. As of October 1, 2020, over 14,000 SEC-registered funds held more than \$27 trillion in assets. The SEC also oversaw over 13,800 SEC-registered investment advisers reporting nearly \$97 trillion in regulatory assets under management. In addition, the SEC receives reports from over 4,500 SEC-exempt reporting advisers who report advising nearly 20,000 private funds with approximately \$4.2 billion in assets.

IM expects to continue engaging with market participants and evaluating market events, including the COVID-19 market disruption, to better understand what happened and to consider potential regulatory changes in response. IM will also recommend new rules and amendments to the Commission and monitor the implementation of recently adopted regulatory changes. For example, IM will monitor implementation of the enhanced regulatory framework for funds' use of derivatives and the new variable annuity summary prospectus that the Commission adopted in 2020. IM also may consider recommendations or implement any rules adopted by the Commission to improve fund fee and risk disclosures and amend fund shareholder reports.

IM will continue to review and comment on the thousands of prospectuses, proxy statements, and other disclosure documents filed by registered investment companies and business development companies each year, with a focus on filings by new funds, novel and complex funds, and principal strategy and risk disclosures. IM will also continue to: provide legal guidance to other parts of the agency, other regulators, and market participants; consider requests for exemptions from certain regulatory requirements; and engage with international regulators on issues important to the U.S. asset management industry.

## FY 2022 Request

The demand for real-time market monitoring and risk evaluation of the fund industry has become more acute, especially given recent market volatility. The FY 2022 request would provide five new positions to bolster IM's data analytics capabilities to provide timely analyses of market and regulatory data, and assist with disclosure reviews and examinations.

(DOLLARS IN THOUSANDS)	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	189	203	218
<b>Cost:</b>			
Salaries and Benefits	\$ 52,821	\$ 58,388	\$ 65,150
Non-Personnel Expenses	20,765	26,023	25,443
<b>Total Costs</b>	<b>\$ 73,586</b>	<b>\$ 84,411</b>	<b>\$ 90,593</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Investment Companies</b>			
Number of Investment Companies	3,975	3,934	3,875
Portfolios and Insurance Contracts	18,753	18,427	18,225
Complexes	767	747	730
Assets (dollars in trillions)	24.5	27.2	28.6
<b>Investment Advisers</b>			
Number of Investment Advisers	13,463	13,810	14,115
Assets Under Management (dollars in trillions)	84.0	97.0	102.0
<b>Disclosure and Accounting Reviews</b>			
New Portfolios and Insurance Contracts Filed on Registration Statements	2,361	2,500	2,500
New Portfolio Disclosures and Insurance Contracts Reviewed	1,526	1,625	1,625
Existing Portfolios and Insurance Contracts Filed on Post-Effective Amendments <sup>1</sup>	31,496	31,875	31,875
Existing Portfolio Disclosures and Insurance Contracts Reviewed <sup>2</sup>	3,263	3,150	3,150
Portfolios and Insurance Contracts Filed on Proxy Statements	778	725	725
Portfolios and Insurance Contracts Filed on Proxy Statements Reviewed	743	725	725
Annual and Periodic Reports Filed	13,710	13,725	13,725

continued on next page

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

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

## Workload Data (continued)

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Annual and Periodic Reports Partially Reviewed	5,170	4,900	4,900
Total Filings	48,345	47,875	47,875
Total Filings Reviewed	10,702	10,350	10,350
Percent Reviewed	22%	22%	22%
Disclosure and Accounting Guidance	52	40	40
Targeted Reviews, Sweeps, and Monitoring	21	21	21
Internal Accounting Review Guides	7	7	7
Informal Requests for Accounting Guidance	165	130	130
<b>Interpretive Guidance</b>			
Informal Requests for Guidance	1,179	1,190	1,190
No-Action Letters Issued	13	15	17
Total Applications Concluded	265	220	220
Exemptive Applications Concluded	85	100	100
Deregistration Matters Reviewed	180	110	110
Tips, Complaints, and Referrals (TCR)	61	62	62
Meetings/Calls Related to International Issues	348	350	350
<b>Supervision and Monitoring</b>			
EXAMS and Enforcement-Related Matters Reviewed	819	1,100	1,300
Analytics Office Outreach	377	175	175
Analytics Office Reports	1,075	700	700
Data Analysis Requests	297	315	315
<b>Rulemaking</b>			
Rulemaking Actions	25	20	20
<b>Business Solutions</b>			
Filer and Staff Correspondence Disseminated	10,628	10,415	10,415
EDGAR Filer Support Requests Processed	1,674	1,640	1,640
EDGAR Watch List	4	4	4
Investment Adviser Regulation Depository (IARD) Filer Support Requests Processed	480	470	470

# DIVISION OF ECONOMIC AND RISK ANALYSIS

The Division of Economic and Risk Analysis (DERA) advances the Commission's statutory mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation through sound economic analysis and rigorous data analytics.

DERA engages across the entire range of the Commission's functions, including rulemaking, examination, and enforcement. Its multi-disciplinary analyses are informed by research insights, and they rely on the knowledge of institutions and practices when examining regulatory and risk-related matters. DERA assists the Commission in its efforts to identify, analyze, and respond to economic and market issues, including those related to new financial products, investment and trading strategies, systemic risk, and fraud. DERA's data analytics work develops a variety of financial and market data-analysis tools, supplies economic statistics, and promotes data standards.

Organizationally, DERA has four mission areas staffed with experts in economics, data science, statistics, accounting, and risk analysis.

- *Policy Support.* DERA conducts quantitative and qualitative economic analyses informed by research insights in support of the SEC's rulemaking agenda.
- *Risk Analysis.* DERA performs domestic and international risk analyses of the capital markets.
- *Examination and Enforcement Support.* DERA provides economic and data expertise in support of the Commission's investigations and enforcement-related activities.
- *Data Analysis and Management.* DERA develops analytic tools and manages economic data in support of the entire Commission.

Looking ahead to FY 2022, DERA is positioned to continue (1) providing high-quality economic analyses of Commission rules; (2) analyzing risks facing the capital markets; (3) producing up-to-the-minute analyses of the impact of COVID-19; (4) collaborating with the Division of Enforcement, focusing on penalties and distributions; and (5) producing technological solutions that increase staff productivity.



## FY 2022 Request

The FY 2022 request includes six new DERA positions. With additional financial economists, DERA could better keep pace with the demand for investor harm analyses in cases where the SEC seeks disgorgement, improving the Commission’s ability to deprive wrongdoers of their ill-gotten gains. The additional staff would also help DERA address an increase in its review of newly proposed rules.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	133	143	158
<b>Cost:</b>			
Salaries and Benefits	\$ 37,162	\$ 40,468	\$ 46,467
Non-Personnel Expenses	29,904	28,942	28,588
<b>Total Costs</b>	<b>\$ 67,066</b>	<b>\$ 69,409</b>	<b>\$ 75,055</b>

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

## Workload Data

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Reviews of Commission Rules <sup>1</sup>	125	105	95
Reviews of Self-Regulatory Organization (SRO) Rules and Public Company Accounting Oversight Board (PCAOB) Filings	66	68	70
Advice on Regulatory, Enforcement, and Risk Assessment Issues	3,847	3,870	3,900
Interactive Data Compliance Monitoring	8,293	8,300	9,200
Interactive Data Programs Supported	12	14	15

<sup>1</sup> 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 2020 – 2021, the workload associated with 10-year rule reviews is elevated reflecting the Commission’s mandate to eliminate the current backlog (FYs 2007 – 2009). The FY 2022 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 Chair, 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.

## FY 2022 Request

OGC requests one additional staff member for FY 2022 to provide legal advice to the Commission and its divisions and offices on matters related to allegations of professional misconduct by Commission attorneys, accountants, and other professionals. Just as the Commission holds those who practice before it accountable to professional codes of conduct, the Commission intends to serve as a model by enforcing accountability for its staff.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	137	137	148
<b>Cost:</b>			
Salaries and Benefits	\$ 40,079	\$ 41,134	\$ 46,053
Non-Personnel Expenses	16,096	19,262	18,817
<b>Total Costs</b>	<b>\$ 56,175</b>	<b>\$ 60,396</b>	<b>\$ 64,870</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Appellate Cases</b>			
Open Matters	165	170	175
<b>Adjudicatory Matters<sup>1</sup></b>			
Pending Beginning of Year	241	344	369
Received	198	200	200
Completed	95	175	175
Pending End of Year	344	369	394
<b>Legislation</b>			
Testimony	4	5	5
Correspondence with Congress and Others	264	180	180
Legislative Analysis and Technical Assistance	98	225	225
Other	145	110	110
<b>Advisory Services</b>			
SEC Statutes			
Analysis of Enforcement Memoranda	2,180	2,200	2,200
Review of Rulemaking and Other Projects	394	400	400
Review of Articles and Speeches	243	300	300
Non-SEC Statutes			
Freedom of Information Act (FOIA) – Internal Appeals	584	620	620
Personnel Matters	245	250	254
Procurement Matters	823	844	875
Labor Matters	20	20	20
Attorney Misconduct Investigations	500	510	520
Other (Subpoenas)	46	45	45
<b>Corporate Reorganization</b>			
Petitions Involving Public Investor Interest	96	95	80
Chapter 11 Cases: Appearances			
Filed	70	70	50
Closed	20	20	20
Chapter 11 Cases: Monitored			
Filed	26	25	30
Closed	2	10	10
Disclosure Statement Reviews	126	120	100
Disclosure Statements Commented On	70	70	55

<sup>1</sup> Adjudicatory matters continue to be 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.

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## 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
- Office 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
- Strategic Hub for Innovation and Financial Technology

# 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. The Chief Accountant serves as the principal advisor to the Commission on accounting and auditing matters. 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, contributes to the fair and efficient operation of our markets, and promotes capital formation. OCA works to assist the SEC's efforts to 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). OCA also monitors 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, addresses emerging accounting issues through consultations and stakeholder engagement, and supports rulemaking. A significant focus of the group is currently on oversight of the FASB, which has a robust agenda and recently underwent a change in leadership at the Chair position. Further, in the past several years the FASB issued several new accounting standards, namely leases, financial instruments, and revenue recognition, which in some form, either individually or collectively, significantly impact most registrants.

The Professional Practice Group (PPG) provides expert advice related to auditing, independence, and internal controls over financial reporting. PPG primarily provides this advice in rulemaking support, oversight of the PCAOB (including the PCAOB's standard-setting), and through consultations (including auditor independence).

#### The International Group

OCA's efforts to engage and promote high-quality financial reporting and auditing globally is a significant priority. The Chief Accountant serves as Co-Chair of IOSCO's Monitoring Group, which works to advance the public interest in international audit-related standard-setting.

The International Group will also lead the oversight of the IASB through its participation on the Monitoring Board, the International Financial Reporting Standards (IFRS) Advisory Council, IFRS Interpretations Committee, and direct interaction with the IASB and its staff.

The Office of the Chief Counsel and Enforcement Liaison (OCCEL) provides legal counsel to OCA related to legal policy with respect to Commission rulemaking and its oversight activities related to standard-setting. In addition, OCCEL also advises the Commission on enforcement matters related to accounting and auditing.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalent</b>	43	42	48
<b>Cost:</b>			
Salaries and Benefits	\$ 13,605	\$ 15,372	\$ 17,737
Non-Personnel Expenses	5,585	5,754	5,652
<b>Total Costs</b>	<b>\$ 19,190</b>	<b>\$ 21,126</b>	<b>\$ 23,389</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Development of Commission Accounting and Auditing Rules, etc.</b>			
Rule Amendments, Proposed Amendments, and Commission Guidance Developed by OCA	2	3	1
OCA SEC Staff Announcements, Bulletins, and Statements	4	2	1
Consultation Arising from the Work of Other SEC Divisions and Offices	11	9	9
IOSCO Documents Related to Issuer Accounting, Audit, and Disclosure	2	3	3
<b>Monitoring and Oversight of Standard-Setters</b>			
SEC Designated U.S. Accounting Standard Setter Trustee and Board Appointments	6	7	6
U.S. Auditing Regulator (PCAOB) Board Appointments	1	1	1
U.S. Auditing Regulator Budget and Accounting Support Fee Approval	1	1	1
<b>Monitoring and Oversight of Standard-Setting and Other Technical Work</b>			
U.S. Accounting Standard-Setting Projects	18	20	20
Rules Adopted by the U.S. Auditing Regulator and Approved by the SEC	—	2	2
<b>Interpretation of Accounting and Auditing Standards, Policies, and Positions</b>			
Resolution of Accounting Issues of SEC Registrants	72	85	85
Engagement on Accounting Issues with Non-U.S. Regulators	66	85	85
Engagement on Auditing Issues with Non-U.S. Regulators	58	108	108
External Speaking Engagements	48	60	60
<b>Recommendations and Questions Relating to the Qualification of Accountants</b>			
Auditor Independence Consultations	128	145	145
<b>Activities In Support of the Enforcement of the Securities Laws</b>			
Consultation on Enforcement Investigations of SEC Registrants	85	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 individual investors with the information they need to make sound investment decisions.

OIEA promotes this mission through two primary functions: 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 individual investors, including with respect to rulemakings, Investor Advisory Committee recommendations, and through the International Organization of Securities Commissions’ Committee on Retail Investors.

In FY 2022, OIEA will target its investor education efforts to specific populations to help more individuals protect themselves from investment fraud. OIEA also plans to continue its “Before You Invest, Investor.gov” public service campaign focused on empowering individual investors through information and education.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	41	43	43
<b>Cost:</b>			
Salaries and Benefits	\$ 11,541	\$ 12,578	\$ 13,117
Non-Personnel Expenses	6,475	7,191	7,105
<b>Total Costs</b>	<b>\$ 18,016</b>	<b>\$ 19,769</b>	<b>\$ 20,222</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Investor Assistance</b>			
Total Investor Assistance Matters Closed	21,040	21,000	21,000
Percentage of Investor Assistance Matters Closed Within:			
7 Days	52%	55%	55%
30 Days	92%	90%	90%
<b>Investor Education</b>			
Page Views on OIEA Web Pages	10,200,000	11,000,000	11,000,000
In-Person Investor Events	122	125	125
Number of Investor Alerts and Bulletins Issued	20	20	20

# 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 (RP/SC) Group** will advise the Chair, 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), as well as coordinating the Commission's participation in these bodies. The RP/SC Group will also advance the Commission's bilateral relationships with other jurisdictions and collaborate with foreign authorities to address cross-border policy issues that may have an impact on U.S. market participants (i.e., the EU's General Data Privacy Regulation [GDPR], the Markets in Financial Instruments Directive [MiFID II], the European Market Infrastructure Regulation [EMIR], the Alternative Investment Fund Managers Directive [AIFMD], FinTech, sustainable finance, cybersecurity, and new market developments). The RP/SC Group will also continue to collaborate with other divisions and offices to develop and operationalize SEC rulemakings or other policy initiatives with cross-border aspects. The RP/SC Group will also continue to support the Commission's engagement in the increased number of international workstreams related to the impact of COVID-19 on the global financial markets.

The RP/SC Group will also assist SEC examination staff in the Division of Examinations and the Office of Credit Ratings on cross-border supervisory issues; and assist foreign regulators with supervisory matters involving globally active regulated entities. The RP/SC Group will develop and implement information-sharing Memoranda of Understanding (MOU) and other supervisory cooperation arrangements with foreign regulatory authorities. In addition, the RP/SC Group will support the implementation of the SEC's first-of-its-kind substituted compliance program, including the agency-wide coordination of the application process and the negotiation of new MOUs.

The **Enforcement Cooperation and Technical Assistance (ENF/TA) Group** will assist the Division of Enforcement (ENF) in conducting investigations and enforcement proceedings with international aspects, including where perpetrators, evidence, or the proceeds of fraud are located abroad, as well as matters related to COVID-19. Similarly, the ENF/TA Group also assists and advises foreign authorities with their investigations and litigation. The ENF/TA 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. Consistent with the agency's

enforcement priorities, which include a focus on retail investors and keeping pace with technological change, the ENF/TA Group will continue to advance initiatives to address frauds that affect retail investors, such as cross-border pump-and-dump frauds. Further, the ENF/TA Group will assist ENF to combat cyber-enabled misconduct.

In addition, the ENF/TA 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 ENF/TA Group will provide technical advice and training, review regulatory oversight regimes and suggest improvements, and consult with foreign securities authorities on draft legislation and regulations and operational processes.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	51	48	51
<b>Cost:</b>			
Salaries and Benefits	\$ 13,870	\$ 13,926	\$ 15,388
Non-Personnel Expenses	5,327	5,956	5,803
<b>Total Costs</b>	<b>\$ 19,198</b>	<b>\$ 19,882</b>	<b>\$ 21,191</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
ENF Requests to SEC OIA for International Assistance <sup>1</sup>	1,684	1,573	1,682
Responses to Foreign Requests for SEC Enforcement Assistance <sup>1</sup>	684	621	621
Number of International Regulatory and Law Enforcement Officials Trained	604	600	1,000
SEC Requests for Supervisory Cooperation Assistance	325	200	210
Responses to Foreign Requests for SEC Supervisory Cooperation Assistance	243	200	210
International Regulatory Initiatives (including regulatory initiatives) <sup>2</sup>	544	544	400

1 OIA's estimate for FY 2021 is similar to the FY 2020 actual, as the office expects the pandemic-related impact on the SEC's Technical Assistance program to extend into FY 2021.

2 OIA's estimate for FY 2022 is based on the probability that pandemic-related effects on the SEC's Technical Assistance program may extend into FY 2022. In addition, beginning in FY 2020, OIA revised its methodology for calculating certain foreign authorities' requests for technical assistance, which will result in a decrease in these estimates.

# 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. When the Commission orders that a proceeding be heard by an administrative law judge, the judge serves as an independent adjudicator who determines whether the allegations against one or more respondents are true. The judges conduct public hearings in a manner similar to federal bench trials at locations throughout the United States. Among other actions, they issue subpoenas, hold conferences with parties, and rule on motions and the admissibility of evidence. 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.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	11	10	10
<b>Cost:</b>			
Salaries and Benefits	\$ 2,511	\$ 2,371	\$ 2,476
Non-Personnel Expenses	953	1,059	1,040
<b>Total Costs</b>	<b>\$ 3,463</b>	<b>\$ 3,430</b>	<b>\$ 3,516</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 <sup>1</sup> Estimate	FY 2022 <sup>1</sup> Request
<b>Proceedings Inventory</b>			
Pending Disposition Beginning of Year	43	16	6
Ordered for Hearing	5	10	20
Disposed	32	20	13
Canceled Before Hearing	16	5	5
Canceled After Hearing	—	—	—
Initial Decision Issued	16	15	8
Pending Disposition End of Year	16	6	13

<sup>1</sup> The FY 2021 estimate and FY 2022 request reflect a projected workload in light of the Supreme Court’s decision in *Lucia v. SEC*, 138 S. Ct. 2044 (2018).

# 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. 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), the OIAD is responsible for identifying problems that investors have with financial service providers and investment products; analyzing the potential impact of proposed regulations and rules on investors; 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 not later than June 30 of each year, and its purpose is to set forth the objectives of the Investor Advocate for the following fiscal year. A Report on Activities is due no later than December 31 of each year, and it describes the activities of the Investor Advocate during the immediately preceding fiscal year. Among other things, the Report on Activities must summarize the most serious problems encountered by investors during the reporting period, identify any Commission or SRO action that was taken to address those problems, and recommend, as appropriate, any administrative and legislative actions to resolve problems encountered by investors.

## Ombudsman

The Investor Advocate is required 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. The office anticipates that additional research projects will develop in FY 2022 related to the Commission's Strategic Plan by providing data that gives the Commission insight into the needs of investors.

### Investor Advisory Committee

The Investor Advocate serves as a member of the Investor Advisory Committee, which is authorized by Section 39 of the Securities 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.

### FY 2022 Request

The FY 2022 request supports two additional positions to test and evaluate the impact on investors of proposed SEC and SRO rules. These positions are pertinent for OIAD to keep pace with the aggressive rulemaking agenda the agency will be undertaking.

(DOLLARS IN THOUSANDS)	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	11	13	15
<b>Cost:</b>			
Salaries and Benefits	\$ 3,374	\$ 4,165	\$ 4,907
Non-Personnel Expenses	2,158	2,490	2,471
<b>Total Costs</b>	<b>\$ 5,532</b>	<b>\$ 6,655</b>	<b>\$ 7,378</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Ombudsman</b>			
Investor Matters	1,647	1,800	1,950
Investor Contacts	2,441	2,650	2,950
Outreach Events/Speeches	16	18	20
<b>Investor Advocacy</b>			
SEC Rulemakings Reviewed	41	27	30
SRO Rulemakings Reviewed	200	205	210
Policy Recommendations to SEC, SROs, or Congress	2	4	4
Outreach Events/Speeches	18	10	12
<b>Investor Advisory Committee Support</b>			
Committee Meetings	7	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.

The examination and monitoring of NRSROs for compliance with the federal securities laws and Commission rules will continue to account for the most significant portion of OCR’s workload in FY 2022. OCR is required by statute to conduct an examination of each NRSRO at least annually, covering eight specific review areas. Additionally, OCR uses a risk-based approach to determine additional areas of inquiry for each NRSRO examination. OCR will continue to provide legal support for examinations and any referrals to the Division of Enforcement, providing interpretive guidance, and developing rule recommendations for the Commission’s consideration through the Legal and Policy group. The group also reviews requests for Commission exemptive relief or staff “no-action” relief from existing rule requirements and formulates staff guidance and other interpretive positions for OCR. Additionally, the Legal and Policy group reviews initial applications for NRSRO registration and applications from existing NRSROs for registration in additional ratings classes.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	41	43	43
<b>Cost:</b>			
Salaries and Benefits	\$ 11,421	\$ 12,591	\$ 13,129
Non-Personnel Expenses	7,096	7,829	7,744
<b>Total Costs</b>	<b>\$ 18,517</b>	<b>\$ 20,420</b>	<b>\$ 20,873</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Examinations	9	9	10
Rulemaking, Exemptive Orders, and Interpretative and Other Actions	4	4	4
Reports and Studies	3	2	2
Reviews of Potential Enforcement Actions	14	12	12
Tips, Complaints, and Referrals (TCR)	13	16	16
NRSRO Registrations — Filed Applications, Amendments, Withdrawals, and Cancellations	50	55	55



# 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 and the Division of Examinations (EXAMS). OMS’ responsibilities include three primary areas: municipal advisor regulation, municipal securities market structure initiatives, and municipal securities disclosure initiatives.

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 IRS staff; and coordinates with other regulators as needed. OMS also organizes outreach events and works closely with the municipal securities industry to educate market participants about the federal securities laws applicable to the municipal securities market.

In FY 2022, OMS will continue its core work described above, including identifying, developing, coordinating, and implementing Commission initiatives to improve the municipal securities market.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	9	10	10
<b>Cost:</b>			
Salaries and Benefits	\$ 2,274	\$ 2,645	\$ 2,757
Non-Personnel Expenses	658	947	930
<b>Total Costs</b>	<b>\$ 2,932</b>	<b>\$ 3,592</b>	<b>\$ 3,687</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
SRO Proposed Rule Changes Reviewed <sup>1</sup>	7	15	15
SEC Rulemaking and Exemptive and Interpretive Actions <sup>2</sup>	4	6	6
Interpretive, Exemptive, No-Action, and Confidential Treatment Request Letters Closed	1	2	2
Reviews of Potential Enforcement Actions and EXAMS Examinations	42	50	50
Congressional, Governmental, Industry, and Public Correspondence and Inquiries	260	300	300
Public Awareness and Market Outreach	22	30	30
<b>Municipal Advisors (MA)</b>			
Registrants <sup>3</sup>	527	520	520
Registration Applications Filed	21	25	25
Registration Amendments Filed <sup>4</sup>	607	780	780
Registrations Withdrawn or Canceled <sup>5</sup>	38	45	45

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

2 For each of these activities in FY 2020, OMS served a supporting role to another SEC division or office. OMS expects to serve a supporting role to other SEC divisions and offices on SEC rulemakings and exemptive and interpretive actions in FY 2021 and FY 2022.

3 These figures reflect all active MA registrations as of September 30, 2020.

4 These figures assume 1.5 amendment filings per registrant per year.

5 These figures reflect the number of registration withdrawals or cancellations effective as of September 30, 2020.

# 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, with a particular focus on the unique challenges faced by minority-owned, women-owned, rural, and natural disaster area small businesses, 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.

The work of OASB is generally divided across two areas: (1) reviewing, commenting, and making recommendations on SEC and self-regulatory organization (SRO) rules impacting small business capital formation; and (2) conducting outreach to and education with small businesses and their investors to solicit views on capital formation issues. In addition, OASB supports the SEC Small Business Capital Formation Advisory Committee, planning and executing the Government-Business Forum on Small Business Capital Formation, and preparing an Annual Report to Congress, each of which are required by OASB's enabling legislation. The office carries out these functions in the following ways:

## Small Business Advocacy and Outreach

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 SROs; (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, rural 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.

### Small Business Capital Formation Advisory Committee

The Small Business Capital Formation Advisory Committee was established by the SEC Small Business Advocate Act to provide the SEC with advice on 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; trading in the securities of such companies; and 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.

### 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).

### Annual Report on Activities

OASB is responsible for preparing an Annual Report to Congress and the Commission 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.

### FY 2022 Request

The FY 2022 request supports one additional position to provide feedback and recommendations to the SEC and SRO staff during regulation drafting and identify areas in which small businesses and their investors would benefit from changes in SEC regulations or SRO rules.

(DOLLARS IN THOUSANDS)	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	6	11	12
<b>Cost:</b>			
Salaries and Benefits	\$ 1,662	\$ 2,673	\$ 3,064
Non-Personnel Expenses	579	2,116	2,106
<b>Total Costs</b>	<b>\$ 2,241</b>	<b>\$ 4,789</b>	<b>\$ 5,170</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Assistance with Small Business Capital Formation Inquiries <sup>1,2</sup>	184	150	150
Outreach Events and Speeches	40	30	30
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 <sup>2</sup>	6	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.

2 In FY 2020, OASB experienced an increase of small business capital formation inquiries due to COVID-19. To address these inquiries, the office increased outreach efforts and held additional Advisory Committee meetings.

# STRATEGIC HUB FOR INNOVATION AND FINANCIAL TECHNOLOGY

The Strategic Hub for Innovation and Financial Technology (FinHub) will continue the work that has already been taking place within the Division of Corporation Finance to proactively identify and analyze emerging financial technologies that impact the future of the securities industry and its regulation; engage market participants in discussions around technological developments; and cultivate relationships with industry innovators. As the scope and complexity of this work has continued to expand and evolve, the SEC created a stand-alone office within the Commission that can facilitate institutional agility and flexibility by promoting the rapid identification and evaluation of leading-edge developments that will shape the intersection between the federal securities laws and technology.

FinHub serves as the nexus between already established SEC functions and emerging financial technologies and innovations by providing specific expertise in financial technology-related issues. The technical expertise located within the new office will facilitate the SEC's timely and coordinated response to rapidly emerging issues and integrate perspectives from across the organization.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	—	5	7
<b>Cost:</b>			
Salaries and Benefits	\$ —	\$ 1,336	\$ 1,950
Non-Personnel Expenses	—	12	12
<b>Total Costs</b>	<b>\$ —</b>	<b>\$ 1,348</b>	<b>\$ 1,962</b>

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

# 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 Chair's 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 Chair, the Commissioners, their staff, and the Office of Legislative and Intergovernmental Affairs (OLIA).

The Chair 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 Chair 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; and coordinating U.S. securities regulation with federal, state, and foreign authorities. The staff in the Chair’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, U.S. Commodity Futures Trading Commission, and other federal financial regulatory agencies.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	35	26	31
<b>Cost:</b>			
Salaries and Benefits	\$ 11,844	\$ 12,020	\$ 13,970
Non-Personnel Expenses	4,614	5,028	4,939
<b>Total Costs</b>	<b>\$ 16,458</b>	<b>\$ 17,048</b>	<b>\$ 18,908</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Commission Meetings	75	80	80
Calendar Items	242	300	500
Seriatim Actions	882	700	550
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 internal and external audiences' interactions with the SEC. The office maintains the agency's digital platforms, including The Exchange, the agency's intranet, and [SEC.gov](https://www.sec.gov), which is among the federal government's most frequently used websites.

OPA promotes SEC operations and workforce efficiency, collaboration, and engagement with strategic dissemination of communication and information through a variety of channels, including publications, digital media, events, signage, and comprehensive messaging campaigns.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	20	20	23
<b>Cost:</b>			
Salaries and Benefits	\$ 4,794	\$ 4,934	\$ 6,002
Non-Personnel Expenses	1,694	2,038	2,002
<b>Total Costs</b>	<b>\$ 6,488</b>	<b>\$ 6,971</b>	<b>\$ 8,004</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
News Releases and Statements	501	500	500
Email and Mobile Bulletins	5,161	5,000	5,000
Social Media Posts <sup>1</sup>	996	1,100	1,100
Number of SharePoint Top-Level Sites, Web Pages, or Applications Created and/or Administered <sup>2</sup>	10	12	12
Number of Internal Communications Artifacts, including Articles, Reminders, and Daily Emails Distributed	3,064	3,200	3,200
SEC.gov Website Content Updates	33,224	34,000	34,000
The Exchange Intranet Content Updates	1,783	2,500	2,500
Number of Digital Signage Slides, Posters, and Kiosk Announcements	293	400	400

<sup>1</sup> Social media posts reflect only those published by OPA on SEC-official social media accounts. See [SEC.gov/opa/socialmedia](https://www.sec.gov/opa/socialmedia).

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

# 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 2022. In recent years, OS has generally experienced significantly increased workload levels. The higher workload taken on by OS 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 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalent</b>	19	22	24
<b>Cost:</b>			
Salaries and Benefits	\$ 5,110	\$ 5,419	\$ 6,223
Non-Personnel Expenses	1,829	2,172	2,133
<b>Total Costs</b>	<b>\$ 6,939</b>	<b>\$ 7,591</b>	<b>\$ 8,356</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Releases and Orders Processed</b>			
Enforcement	2,395	2,443	2,492
Regulatory	2,164	2,207	2,251
Other	1,437	1,466	1,495
<b>Federal Register Submissions</b>			
Self-Regulatory	1,614	1,646	1,680
Rulemaking/Other	308	314	320
Public Comment Letters Processed	23,084	24,000	25,000
Documents Posted on SEC.gov	4,956	5,200	5,300
Administrative Proceedings Items Processed	3,254	3,319	3,385
Service of Process—Administrative Proceedings	2,088	2,130	2,172

# OFFICE OF THE CHIEF OPERATING OFFICER

The Office of the Chief Operating Officer (OCOO) 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:

- Office of the Chief Operating Officer'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 other component offices. In addition, the front office manages several key functions, as detailed below.

## Chief Data Officer

The mission of the Office of the Chief Data Officer (OCDO) is to enable the secure, effective, and efficient use of data in service of the agency's mission. As required by the Foundations for Evidence-Based Policymaking Act of 2018 and the Federal Data Strategy, OCDO will coordinate the development of an SEC Data Strategy, maintain a data inventory, assess the agency's maturity level in various aspects of data management, and lead agency initiatives related to data. Furthermore, OCDO includes the SEC's Information Services function, which manages the agency's library and third-party research and data resources.

## Chief Risk Officer

The Office of the Chief Risk Officer (OCRO) strives to enhance the SEC's mission and operational effectiveness through comprehensive enterprise risk management. OCRO provides reliable, timely, and current information on risk to enable SEC leadership to make risk-informed decisions on strategy, as well as mission and operational activities. 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 and human resources and information technology initiatives, to achieve organizational objectives and support the overall agency mission.

## Strategic Planning and Program Management

The Office of Strategic Planning and Program Management (SPPM) enhances operational effectiveness by building the SEC's capabilities in strategic planning and program/project management, as well as conducting these activities as needed on behalf of the agency and the Chief Operating Officer. SPPM focuses on these distinct areas: (1) enterprise program and project management; (2) business process improvement around the agency; (3) management of agency performance metrics; and (4) strategic projects and programs.

## FY 2022 Request

For FY 2022, the SEC requests one additional position to support the buildout of the recently established OCDO and execute the functions of the Chief Data Officer as required under the Foundations for Evidence-Based Policymaking Act of 2018. Specifically, the position will focus on: (1) data governance support; and (2) ensuring that data-related systems are fit for purpose and provide the service needed to derive value from the Commission's enterprise data assets.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	21	29	35
<b>Cost:</b>			
Salaries and Benefits	\$ 4,826	\$ 7,638	\$ 9,652
Non-Personnel Expenses	1,165	2,059	2,022
<b>Total Costs</b>	<b>\$ 5,991</b>	<b>\$ 9,697</b>	<b>\$ 11,674</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Number of Auditor Engagements Facilitated	54	55	55
Number of Business Processes Analyzed for Improvements	19	20	21
Number of Small Offices Supported <sup>1</sup>	11	13	13
<b>Information Services<sup>2</sup></b>			
Library Subscription Management – Account Actions Taken <sup>3</sup>	6,615	6,500	6,500
Library Acquisitions – Contracts Managed	114	115	115
Library Acquisitions – Invoices Reviewed/Paid	685	650	650
Library Reference – In-Depth Research Requests	363	350	350
Library Reference – Quick Reference Requests	1,580	1,750	1,800

<sup>1</sup> These figures reflect the establishment of the Strategic Hub for Innovation and Financial Technology (FinHub).

<sup>2</sup> The Information Services (Library) Program and corresponding workload items have been transferred from the EDGAR Business Office (EBO) to OCRO (under OCDO), effective FY 2020.

<sup>3</sup> This is a new workload metric that is being used rather than "Password Management – Active Passwords," which was reported in previous years.

# OFFICE OF FINANCIAL MANAGEMENT

The Office of Financial Management (OFM) administers the financial management and budget functions of the SEC. OFM 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 being a good steward of funding entrusted to the SEC and is also focused on strengthening financial management within the agency. This continued improvement is 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.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	88	88	89
<b>Cost:</b>			
Salaries and Benefits	\$ 21,500	\$ 22,459	\$ 23,718
Non-Personnel Expenses	8,111	9,131	8,970
<b>Total Costs</b>	<b>\$ 29,611</b>	<b>\$ 31,590</b>	<b>\$ 32,687</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Accounting and Finance</b>			
Quarterly/Annual Financial Statements Issued <sup>1</sup>	36	36	36
Financial Transactions Analyzed	8,317,018	8,800,000	9,300,000
Analysis and Reconciliation Reports Prepared	7,865	7,656	7,732
<b>Planning and Budget</b>			
Number of Conference Requests Submitted in the Automated Event Request System (AERS)	70	85	113
Percentage of Reserve Fund Letters Delivered to Congress On Time	100%	100%	100%

<sup>1</sup> This activity includes the five required financial statements—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 digitally receive data from registrants; enable SEC employees to analyze and derive insights; share data with government partners and the public; and maintain the security of agency systems and protect the privacy of sensitive information the public entrusts to the Commission. The increasing size and complexity of U.S. markets require that the SEC continue leveraging technology to keep pace with the increases in data the agency is required to receive, process, analyze, and make available to the investing public. The Office of Information Technology (OIT) is focused on building upon previous years' investments in modernizing technology systems, particularly in the areas of application migration to a cloud environment; continuing to enhance the cybersecurity of the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system; modernizing key enforcement and examination systems; and accelerating the deployment of data analytics tools across the Commission.

OIT supports the Commission and staff of the SEC in all aspects of IT. The office has overall management responsibility for the Commission's IT program including application development, infrastructure operations and engineering, user support, IT program management, capital planning, security, privacy, and enterprise architecture. The office operates the EDGAR system, which electronically receives, processes, and disseminates more than 500,000 financial statements every year. OIT also maintains a dynamic and robust website that contains a wealth of information about the Commission and the securities industry, and hosts the EDGAR database for free public access.

## FY 2022 Request

The FY 2022 request will accelerate application migration efforts to the cloud environment scheduled to be made operational in FY 2021, and enable implementation of technical capabilities for the agency to manage data assets as enterprise assets while maintaining appropriate safeguards for access and privacy. OIT is also requesting five additional positions in FY 2022 to provide additional expertise in the area of cloud computing and infrastructure as well as identity and access management.

OIT intends to expand its cloud management capability and enhance its cybersecurity posture by implementing cloud technology improvements, monitoring the cloud privacy requirements and standards, and implementing cloud infrastructure solutions with a focus on standards, scalability, supportability, and integrity. The requested positions will allow OIT to obtain the necessary skills to facilitate the transition to a cloud-based environment and maximize service delivery to ensure that internal business partners obtain the greatest return from technology investments.

In FY 2022, the SEC intends to continue using its Reserve Fund to fund 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. This funding supports long-term IT initiatives that will otherwise be more difficult to execute due to year-over-year budget challenges.

The SEC plans to use the Reserve Fund for the following programs:

- Cybersecurity
- Data analytics
- EDGAR security uplift and modernization
- 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 improve 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 key technologies within 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).

The Consolidated Audit Trail (CAT) continues to develop in functionality as the phased launch of broker-dealer reporting and regulator functionality progresses. Reporting of transactional data is expected to be completed in early FY 2022 and the full implementation of CAT National Market System (NMS) plan requirements is scheduled to continue through the end of FY 2022. The SEC is working to establish an environment and applications to use CAT data as it becomes available.

In addition, building foundational capabilities in the SEC's cloud environment will unlock future opportunities for cost optimization, new capabilities, and security enhancements. The agency will continue to set and maintain technology standards for development and operations in the cloud, and will continue investing in automation to implement inherited security controls and improve delivery time. The SEC will also establish disaster recovery and continuity of operations capabilities in our cloud environment necessary for the migration of mission-critical applications such as EDGAR. These efforts will allow the SEC to retire outdated, legacy applications that are expensive to secure and maintain.

(DOLLARS IN THOUSANDS)	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	185	191	209
<b>Cost:</b>			
Salaries and Benefits	\$ 48,991	\$ 52,551	\$ 59,940
Non-Personnel Expenses	17,699	20,817	20,555
<b>Total Costs</b>	<b>\$ 66,690</b>	<b>\$ 73,369</b>	<b>\$ 80,495</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Internal Process Improvements and Employee Productivity</b>			
User Requests for Helpdesk Assistance	99,056	85,000	140,000
Amount of Network-Based Storage (terabytes)	23,380	24,000	24,000
Network Users	6,531	6,600	6,600
<b>Information Security and Disaster Recovery</b>			
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

In FY 2021 and FY 2022, OHR will continue to develop programs to support the SEC’s [Diversity and Inclusion Strategic Plan](#), as well as focus on modernizing human capital systems.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	105	108	112
<b>Cost:</b>			
Salaries and Benefits	\$ 24,397	\$ 26,364	\$ 28,669
Non-Personnel Expenses	9,116	10,362	10,179
<b>Total Costs</b>	<b>\$ 33,513</b>	<b>\$ 36,726</b>	<b>\$ 38,849</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
AskHR Inquiries <sup>1</sup>	18,911	20,000	20,000
Personnel Actions Processed <sup>1</sup>	18,308	18,491	18,675
Recruitment Actions <sup>1</sup>	458	462	466
Training Sessions Held	1,444	1,200	1,200
Number of Training Session Attendees	31,960	26,000	26,000
Studies, Reviews, and Policies Issued	602	628	685
Classification Assessments and Federal Staffing Policy Reviews <sup>2</sup>	48	48	47
Applications Processed for Students and Special Programs <sup>3</sup>	2,546	2,546	2,571
Number of On-Boards for Students and Special Programs <sup>4</sup>	586	586	591

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

2 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 metric captures the number of applications submitted and processed by OHR for the Student Honors Program, Upward Mobility Program, and Chair's Attorney Honors Program.

4 This 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 Chair'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—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; managing contracts and contractors; ensuring performance is monitored; adjusting contracts as needed; 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 for federal programs.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	53	54	54
<b>Cost:</b>			
Salaries and Benefits	\$ 12,325	\$ 12,960	\$ 13,521
Non-Personnel Expenses	4,699	5,234	5,141
<b>Total Costs</b>	<b>\$ 17,024</b>	<b>\$ 18,194</b>	<b>\$ 18,662</b>

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

## Workload Data

Activity <sup>1</sup>	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Procurement Actions (contracts and purchase orders)	1,564	1,610	1,610
Total Dollars Obligated of Contracts with Business Funded by SEC	\$ 546,900,000	\$ 550,000,000	\$ 550,000,000
Additional Value of Interagency Agreements Obligated (in dollars)	\$ 28,838,476	\$ 29,000,000	\$ 30,000,000
GPC Cardholder Statements Audited	84	109	109
Closeout Actions Processed	318	275	250
Dollars Recovered for Reuse (closeouts and Unliquidated Obligations [ULO] de-obligations)	\$ 25,500,000	\$ 25,000,000	\$ 25,000,000
CORs Managed	445	455	455
Small Business Actions Processed	1,070	1,000	1,000
Dollars Spent with Small Business	\$ 287,200,923	\$ 250,000,000	\$ 250,000,000
Percentage of Small Business Dollars (23% federal-wide minimum goal)	55%	50%	50%
Multi-Agency Collaborative Actions	412	400	400
Multi-Agency Contract Value Awarded (in dollars)	\$ 154,653,435	\$ 150,000,000	\$ 150,000,000

<sup>1</sup> 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.

## Office of FOIA Services (OFS)

OFS is responsible for receiving and responding to requests for non-public records under FOIA (5 U.S.C. 552) and the Privacy Act (5 U.S.C. 552a). OFS' primary objective is to foster openness and transparency in government.

## Office of Records Management Services (ORMS)

ORMS maintains SEC records schedules and develops policies and procedures under the Federal Records Act and other records requirements. The office also coordinates the retrieval of non-active records from records storage facilities and handles requests for certified copies of agency records. The Office of Management and Budget's Transition of Electronic Records (M-19-21) directive drives increased demands on the program.

## Office of Security Services (OSS)

OSS is responsible for physical and personnel security, emergency management, and the safety of SEC personnel and facilities. OSS develops policies and procedures to implement federal security-related statutes and regulations. OSS also manages the HSPD-12 and National Security programs for the SEC in accordance with federal mandates.

## Office of Building Operations (OBO)

OBO provides a wide range of services. The office supports headquarters and the SEC's 11 regional office locations, and oversees property and facilities management, office lease acquisitions and administration, space renovation, transportation, and printing and mail operations.

## Business Management Office (BMO)

The BMO serves the SEC by providing the Continuity of Operations Plan (COOP). The COOP and Policy Branch manages an extensive range of programs directly related to ensuring the continuity of SEC's operations and essential functions across a spectrum of emergencies.



(DOLLARS IN THOUSANDS)	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	88	88	89
<b>Cost:</b>			
Salaries and Benefits	\$ 19,178	\$ 19,843	\$ 20,989
Non-Personnel Expenses	7,376	8,143	7,999
<b>Total Costs</b>	<b>\$ 26,554</b>	<b>\$ 27,986</b>	<b>\$ 28,987</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Records Management – Official Certificates	2,760	2,900	3,000
Records Management – Document Requests	280	450	450
FOIA Requests Carried Forward from Prior FYs	641	676	726
New FOIA/PA Requests Received	13,293	13,800	14,300
FOIA/PA Requests Completed	13,258	13,750	14,250
Security Services – Interim Suitability Determinations Made	2,175	3,100	3,100
Security Services – HSPD-12 Credentials Issued	943	2,400	4,800
Security Services – HSPD-12 Credential Certificates Updated	320	1,025	2,050
Print Production (millions of pages)	0.97	1.66	2.35

# EDGAR BUSINESS OFFICE

The EDGAR Business Office (EBO) manages the business operations of the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system, including, but not limited to: strategic planning for filer support, budget, system improvement, and other issues; communications with filers and the public; administration of EDGAR access; and EDGAR-specific rulemaking (such as amendments to Regulation S-T and the EDGAR Filer Manual). In addition, EBO partners with SEC divisions and offices to gather and implement division and office rulemaking requirements for EDGAR development. EBO proactively seeks to improve the filing and disclosure process for filers and the public.

In FY 2022, EBO will continue its direct executive-level oversight of EDGAR to provide greater control, accountability, and transparency of the system’s business operations. Building upon its advancement of EDGAR’s security posture and modernization of the technology underpinning EDGAR, EBO will focus on simplifying and consolidating user experience; improving integration with external systems; and providing more robust access to public EDGAR data for investors.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	33	31	32
<b>Cost:</b>			
Salaries and Benefits	\$ 7,820	\$ 7,558	\$ 8,179
Non-Personnel Expenses	3,227	3,317	3,259
<b>Total Costs</b>	<b>\$ 11,047</b>	<b>\$ 10,875</b>	<b>\$ 11,438</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>EDGAR Filings, Disclosure, and Review</b>			
Online Searches for EDGAR Filings (in millions)	27,328	28,694	29,240
Number of Electronic Filings Received (in millions)	2.16	2.25	2.35
<b>EDGAR Business Owner/Program Office</b>			
EDGAR Development Releases	2	4	4
EDGAR Infrastructure Releases	4	4	4
EDGAR Filer Manual Seriatim Updates	2	4	4
Technical Support—Internet and Email Inquiries	2,517	3,020	3,624
Assistance and Technical Support— Telephone Inquiries	86,627	89,226	91,903
EDGAR Form IDs Processed	74,816	77,060	79,372

# OFFICE OF THE ETHICS COUNSEL

The Office of the Ethics Counsel (OEC) is responsible for administering the Commission’s Ethics Program and interpreting the SEC’s Supplemental Ethics Rules as well as federal government-wide ethics laws, rules, and regulations. OEC provides independent legal analysis and advice to the Chair, Commissioners, and divisions and offices on ethics issues. In addition, the OEC Compliance team manages personal trading requests for staff Commission-wide in compliance with the SEC Supplemental Ethics Rules and provides training and counseling on personal trading questions. OEC is also the SEC’s liaison with the U.S. Office of Government Ethics. 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 information technology systems, and as the number of enforcement matters increase in FY 2022.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	18	19	19
<b>Cost:</b>			
Salaries and Benefits	\$ 4,688	\$ 5,030	\$ 5,247
Non-Personnel Expenses	1,813	1,990	1,955
<b>Total Costs</b>	<b>\$ 6,501</b>	<b>\$ 7,020</b>	<b>\$ 7,202</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Ethics Counseling Inquiries	9,888	10,184	10,489
Review of Public Financial Disclosure Forms	435	615	633
Commission Memoranda Review	1,648	1,697	1,747
Review of Confidential Financial Disclosure Forms	4,841	4,986	5,135
Clearance of 8B Requests	187	193	199
Pre-clearance of Requests for Trading	39,140	40,314	41,523
Employees Trained in Ethics	4,944	5,092	5,245
Review of SEC Forms 682 Financial Disclosure Forms	206	212	218
Testing of Employee Compliance Data	489	504	519

# 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; increased participation of minority-owned and women-owned businesses in SEC's programs and contracts; and assessing the diversity policies and practices of entities regulated by the SEC. 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 2022, 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.

To support diversity in SEC's business activities, OMWI works to introduce minority-owned and women-owned businesses to opportunities at the SEC and will continue to collaborate with the Office of Acquisitions to promote access to contracting and subcontracting opportunities through extensive outreach activities. In particular, OMWI expects to promote awareness of, and access to, contract vehicles focused on the SEC's information technology needs. OMWI will present at business conferences; meet one-on-one with potential contractors at SEC headquarters and via teleconference at Vendor Outreach Days; and join with other financial regulatory agencies host an important technical assistance event focused on minority-owned and women-owned businesses.

OMWI's activity related to entities regulated by the SEC will include collecting voluntary information on the diversity policies and practices of entities regulated by the SEC. At conferences and other events hosted by industry groups, OMWI will continue to encourage regulated entities to conduct self-assessments of their diversity policies and practices using the joint standards, and to share information about their diversity self-assessments with the SEC.

## FY 2022 Request

The FY 2022 request supports one additional position to enable OMWI to leverage diversity and inclusion to support the SEC’s staff and internal operations while helping the agency more effectively engage with the diverse public we serve.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	7	8	10
<b>Cost:</b>			
Salaries and Benefits	\$ 2,247	\$ 2,215	\$ 2,882
Non-Personnel Expenses	865	954	937
<b>Total Costs</b>	<b>\$ 3,111</b>	<b>\$ 3,169</b>	<b>\$ 3,819</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Diversity Assessments	25	25	25
Advancing Employee Development	2	2	2
Diversity and Inclusion Analytics <sup>1</sup>	5	5	5
Diversity and Inclusion Programs	70	65	65
Diversity and Inclusion Training	9	15	15
Roundtable or Public Meetings	4	4	4
Vendor Outreach	53	60	60
Targeted Advertisement Sources	397	360	360
Diversity Standards and Policies	2	2	2
Good Faith Effort Contract Reviews	52	40	40

<sup>1</sup> OMWI is leveraging advanced analytics and data science to provide on-demand access to diversity-related analysis and indicators. OMWI will track Diversity Analytics for leadership and stakeholders at the project/program level.

# OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

The Office of Equal Employment Opportunity (OEEO) strives to create and apply best practices to achieve equal employment opportunity (EEO) in the workplace and to support compliance with anti-discrimination laws so that the SEC serves as an employer-of-choice, fostering an equitable workplace dedicated to 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, genetic information, parental status, or protected EEO activity. 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. In order to maintain the neutrality and impartiality necessary to fulfill its responsibilities under 29 C.F.R. Part 1614 and related statutes and regulations, OEEO is required to be independent of any other SEC office and the OEEO Director reports to the SEC Chair. OEEO is organized in two analytical functions: Compliance and Resolutions and Barrier Analysis.

**The Compliance and Resolutions 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 Genetic Information Nondiscrimination Act, and Executive Orders 13087, 13152, and 13672. This function also provides opportunities to quickly resolve disputes without litigation through an alternative dispute resolution program called Conflict-to-Resolution. The Equal Employment Opportunity Commission regulates EEO programs across the federal government and adjudicates claims of bias.

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

In addition to its two analytical functions, OEE0 also supports the SEC’s harassment prevention efforts through intake and education, offers mandatory training, and files required annual reports with external stakeholders. OEE0 engages frequently with internal and external stakeholders to perform its functions.

Societal events in FY 2020 have raised awareness of, and focus on, laws, programs, and activities aimed at ensuring compliance with EEO laws and regulations. OEE0 will continue to perform regulatory requirements for Executive Branch EEO Programs as set forth in 29 C.F.R. Part 1614 and related laws and EEOC guidance, including the Compliance and Resolutions and Barrier Analysis functions described above.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	12	13	13
<b>Cost:</b>			
Salaries and Benefits	\$ 3,608	\$ 3,794	\$ 3,958
Non-Personnel Expenses	1,417	1,532	1,504
<b>Total Costs</b>	<b>\$ 5,025</b>	<b>\$ 5,326</b>	<b>\$ 5,463</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
Compliance	453	350	350
Reporting	8	8	8
Barrier Analysis	3,150	2,995	2,912
Mission Support	1,739	1,250	1,250

# 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 2022, 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 2022. 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. The office expects workload levels to remain high through FY 2022.

The OIG will continue the oversight responsibilities established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which was enacted on July 21, 2010. 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 2022, 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 2022. 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 of and transparency into the work of OIGs, the OIG has had to devote added resources to these initiatives, like the IG Enhancement Act and Whistleblower Protection Coordination Act. Similar legislation has been proposed that would increase OIG coordination and reporting with OIGs throughout the federal government. Additionally, the emphasis upon cybersecurity enhancements and investigations as government increasingly moves to IT-based services and solutions increases the need for technical solutions and skills in providing oversight. The increase in IG activities will result in the need for more OIG resources.

In FY 2022, the OIG requests to add three additional positions consisting of two auditors and one forensics cyber-crimes special agent to accommodate this increasingly complex workload. The requested audit positions will help the OIG's Office of Audits to (1) better respond to mandatory requirements, including external peer reviews and statutorily mandated engagements, and (2) support the SEC's ESP and the OIG's Office of Investigations. The OIG will also add a forensics cyber-crimes special agent to assist the OIG's criminal investigators in gathering data from multiple sources to ensure investigations are thorough and complete. The addition of these audit and special agent positions are requested to accomplish the core mission of the OIG.

## Regulatory Requirement

The Inspector General Act of 1978 (as amended) 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. The Act 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 U.S. Securities and Exchange Commission (SEC) submits the following information for the OIG's budget estimate and request for FY 2022.

- The aggregate budget request for the operations of the OIG is \$17,649,389.42.
- The OIG budget request incorporates a sufficient aggregate amount of funds for the operations of the OIG. The OIG training needs have traditionally been partially funded out of the agency's training budget (i.e., approximately \$1,000 per full-time equivalent for general training needs). The estimate for OIG specialized training costs for FY 2022 is \$116,000. The IG certifies that the aggregate amount of the request satisfies all training requirements for the OIG for FY 2022 and also any assessment required to support CIGIE.
- The estimated amount of the SEC OIG's contribution to CIGIE is 0.33 percent of the budget request, or \$58,115.

<i>(DOLLARS IN THOUSANDS)</i>	FY 2020 Actual	FY 2021 Enacted	FY 2022 Request
<b>Full-Time Equivalents</b>	50	50	53
<b>Cost:</b>			
Salaries and Benefits	\$ 13,508	\$ 14,121	\$ 15,579
Non-Personnel Expenses	6,043	7,186	6,993
<b>Total Costs</b>	<b>\$ 19,551</b>	<b>\$ 21,307</b>	<b>\$ 22,572</b>

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

## Workload Data

Activity	FY 2020 Actual	FY 2021 Estimate	FY 2022 Request
<b>Audits/Evaluations</b>			
Pending Beginning of Year	7	5	6
Opened	10	12	11
Completed	12	11	12
Pending End of Year	5	6	5

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# RISKS, INTERNAL CONTROLS, AND MANAGEMENT CHALLENGES

The SEC's mission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The increasingly complex ecosystem of capital markets, public companies, and investors makes accomplishing that mission continually more challenging. To maximize the impact of the resources provided to the SEC to accomplish its mission, the agency continually evaluates its operations to identify emerging risks and ensure its resources are deployed in a manner that efficiently and effectively meets agency priorities.

## Risk Management

The SEC's Office of the Chief Risk Officer (OCRO), within the Office of the Chief Operating Officer, is responsible for leading the agency's enterprise risk management (ERM) program and 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 ERM program assists the agency in achieving its strategic and operational objectives by providing an enterprise-wide approach for managing the most significant risks and challenges. The ERM program provides a channel for the flow of information as well as rigor and discipline for the staff's efforts to deal effectively with uncertainty, prepare for potential future events, and reduce the likelihood of downside outcomes while taking advantage of opportunities for greater levels of success. With input from the Office of the Chair, the Risk Management Oversight Committee, and other SEC committees, the ERM program oversees the development and implementation of strategic and programmatic risk frameworks and methodologies, and produces and maintains the agency's risk profile. In FY 2022, the SEC will continue to integrate ERM into its strategic goals, performance metrics, budgeting processes, and internal control environment, as well as support risk-informed decision making.

## Management Assessments of Internal Control

The SEC remains committed to maintaining a strong system of internal control, which is integral to effective agency management and obtaining reasonable assurance that the SEC's operational, reporting, and compliance objectives will be achieved. The Federal Managers' Financial Integrity Act of 1982 (FMFIA), along with its implementing guidance in OMB Circular A-123, establishes management's responsibility to establish, 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.

In support of this statement by the Chair, the OCRO executes the SEC's Management Assurance program to gain insights on the state of the SEC's internal controls. This program is executed at multiple levels within the SEC and includes:

- An entity-level control evaluation;
- 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 Office of Inspector General (OIG);
- Reviews of financial management systems;
- Reports pursuant to the Federal Information Security Management Act (FISMA) and OMB Circular A-130, *Management of Federal Information Resources*; and
- Reports and other information from Congress or agencies such as OMB, the Office of Personnel Management (OPM), or 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 2020 AFR provides a summary of the most significant management and performance challenges facing the SEC, as identified by the OIG, in the *Other Information* section. The AFR also details the actions being taken to address these challenges.

The table on the next page describes how the resources requested for FY 2022 will help address the challenges identified by the Inspector General.

Management Challenge Identified by the Inspector General	How the FY 2022 Budget Addresses the Challenge
<p><b>Meeting Regulatory Oversight Responsibilities</b></p>	<p>The SEC must continue to find ways to use its limited resources to keep pace with the changes in the size and complexity of the securities markets, products, and the market participants regulated by the SEC.</p> <p>In FY 2020, the Division of Examinations (EXAMS) was able to maintain the same investment adviser coverage ratio as FY 2019 by quickly adapting to the disruptions caused by the COVID-19 pandemic. EXAMS also worked throughout the pandemic with registrants to address the timing of its examination requests, availability of registrant personnel, and other matters to minimize disruption and promote health and safety.</p> <p>The Division of Enforcement (ENF) also reacted promptly to the disruptions caused by the COVID-19 pandemic, addressing misconduct with speed and clarity. It formed the Coronavirus Steering Committee to coordinate investigations related to a wide variety of potential misconduct and opened nearly 150 COVID-related inquiries or investigations. Further, the Division of Trading and Markets continued its work on several regulatory proposals to modernize SEC regulations, and the SEC’s Ombudsman invested in additional staff and technologies to streamline communications with retail investors.</p> <p>In FY 2021 and FY 2022, EXAMS and ENF management will continue to take steps to address this challenge by continuing to:</p> <ul style="list-style-type: none"> <li>• leverage technology and data analytics as well as human capital to refine the risk-based examination approach;</li> <li>• develop tools and data used to assist in identifying areas of risk, firms that may present heightened risk of non-compliance, and activities that may harm investors;</li> <li>• better detect potential securities law violations; and</li> <li>• accelerate the speed of investigations.</li> </ul> <p>In addition, ENF will pursue initiatives to improve the speed with which the division is able to triage the increasingly high volume of tips, complaints, and referrals received by the agency, and increase efficiencies in the administration of the whistleblower program. Devoting future resources to these programs will ensure that the thousands of tips, complaints, referrals, and whistleblower tips the Commission receives each year are thoroughly reviewed and that rewards are paid in a timely manner.</p> <p>Finally, the Division of Economic and Risk Analysis will continue to provide highly-valued analytics, such as its October 2020 report detailing the interconnections of the U.S. credit markets and the early effects of the COVID-19 pandemic, which support SEC risk scoping, investor protection, detection of illegal conduct, and resource allocation efforts.</p>

*continued on next page*

Management Challenge Identified by the Inspector General	How the FY 2022 Budget Addresses the Challenge
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**Protecting Systems and Data**

Protecting information systems and data is a top priority effort that must meet the challenges introduced by new technology, new threats, and new business drivers. SEC management remains mindful that governmental agencies, financial market participants, and private sector entities must remain vigilant because they are subject to frequent attempts by unauthorized actors to disrupt public-facing systems, access data, or otherwise damage technology infrastructure.

In FY 2020, the Office of Information Technology (OIT) worked to make enhancements in a number of areas. For example, OIT advanced efforts to implement new vulnerability assessment tools and conduct proactive code reviews to improve capabilities for detecting and preventing software and website vulnerabilities. OIT also enhanced operational security capabilities by establishing a new branch that is focused on continuous assessment of threat information and continuous monitoring of data communications for indicators of compromise.

OIT continues to make it a priority to address and mitigate the cybersecurity risks identified by the OIG and GAO. During FY 2020, the OIG closed 17 information technology (IT)-related audit recommendations and GAO closed 1 cybersecurity-related audit recommendation.

Recognizing there is more work to be done, in FY 2021 and FY 2022 the SEC will make strides to:

- support the implementation of security services within agency-selected cloud capabilities;
- enhance identity, access, and privilege management protocols and operations across platforms;
- modernize security operations capabilities focusing on automation, integration of shared services and experts through managed services, and proactive capabilities to identify threats; and
- continue the implementation of a secure application development structure across all agency development teams and projects.

**Improving Contract Management**

In FY 2021 and FY 2022, the Office of Acquisitions will continue the Contract Management Excellence Initiative to further promote effective contract management, including by: (1) partnering with OIT to review and update security clauses in the SEC's IT contracts to improve the security posture; (2) providing additional compliance reviews of existing contracts and corresponding documentation; and (3) coordinating with the Commission's Contracting Officer's Representatives to ensure effective administration of SEC contracts and proper vendor oversight.

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Management Challenge Identified by the Inspector General	How the FY 2022 Budget Addresses the Challenge
<p><b>Ensuring Effective Human Capital Management</b></p>	<p>The success of the SEC depends on an effective, highly-skilled workforce. In addition to the independent assessments that the OIG and GAO perform on the agency's human capital management, the SEC also receives valuable feedback from employees through such mechanisms as OPM's annual Federal Employee Viewpoint Survey. This input provides important insight into how well agency leaders are managing, training, and developing personnel, and where the SEC has opportunities to improve.</p> <p>In FY 2020, the agency initiated a new performance management system for SK employees, which GAO recommended should be validated based on staff input. In FY 2021, the SEC plans to engage OPM to evaluate the new performance management system. The SEC will review any recommendations from OPM and revise the performance management system's policies and procedures as necessary.</p> <p>In addition, the SEC plans to implement a new incentive program through which supervisors can reward high-performing SK employees. The SEC is currently finalizing the program, including instituting mechanisms to promote transparency and fairness, as recommended.</p> <p>Also in FY 2020, the SEC issued its first <a href="#">Diversity and Inclusion Strategic Plan</a>, which recognizes that diversity, inclusion, and opportunity should be reflected in both the internal and outward-facing aspects of the agency's work.</p> <p>In FY 2021 and FY 2022, the SEC and its Office of Human Resources will continue to address this challenge area by increasing focus on attracting and retaining a diverse and talented workforce that is representative of all segments of American society with the right mix of skills and expertise, as well as administering programs to enhance employee engagement, performance management, and leadership development.</p>



# 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 2020 – FY 2022 are highlighted below.

## Strategic Goal 1

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

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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. For example, OIEA issues joint investor alerts on recent investment frauds and scams with the Commodity Futures Trading Commission (CFTC), the Financial Industry Regulatory Authority (FINRA), and the North American Securities Administrators Association (NASAA).

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 more than 475 SEC enforcement investigations in FY 2020, 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 its criminal law enforcement counterparts employed complementary tools to further a shared goal of investor protection. Frequently, this entailed collaboration with overseas regulatory and law enforcement counterparts.

The SEC's Division of Examinations (EXAMS) 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, CFTC, the Office of the Comptroller of the Currency (OCC), the Financial Crimes Enforcement Network (FinCEN), the U.S. Department of Labor, and the Public Company Accounting Oversight Board. Further, given the increasingly global marketplace, EXAMS continues to work with the SEC's Office of International Affairs to protect investors through 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.

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. In addition, OIEA is a national partner of Jump\$start and OIEA's director, Lori Schock, serves on Jump\$start's board of directors (ex officio). Jump\$start 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.

## 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.

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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, the Financial Stability Oversight Council (FSOC), the International Organization of Securities Commissions (IOSCO), and the Senior Supervisors Group, by providing technical expertise on market and risk management developments and emerging financial issues. TM cooperates and collaborates with the OCC, CFTC, the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Banks, the Bank of England, the Financial Conduct Authority, the Japanese Financial Services Agency, Canadian securities regulators, and other

regulators. This collaboration spans several areas, including operations and risk management practices of financial market infrastructures and the capital, liquidity, internal controls, funding sources, and financial condition of firms and their holding companies that are supervised by the SEC. It also includes regulatory and supervisory areas of mutual interest.

In FY 2020, domestic and foreign regulators provided particular focus on the impact of COVID-19 pandemic-related market volatility and work-from-home restrictions on market infrastructure and financial intermediaries. The pandemic contributed to significant increases in trading volumes and message traffic across products, resulting in operational challenges. While market infrastructure and financial intermediaries performed well overall, TM continues to identify and evaluate potential areas where further policy work may be warranted in collaboration with other regulatory agencies. In addition, regulators continue to focus on other significant issues, including the cessation of LIBOR (London Interbank Offered Rate) at the end of 2021 and the UK's withdrawal from the EU (Brexit). Also, 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 dedicates significant time and resources to these discussions, including by hosting meetings and workshops. IM staff also provides 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 Wall Street Reform and Consumer Protection Act of 2010 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 (including the implementation of Regulation Best Interest), and evolving industry risks. This coordination ultimately intends 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 the firms they oversee.

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 partners with sibling regulators, including through participation in the FSOC Digital Assets and Distributed Ledger Technology Working Group. FinHub staff serves as the SEC's liaison to other regulators in the FinTech space, including the OCC, CFTC, FinCEN, FDIC, FRB, the U.S. Department of Justice (DOJ), the Consumer Financial Protection Bureau, the Federal Trade Commission, and the U.S. Department of the Treasury. FinHub staff also collaborates with international partners through, for example, the FSB, IOSCO, the Financial Action Task Force, the European Securities and Markets Authority, the Organization for Economic Cooperation and Development, and the Global Financial Innovation Network.

Also, to enhance credit rating agency oversight and foster more effective supervision, the SEC's Office of Credit Ratings 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.

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The Office of Human Resources (OHR) participates in quarterly discussions with the FDIC, CFTC, OCC, the Federal Housing Finance Agency, the National Credit Union Association, 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 the aforementioned organizations collectively participate in a biannual survey to benchmark compensation and benefits programs. The survey is conducted by a third party, with the SEC OHR compensation team managing the contract and interagency agreements. OHR also participates in the Enterprise Data & Analytics Community of Practice, a collaboration effort sponsored by the SEC, NASAA, OCC, the General Services Administration (GSA), 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 that aim to encourage employee development and improve interagency 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 Cybersecurity and Infrastructure Security Agency (CISA) on enhancing the security posture of agency information systems. For example, the SEC participates in CISA's Continuous Diagnostics and Mitigation program and works closely with the Federal High Value Asset Program Management Office to assess and improve its enterprise cybersecurity risk posture.

The Office of the Chief Data Officer helps the SEC gain efficiencies by participating in regular meetings with chief data officers from across the federal government to share best practices and discuss government-wide data issues and priorities.

The Office of Support Operations (OSO) works closely with GSA to conduct lease procurements and manage most SEC facilities. Since 2011, OSO has collaborated with GSA to achieve annual rent savings estimated at \$8.5 million via rightsizing existing leases upon expiration. OSO is currently coordinating with GSA on two prospectus lease procurement actions that are underway. In addition, OSO collaborates with the DOJ to implement the information technology changes necessary to achieve interoperability between the SEC's Freedom of Information Act (FOIA) case management system and the National FOIA Portal on [FOIA.gov](https://www.foia.gov) by the end of FY 2021.

## 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 2020, there were six Government Accountability Office reports and nine Office of Inspector General reports issued related to agency operations. Beyond this, examples of reviews and evaluations the agency initiated and plans to continue are listed below.

The SEC conducted investor research to better understand how investors interact with markets, including 10 surveys and 4 rounds 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 and the Office of the Investor Advocate 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 efforts and related programs.

The SEC created the Asset Management Advisory Committee (AMAC) to provide the Commission with diverse perspectives on asset management and related advice and recommendations. Topics the AMAC may address include trends and developments affecting investors and market participants, the effects of globalization, and changes in the role of technology and service providers. The AMAC held its inaugural meeting in January 2020 and held five additional meetings through December 2020.

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 and offer advice and recommendations on matters related to fixed income market structure. Since its inception, FIMSAC has made 16 recommendations to the Commission. These recommendations include ideas to improve transparency and promote liquidity for both institutional and retail investors in the corporate bond and municipal securities markets. FIMSAC continues to be a valuable resource for the Commission. Most recently, on October 5, 2020, FIMSAC provided the Commission and the public with detailed presentations on the impact of COVID-19 and related volatility on the fixed income market structure. FIMSAC continues to consider significant fixed income topics and policy ideas, including potential recommendations related to recent pandemic-related volatility.

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 proposal and adoption stages. These efforts are critical to identifying the benefits and costs of regulatory actions, including situations in which a rule’s effects may not be consistent with expectations. For example, the Division of Investment Management 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 flyer” 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 by listening to investors and others about how rules are—or are not—functioning as intended.

As required by 2018 legislation, SEC staff submitted to Congress a report on the risks and benefits of algorithmic trading in U.S. capital markets. This report summarized covered key aspects of the market structure for equity and debt securities most relevant to algorithmic trading; views on the risks and benefits of algorithmic trading, including its effects on liquidity provision during both normal and stressed market conditions; recent regulatory responses to changes in market structure behavior resulting from the growth of algorithmic trading; and noteworthy economics and finance literature addressing algorithmic trading. It also included a brief, preliminary discussion of the performance of equity market structure during the extreme market volatility that was precipitated by the beginning of the COVID-19 pandemic. In drafting the report, Commission staff drew upon a range of data sets and analytical tools, market commentary, and academic literature. Commission staff continues to closely monitor developments related to algorithmic trading and market structure.

On October 1, 2020, SEC staff published a *Staff Report on the Regulation of Clearing Agencies* (Staff Report). The Staff Report is designed to help facilitate a discussion of the prevailing trends and related developments in the U.S. clearance and settlement system for securities since the 2007 – 2009 financial crisis. To provide a framework for such a discussion, the Staff Report: (1) includes a brief history of the national system for clearance and settlement; (2) provides an overview of the SEC’s current regulatory framework; (3) describes the SEC’s examination program for clearing agencies; (4) discusses the staff’s view of trends relevant to the ongoing development of the national system; and (5) illustrates how clearing agencies are responding to these trends by summarizing recent, relevant initiatives they have undertaken. Since the publication of the Staff Report, SEC staff continued to meet with market participants and clearing agencies to obtain their views on this set of important issues.

The SEC reviews performance goal data on a quarterly basis. Each quarter, the Office of the Chief Operating Officer 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 the Performance Improvement Council recommendations for frequent data-driven reviews.



## LINKS TO ADDITIONAL INFORMATION AND RESOURCES

Reference	URL
Strategic Plans, Agency Financial Reports, and Congressional Budget Justifications	<a href="https://www.sec.gov/about/offices/ofm/ofm-documents.htm">SEC.gov/about/offices/ofm/ofm-documents.htm</a>
Investor.gov	<a href="https://www.investor.gov">Investor.gov</a>
Office of the Whistleblower	<a href="https://www.sec.gov/whistleblower">SEC.gov/whistleblower</a>
Enforcement Actions, Commission Opinions, SEC Staff Briefs, Trading Suspensions, and Notices Concerning the Creation of Investor Claims' Funds in Specific Cases	<a href="https://www.sec.gov/page/litigation">SEC.gov/page/litigation</a>
Laws that Govern the Securities Industry	<a href="https://www.sec.gov/about/laws.shtml">SEC.gov/about/laws.shtml</a>
Glossary of Terms and Acronyms	<a href="https://www.sec.gov/fast-answers">SEC.gov/fast-answers</a>

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# FY 2020 Annual Performance Report (APR) and FY 2022 Annual Performance Report (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 3 strategic goals that also serve as its strategic objectives, as well as 14 strategic initiatives that support those goals and objectives.

This section comprises the agency's FY 2020 APR and FY 2022 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:

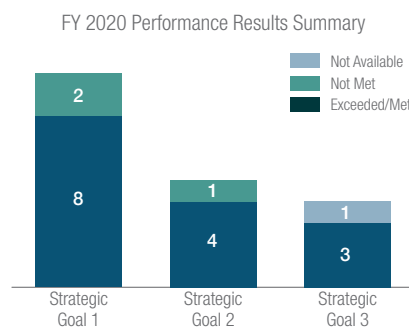
**A Strategic Goal Summary:** Reviews the purpose of each strategic goal and provides additional information to identify the resources allocated toward achieving the goal.

**Performance Goals and Indicators:** Presents the performance goals and performance indicators by strategic goal, comparing planned and actual performance levels for FY 2020. Five years of historical data is provided for performance goals and performance indicators where available.

## FY 2020 APR AND FY 2022 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 2020, total SEC obligations were \$1.827 billion in support of 4,411 total full-time equivalents (FTE). Of 19 total performance targets, the agency met or exceeded 15; did not meet 3; and data was not available for 1.

The budget request for FY 2022 totals \$1.993 billion, an increase of about \$166 million relative to the agency's FY 2020 obligations of \$1.826 billion. The FY 2022 budget request funds 4,658 FTEs, an increase of about 247 FTEs and 153 positions compared to the FY 2020 level.



# PERFORMANCE SUMMARY BY STRATEGIC GOAL

## Strategic Goal 1

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

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- 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.

In FY 2020, in the face of many extraordinary challenges, the SEC remained focused on the long-term interests of Main Street investors. The SEC promoted informed investment decision making through more than 400 investor education events serving different segments of the population, including senior citizens, current and former military personnel, teachers, younger investors, and other affinity groups. The SEC conducted examinations covering 15 percent of all registered investment advisers and 45 percent of all registered broker-dealers. The Division of Examinations (EXAMS) enhanced its risk-based inspections and exam program by collecting and analyzing a wide variety of data from registrants and other sources to identify potentially problematic activities and firms as well as prominent risk themes. The Division of Enforcement brought over 700 actions, obtaining financial remedies of more than \$4.5 billion, and awarded a record 39 individual whistleblowers approximately \$175 million. In FY 2020, approximately \$1.216 billion and 2,936 FTEs were directed at achieving results in Strategic Goal 1. Of 10 performance targets, the agency met or exceeded 8 and did not meet 2.

In FY 2022, the SEC will continue to bring actions against individuals and entities who violate federal securities laws. Through these actions, the Commission protects investors by punishing misconduct, deterring wrongdoing, removing bad actors from our markets, and, wherever possible, compensating harmed investors. The SEC will also continue to engage with the American public. Specifically, the Teachers Initiative and Military Service Members Initiative focus additional enforcement and investor education resources on protecting teachers, veterans, and active duty military personnel, particularly in the areas of savings and investment, investment fees and expenses, retirement programs specific to educators and service members, and the red flags of investment fraud. In FY 2022, the agency is requesting a total of \$1.350 billion and 3,101 FTEs toward achieving Strategic Goal 1.

**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, Division of Examinations

PERFORMANCE GOAL 1									
Investor research on the readability/usefulness of disclosures									
<b>Description:</b> 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 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Plan	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Research Projects	Prior-year data not available		4	16	2	6	15	6	6
<b>Target:</b> Exceeded									
<b>Analysis:</b> In FY 2020, the Office of the Investor Advocate (OIAD) exceeded the number of research studies by incorporating work that was not completed due to the government shutdown in FY 2019. Additional resources including a Senior Financial Economist and contractor support aided OIAD in exceeding the FY 2020 target.									
<b>Responsible Division/Office:</b> Office of the Investor Advocate									
<b>Data Source:</b> 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 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Plan	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Educational Events	Prior-year data not available			N/A	510	350	403	400	425
Outreach Events	Prior-year data not available			19	40	31	51	29	35

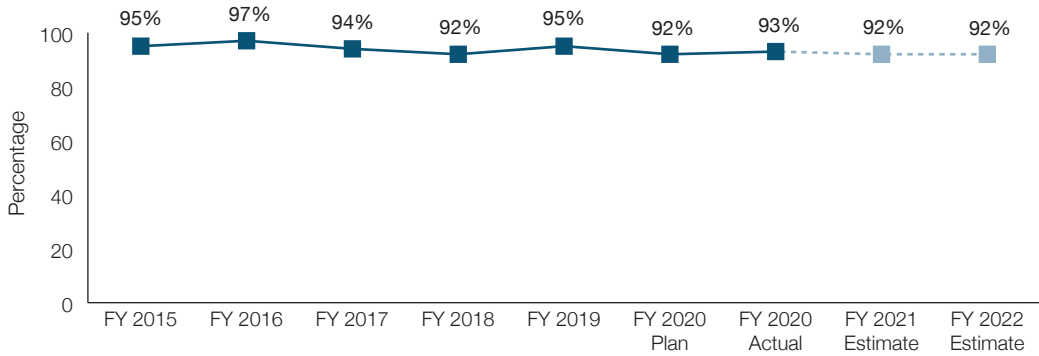
**Target:** Educational Events – Exceeded; Outreach Events – Exceeded

**Analysis:** In FY 2020, SEC staff exceeded the goals for investor educational events and outreach events through a series of planned events prior to the pandemic, followed by a seamless transition to hosting similar events in a virtual setting. This quick pivot allowed many events to continue as planned, and afforded the ability to host additional events without the administrative burden of providing physical locations and on-site logistical support for the meetings. The virtual setting also facilitated the participation of additional stakeholders who may have been previously constrained by travel costs or other burdens associated with in-person participation.

**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.

**Target:** Exceeded

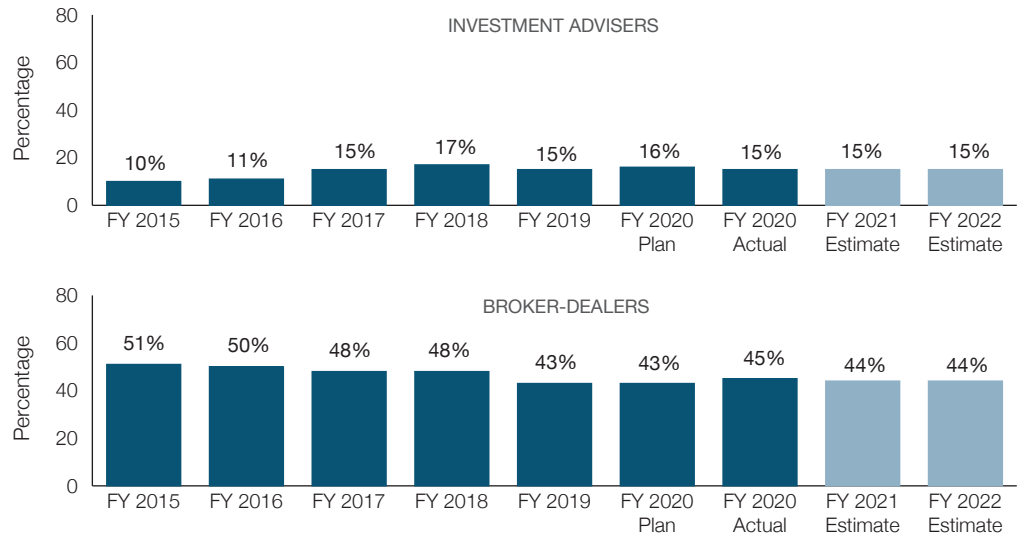
**Analysis:** In addition to securing victories in specific cases, the SEC's litigation efforts also help the agency obtain appropriate settlements in other cases by demonstrating that it will pursue litigation and trial, if necessary, to obtain appropriate relief. The SEC endeavors to resolve actions 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 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).

**Target:** Investment Advisers – Not Met; Broker-Dealers – Exceeded

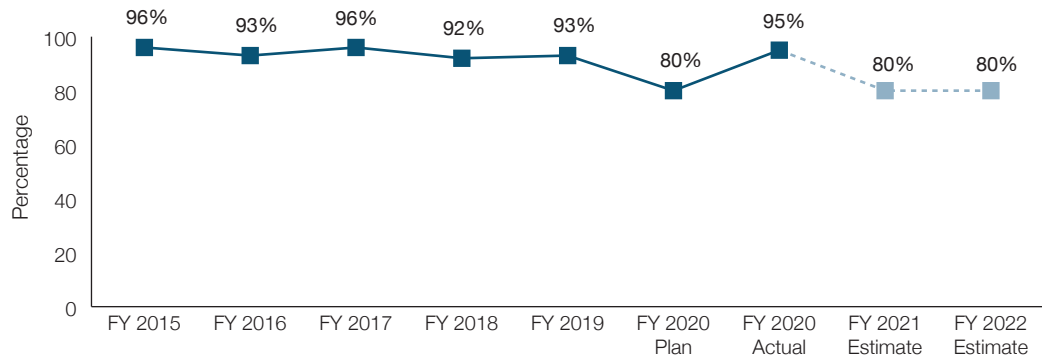
**Analysis:** FY 2020 examination priorities focused on both investment advisers and broker-dealers in an effort to protect retail investors and address critical risks in the marketplace. Overall, coverage rates during the year were close to expectations and reflected the continued emphasis on these important market participants. These significant results were achieved despite challenges created by the public health pandemic, which included shifting examination work from on-site to correspondence only. In addition to its examination efforts, the Division of Examinations (EXAMS) also engaged extensively during the year in critical, non-examination regulatory outreach to registrants in order to assess market impacts from the pandemic. Going forward, the program will continue to prioritize examinations of investment advisers and broker-dealers as more and more individuals rely on these financial intermediaries to gain access to the financial markets.

**Plan for Improving Program Performance:** The performance target for investment adviser coverage was set at an approximate level and the deviation from the target was minimal. Investment adviser examinations and coverage will be a continued focus for the Commission during FY 2021 and FY 2022, and EXAMS expects that annual coverage rates will remain relatively stable despite the significant growth and complexity of these registrants. EXAMS will continue to leverage program efficiencies implemented in recent years along with a continued investment in human capital in its efforts to maintain coverage levels of these important entities.

**Responsible Division/Office:** Division of 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.

**Target:** Exceeded

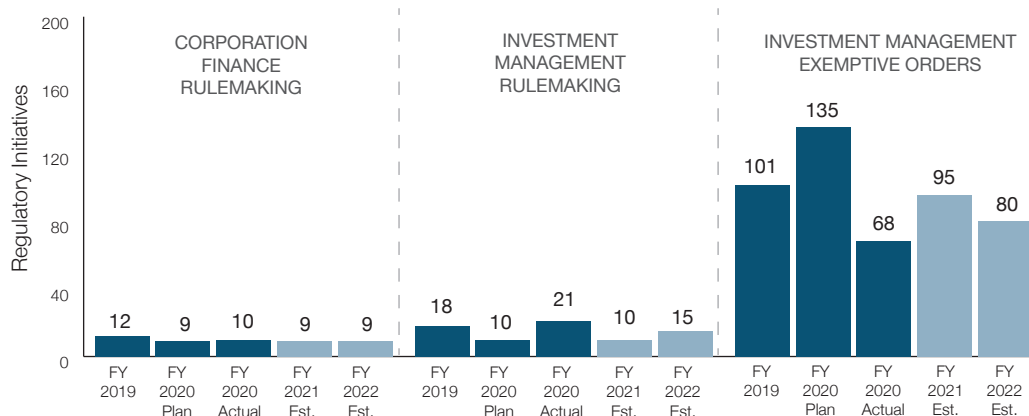
**Analysis:** In FY 2020, the Division of Enforcement exceeded the target by 15 percentage points. Going forward, the division will continue its efforts to prioritize the timeliness and efficiency of distributing funds, which have been enhanced through efforts such as centralizing certain functions and implementing 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



Note: Data for FY 2015 – FY 2018 is not available.

**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.

**Target:** Corporation Finance Rulemaking – Exceeded; Investment Management Rulemaking – Exceeded; Investment Management Exemptive Orders – Not Met

**Analysis:** In FY 2020, the Divisions of Corporation Finance and Investment Management worked on 31 proposed rules, final rules, concept releases, and guidance releases. The SEC exceeded both rulemaking performance targets for FY 2020. Several of the rulemaking initiatives were designed to modernize registered investment company disclosure to better serve the needs of retail investors. For example, the Commission adopted rules to simplify and streamline disclosures for investors about variable annuities and variable life insurance contracts to make it easier for investors to access the information they need to make informed investment decisions. In addition, the Commission proposed to amend disclosure requirements for mutual funds and exchange-traded funds to, among other things, promote concise and visually engaging shareholder reports that highlight key information for retail investors.

**Plan for Improving Program Performance:** For exemptive orders, it is important to note that exemptive applications are submitted voluntarily and not required by the Commission, thus the actual figures may vary greatly from year to year depending on market developments and trends.

**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 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Actual
Number of Companies	4,389	4,245	4,228	4,319	4,278	4,381

**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

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- 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.

In FY 2020, the continued orderly operation of our securities markets during this period of national challenge was a testament to many market participants and governmental authorities, including the women and men across the SEC. In the face of unforeseen and unpredictable developments, the agency, along with our U.S. and international regulatory partners, diligently monitored the extraordinary volumes and volatility in our securities markets. This monitoring informed the Commission on when and where it was necessary or appropriate to take action, including providing guidance and targeted regulatory relief. Specifically, the SEC provided targeted relief to facilitate small businesses' access to capital at a time when they have been particularly vulnerable to increased operational and funding uncertainty. The SEC's Small Business Capital Formation Advisory Committee held several meetings during the spring and summer of 2020. Those meetings generated feedback that led to the Commission providing temporary, targeted, and conditional relief to allow established small businesses access to needed capital, including through Regulation Crowdfunding, while continuing to provide appropriate investor protections.

In FY 2020, coordination was pivotal to keeping the "pipes and plumbing" of our securities markets functioning largely as designed and, importantly, as market participants would expect. The Commission formalized an internal, cross-divisional COVID-19 Market Monitoring Group, which built on existing activities to function as a focal point for managing and coordinating our efforts to both monitor and respond to the effects of COVID-19. In FY 2020, approximately \$238.9 million and 577 FTEs were directed at achieving results in Strategic Goal 2. Of five performance targets, the agency met or exceeded four and did not meet one.

In FY 2022, the agency will continue to strengthen transparency and accountability in our markets to ensure the American public can invest with confidence, and be protected from fraud and manipulation. The SEC will also continue to promote efficiency and competition so that our markets operate with lower costs to companies and higher returns to investors. In FY 2022, the agency is requesting a total of \$265.2 million and 609 FTEs in support of 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, Division of 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 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Plan	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Division of Trading and Markets (TM)	Prior-year data not available				98%	95%	99%	95%	95%
Division of Investment Management (IM)	Prior-year data not available				100%	95%	100%	95%	95%
Division of Corporation Finance (CF)	Prior-year data not available				99%	95%	100%	95%	95%

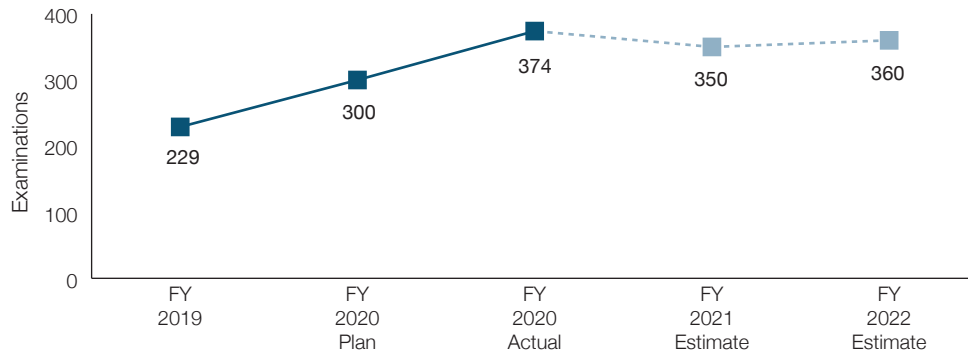
**Target:** TM – Exceeded; IM – Exceeded; CF – Exceeded

**Analysis:** During FY 2020, the SEC continued to exceed its target of issuing initial comments on exemptive applications and guidance letters within 90 days. The Divisions of Corporation Finance, Investment Management, and Trading and Markets were 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**



Note: Data for FY 2015 – FY 2018 is not available.

**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.

**Target:** Exceeded

**Analysis:** The SEC remains focused on ensuring that regulated market participants are actively and effectively engaged in managing cybersecurity risks. The SEC protects and monitors developments in this area through examinations of market participants conducted by the Division of Examinations. During FY 2020, more than 370 examinations specifically requested information related to an entity's information security, the results of which helped to evaluate whether market participants are actively engaged in monitoring and addressing critical cyber risks. These examinations also helped the SEC monitor industry developments to ensure future oversight efforts can be appropriately planned and executed. The examination program intends to continue its significant cyber and information security examination work in future years.

**Responsible Division/Office:** Division of 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 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Plan	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Number of Response Exercises	Prior-year data not available				12	11	6	11	11

**Target:** Not Met

**Analysis:** The impact of COVID-19 resulted in cancellation of the annual continuity exercise by Federal Emergency Management Agency (FEMA). As such, the Office of Support Operations (OSO) conducted only four of five Crisis Management Exercises. In addition, OSO typically conducts Incident Response evacuation drills during the spring and summer months. However, the SEC was on mandatory telework due to COVID-19 and did not conduct any Incident Response evacuation drills. The Office of Information and Technology (OIT) performed two Disaster Recovery exercises where services, applications, and systems were failed over and failed back between primary and secondary datacenters. All applications, services, and systems that participated in these exercises were tested by the system owners and end users for their functionality. In total, OSO completed four of nine planned exercises and OIT completed two in FY 2020.

**Plan for Improving Program Performance:** Once the SEC transitions away from the mandatory telework posture, OSO plans to conduct Incident Response evacuation drills and an additional Crisis Management Exercise to meet the performance target.

**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.

In FY 2020, the agency released its first ever [Diversity and Inclusion Strategic Plan](#), the development of which was led by the Office of Minority and Women Inclusion (OMWI). Developing the Plan involved extensive engagement with SEC staff at all levels from divisions and offices throughout the agency and the SEC's Diversity Council and Employee Affinity Groups. The Plan provides a framework to guide the agency's efforts to promote diversity, inclusion, and opportunity in the SEC's workforce; increase opportunities for minority-owned and women-owned businesses to contract with the agency; and develop standards for assessing the diversity policies and practices of firms regulated by the SEC. Agency leaders and managers will continue to implement the initiatives outlined in the Plan with a focus on weaving diversity, inclusion, and opportunity into their work advancing the SEC's mission.

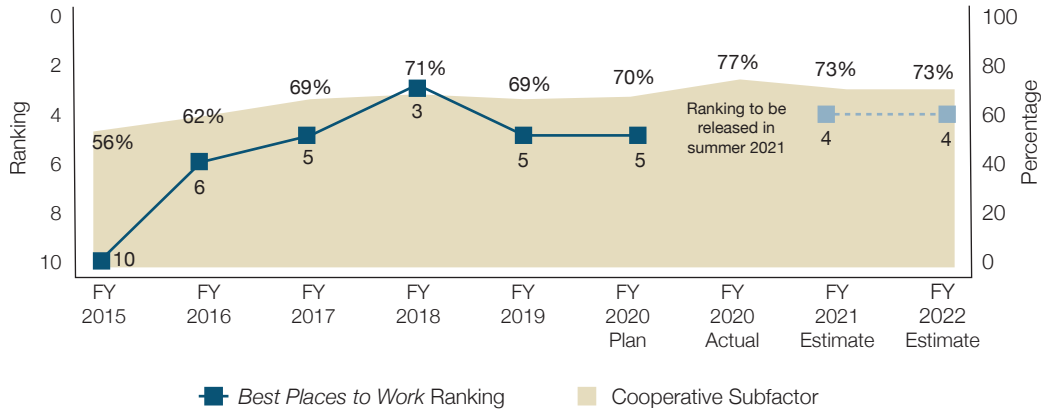
In FY 2020, the various offices within the Office of the Chief Operating Officer (OCOO) worked to support SEC staff as they transitioned to a posture of mandatory telework resulting from the COVID-19 pandemic. This included adjustments to the SEC's technology infrastructure to accommodate record levels of telework, as well as training and work schedule flexibilities to make sure staff were able to work productively while juggling their home responsibilities.

In the realm of technology and data, the SEC worked to build its cloud capabilities, modernize key systems, and continually improve its information security. For example, in FY 2020, the SEC implemented a major upgrade to the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system to refresh the technology underlying the system and improve its security. The Office of the Chief Data Officer (OCDO), within the front office of the OCOO, worked to stand up the SEC's data governance structure, perform an assessment of the SEC's data maturity, establish a comprehensive inventory of the SEC's data assets, and create an SEC-wide policy on data access and use that facilitates the secure and controlled flow of information. In FY 2020, approximately \$371.9 million and 898 FTEs were directed at achieving results in Strategic Goal 3. Of four performance targets, the agency met or exceeded three; the FY 2020 *Best Places to Work* Ranking results will be released in the summer of 2021.

In FY 2021 and FY 2022, the SEC will continue to stress the importance of diversity, inclusion, and opportunity for the SEC's workforce in alignment with the SEC's [Diversity and Inclusion Strategic Plan](#). The Office of Information Technology will continue building the agency's cloud presence, modernizing enforcement and examinations systems, and investing in improvements in cybersecurity such as managing risks in the agency's technology supply chain. In FY 2022, the agency is requesting a total of \$412.8 million and 948 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.

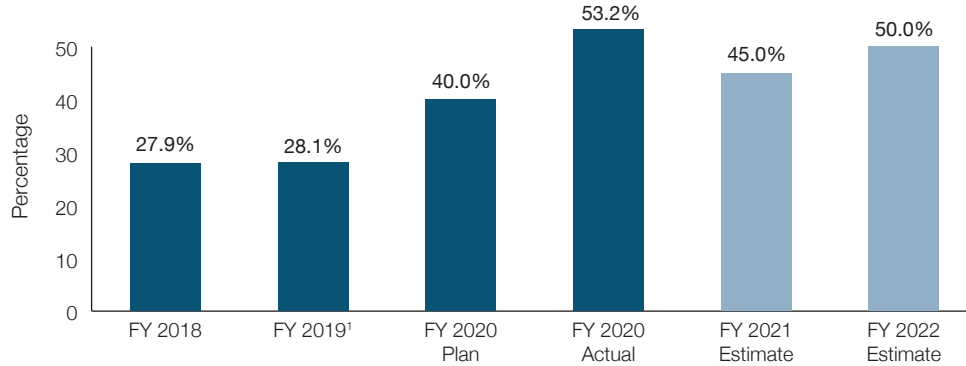
**Target:** *Best Places to Work* Ranking – N/A; Cooperative Subfactor – Exceeded

**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 SEC believes that this year’s increases were driven in part by the agency’s effective response to the COVID-19 pandemic. The FEVS program within the Office of Human Resources (OHR) focuses on driving a high response rate to the FEVS each year to ensure accurate results, and helping SEC divisions and offices improve their specific results through collaboration, use of various tools, and consulting services led by the OHR.

**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**



*Note: Data for FY 2015 – FY 2018 is not available.*

**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.

**Target:** Exceeded

**Analysis:** The improved POA&Ms closure performance during FY 2020 was the result of several reporting enhancements implemented by the Office of Information Technology (OIT) including (1) inclusion of this and several other POA&Ms performance metrics into status reports; (2) tracking POA&Ms submission due date changes and failed POA&Ms closure attempts to support more proactive identification of challenging POA&Ms; (3) tracking additional information about upcoming POA&Ms due dates; and (4) providing statistics related to common risks identified by POA&Ms to support root cause analysis. OIT presented these expanded POA&Ms reports to the Chief Operating Officer, Chief Information Officer, and other key management stakeholders consistently on a biweekly basis to improve situational awareness and support a risk-based approach to prioritizing mitigation efforts.

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

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

<sup>1</sup> Beginning in FY 2019, the 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.

**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 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Plan	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
GAO and OIG Recommendations	Prior-year data not available			72%	50%	65%	67% <sup>1</sup>	65%	65%

**Target:** Exceeded

**Analysis:** The SEC marginally exceeded its FY 2020 target. Among closed recommendations, the SEC submitted 67 percent of its corrective action plans for closure within 12 months of receipt. In FY 2020, the Office of the Chief Operating Officer took a number of steps to help improve the SEC's ability to achieve this goal, including (1) initiating more frequent touch points with SEC divisions and offices regarding progress made in completing corrective actions, and (2) establishing monthly benchmarking with the Office of Inspector General (OIG) to ensure accurate records and provide a forum for discussing outstanding corrective action plans. In FY 2020, the SEC also received a large number of recommendations from the OIG in the middle of the year that management was able to complete relatively quickly.

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

**Data Source:** Audit Management System (Archer)

<sup>1</sup> The FY 2020 percentage is based on the percentage of closed GAO and OIG recommendations submitted to the auditor for closure within 12 months of report issuance. The change was made to more accurately measure the time it takes SEC to complete its corrective actions.

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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.

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

The following are copies of the SEC's responses sent to the Committees on Appropriations of both Houses of Congress. Substantially similar responses were sent to the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, the congressional committees with jurisdiction over the agency program or activity that is the subject of the recommendation, the Office of Management and Budget, and the Government Accountability Office.

GAO Report: "Division of Enforcement Should Document Its Procedures for Generating Public Reports" (GAO-20-47, dated November 27, 2019)



OFFICE OF  
THE CHAIRMAN

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

May 22, 2020

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 provide you with an update on the progress that the Securities and Exchange Commission (SEC) has made in implementing the recommendation made by the U.S. Government Accountability Office (GAO) in its November 2019 Report entitled "Division of Enforcement Should Document Its Procedures for Generating Public Reports" (GAO 20-47). The report examines the SEC's reporting of enforcement statistics, the ways that enforcement statistics reporting changed over the last 10 years, and policies and procedures for recording, reviewing, and reporting enforcement statistics.

In its report, GAO explains that the Division of Enforcement (Enforcement) voluntarily issues a stand-alone annual report that provides selected enforcement statistics and other information. The information contained in this report is provided in addition to the agency's required reporting. The Enforcement Annual Report includes data, discussion and analysis of Enforcement's activities, initiatives, and areas of focus, among other matters. GAO's recommendation was that the Co-Directors of Enforcement develop, and document implementation of, written procedures for generating Enforcement's public reports, including compiling and verifying statistics used in the reports. I support this recommendation, and asked the staff to promptly develop written procedures, communicate them to all staff involved in the compilation of the Enforcement Annual Report, and document the implementation of the recommendation.

Enforcement has made significant progress executing its corrective action, and anticipates completion within one year of GAO's recommendation. Enforcement has prepared and finalized a corrective action plan, obtained input from GAO on the plan's ability to address the recommendation, undertaken and completed a review of its procedures for compiling and verifying statistics used in the Enforcement Annual Report, and drafted additional procedures to the extent they were not previously documented.

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: "Division of Enforcement Should Document Its Procedures for Generating Public Reports" (GAO-20-47, dated November 27, 2019)



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

May 22, 2020

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 provide you with an update on the progress that the Securities and Exchange Commission (SEC) has made in implementing the recommendation made by the U.S. Government Accountability Office (GAO) in its November 2019 Report entitled "Division of Enforcement Should Document Its Procedures for Generating Public Reports" (GAO 20-47). The report examines the SEC's reporting of enforcement statistics, the ways that enforcement statistics reporting changed over the last 10 years, and policies and procedures for recording, reviewing, and reporting enforcement statistics.

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Jay Clayton  
Chairman

GAO Report: "Division of Enforcement Should Document Its Procedures for Generating Public Reports" (GAO-20-47, dated November 27, 2019)



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

May 22, 2020

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 provide you with an update on the progress that the Securities and Exchange Commission (SEC) has made in implementing the recommendation made by the U.S. Government Accountability Office (GAO) in its November 2019 Report entitled "Division of Enforcement Should Document Its Procedures for Generating Public Reports" (GAO 20-47). The report examines the SEC's reporting of enforcement statistics, the ways that enforcement statistics reporting changed over the last 10 years, and policies and procedures for recording, reviewing, and reporting enforcement statistics.

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Jay Clayton  
Chairman

GAO Report: "Division of Enforcement Should Document Its Procedures for Generating Public Reports" (GAO-20-47, dated November 27, 2019)



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

May 22, 2020

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 provide you with an update on the progress that the Securities and Exchange Commission (SEC) has made in implementing the recommendation made by the U.S. Government Accountability Office (GAO) in its November 2019 Report entitled "Division of Enforcement Should Document Its Procedures for Generating Public Reports" (GAO 20-47). The report examines the SEC's reporting of enforcement statistics, the ways that enforcement statistics reporting changed over the last 10 years, and policies and procedures for recording, reviewing, and reporting enforcement statistics.

In its report, GAO explains that the Division of Enforcement (Enforcement) voluntarily issues a stand-alone annual report that provides selected enforcement statistics and other information. The information contained in this report is provided in addition to the agency's required reporting. The Enforcement Annual Report includes data, discussion and analysis of Enforcement's activities, initiatives, and areas of focus, among other matters. GAO's recommendation was that the Co-Directors of Enforcement develop, and document implementation of, written procedures for generating Enforcement's public reports, including compiling and verifying statistics used in the reports. I support this recommendation, and asked the staff to promptly develop written procedures, communicate them to all staff involved in the compilation of the Enforcement Annual Report, and document the implementation of the recommendation.

Enforcement has made significant progress executing its corrective action, and anticipates completion within one year of GAO's recommendation. Enforcement has prepared and finalized a corrective action plan, obtained input from GAO on the plan's ability to address the recommendation, undertaken and completed a review of its procedures for compiling and verifying statistics used in the Enforcement Annual Report, and drafted additional procedures to the extent they were not previously documented.

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: Securities and Exchange Commission — Systemically Assessing Staff Procedures and Enhancing Control Design Would Strengthen Internal Oversight (GAO-20-115, dated December 19, 2019)



OFFICE OF THE CHAIRMAN

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

June 16, 2020

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

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

Dear Chairman Shelby and Vice Chairman Leahy:

I am pleased to respond to the recommendations made by the U.S. Government Accountability Office (GAO) in its December 2019 report entitled *Securities and Exchange Commission – Systemically Assessing Staff Procedures and Enhancing Control Design Would Strengthen Internal Oversight* (GAO-20-115). The report reflects GAO’s third triennial review under Section 961 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Act requires the Comptroller General of the United States to submit a report to Congressional Committees that contains a review of the Securities and Exchange Commission’s (SEC) internal supervisory control structure and procedures, not less frequently than once every three years. The SEC recognizes the importance of this work, and our efforts to make improvements in supervisory control structure and procedures are ongoing.

In its report, GAO found that, as of fiscal year 2018, the SEC’s internal supervisory control framework reflected federal internal control standards. The report also made five recommendations to the SEC related to developing policies to assess the effectiveness of staff procedures and ensuring that all relevant divisions and offices follow SEC guidance and federal internal control standards for implementing control activities through documented policies.

The Commission’s Dodd-Frank 961 Working Group and relevant offices and divisions (offices) have made significant progress addressing these recommendations. The Working Group and relevant offices developed and finalized corrective action plans, including obtaining input from GAO on these plans. The Working Group revised its “Reference Guide for Compliance with Section 961 of the Dodd-Frank Act” to include a framework for the offices to use in developing written policies and processes for the assessment of each office’s procedures applicable to staff. The Working Group adopted the updated Guide on April 15, 2020.

In addition, each applicable office has been reviewing the internal supervisory controls in its Risk and Control Matrix to determine whether these controls are in accordance with SEC guidance and federal internal control standards for implementing control activities through documented policies and will make changes where necessary. We continue to anticipate



GAO Report: Securities and Exchange Commission — Systemically Assessing Staff Procedures and Enhancing Control Design Would Strengthen Internal Oversight (GAO-20-115, dated December 19, 2019) (continued)

The Honorable Richard Shelby  
The Honorable Patrick Leahy  
Page 2

completion of these efforts by the fall of 2020 and monitor progress through required quarterly reporting to the Office of the Chief Risk Officer.

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.

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GAO Report: "Securities and Exchange Commission – Systemically Assessing Staff Procedures and Enhancing Control Design Would Strengthen Internal Oversight" (GAO-20-115, dated December 19, 2019)



OFFICE OF THE CHAIRMAN

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

June 16, 2020

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

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

Dear Chairwoman Lowey and Ranking Member Granger:

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The Honorable Nita Lowey  
The Honorable Kay Granger  
Page 2

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Jay Clayton  
Chairman

GAO Report: "Securities and Exchange Commission: Personnel Management Shows Improvement, but Action Needed on Performance Management System" (GAO-20-208, dated December 19, 2019)



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SECURITIES AND EXCHANGE COMMISSION  
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June 16, 2020

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Dear Chairwoman Lowey and Ranking Member Granger:

I am pleased to provide you with an update on the progress the U.S. Securities and Exchange Commission (SEC) has been making in implementing the recommendation made by the U.S. Government Accountability Office (GAO) in its December 2019 report entitled *Securities and Exchange Commission: Personnel Management Shows Improvement, but Action Needed on Performance Management System* (GAO-20-208). It is the third report issued by GAO under Section 962 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires GAO to report triennially on SEC's personnel management, including the competence of professional staff, the effectiveness of supervisors and issues related to employee performance assessments, promotion and intra-agency communication.<sup>1</sup>

In its report, GAO discusses the SEC's efforts to redesign its performance management system, including the SEC's efforts to implement a new performance incentive bonus (PIB) program to recognize employees for outstanding performance. GAO recommended that the SEC's Chief Operating Officer develop and implement safeguards to better ensure transparency and fairness in the PIB program. In response to this recommendation, in 2019 the Office of Human Resources (OHR) reviewed best practices for promoting transparency and fairness in awarding incentive payments. Based on this research, OHR is working to define criteria to differentiate between acceptable and outstanding performance for supervisors to use when nominating staff, develop a communications campaign to inform employees and supervisors of award criteria and craft a rigorous nomination review procedure executed by SEC senior managers for reviewing nominations to promote consistency and fairness.

OHR continues to make progress in implementing this recommendation. This is important and challenging work and OHR continues to engage with internal stakeholders to address relevant concerns. In consideration of the efforts of many SEC staff in addressing

<sup>1</sup> GAO, *Securities and Exchange Commission: Actions Needed to Address Limited Progress in Resolving Long-Standing Personnel Management Challenges*, GAO-17-65 (Washington, D.C.: Dec. 29, 2016) and *Securities and Exchange Commission: Improving Personnel Management Is Critical for Agency's Effectiveness*, GAO-13-621 (Washington, D.C.: July 18, 2013).

GAO Report: "Securities and Exchange Commission: Personnel Management Shows Improvement, but Action Needed on Performance Management System" (GAO-20-208, dated December 19, 2019) *(continued)*

The Honorable Nita Lowey  
The Honorable Kay Granger  
Page 2

challenges related to COVID-19, and a goal to ensure that the PIB program is implemented fairly, OHR is considering if any changes to our 2020 timeline are warranted. OHR also expects to learn from the first round of the PIB program and to improve future implementations.

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.

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Chairman

GAO Report: "Securities and Exchange Commission: Personnel Management Shows Improvement, but Action Needed on Performance Management System" (GAO-20-208, dated December 19, 2019)



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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
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June 16, 2020

The Honorable Richard Shelby  
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S-128, The Capitol  
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The Honorable Richard Shelby  
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Page 2

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Sincerely,

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Jay Clayton  
Chairman

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# APPENDIX C: 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 recommendations identified on the GAO website (Section 3);
- A reconciliation of the OIG recommendations listed in this report compared with the recommendations 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 timeframe for completion<sup>1</sup>

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)
<b>GAO-13-621</b> Securities and Exchange Commission: Improving Personnel Management Is Critical for Agency’s Effectiveness (dated 7/18/2013)	The Chairman of Securities and Exchange Commission should direct the Chief Operating Officer and Chief Human Capital Officer to conduct periodic validations (with staff input) of the performance management system and make changes, as appropriate, based on these validations.	Corrective actions in progress (Winter 2021 – 2022)
<b>GAO-18-256</b> Financial Services Regulation: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced (dated 1/30/2018)	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.	Corrective actions in progress (Summer 2021)
<b>GAO-20-115</b> Securities and Exchange Commission: Systematically Assessing Staff Procedures and Enhancing Control Design Would Strengthen Internal Oversight (dated 12/19/2019)	The SEC Chair should direct the Directors of the Division of Corporation Finance, Division of Enforcement, Office of Compliance Inspections and Examinations, and Office of Credit Ratings to develop written policies and processes to systematically assess the effectiveness of staff procedures (procedures applicable to staff who perform examinations of registered entities, enforcement investigations, and reviews of corporate financial securities filings). <sup>2</sup> Examples of elements SEC could include in the policies and processes are the steps necessary to conduct such assessments, including time frames in which the assessments should be performed and reviewed; assignment of responsibilities related to the assessments; requirements for documenting assessments; and steps for staff to take to mitigate and report deficiencies identified as a result of the assessments.	Closure request submitted to GAO. Actions completed, pending confirmation by GAO.

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1 The SEC is not reporting on historical recommendations closed more than five years ago. The SEC does not have any recommendations designated by GAO as “closed, unimplemented” that are less than five years old.  
 2 The Office of Compliance Inspections and Examinations was renamed the Division of Examinations in December 2020.

**SECTION 1**  
**Status of Public GAO “Open” Recommendations**

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<p><b>GAO-20-115</b>            Securities and Exchange Commission: Systematically Assessing Staff Procedures and Enhancing Control Design Would Strengthen Internal Oversight (dated 12/19/2019)</p>	<p>The Director of the Division of Enforcement should ensure that all internal supervisory controls include documentation requirements, detailed procedures, identified follow-up actions, implementation time frames, and assignment of control execution responsibility, in accordance with SEC guidance and federal internal control standards for implementing control activities through documented policies.</p>	<p>Closure request submitted to GAO. Actions completed, pending confirmation by GAO.</p>
<p><b>GAO-20-115</b>            Securities and Exchange Commission: Systematically Assessing Staff Procedures and Enhancing Control Design Would Strengthen Internal Oversight (dated 12/19/2019)</p>	<p>The Director of the Office of Compliance Inspections and Examinations should ensure that all internal supervisory controls include documentation requirements, detailed procedures, identified follow-up actions, implementation time frames, and assignment of control execution responsibility, in accordance with SEC guidance and federal internal control standards for implementing control activities through documented policies.</p>	<p>Closure request submitted to GAO. Actions completed, pending confirmation by GAO.</p>
<p><b>GAO-20-115</b>            Financial Services Regulation: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced (dated 12/19/2019)</p>	<p>The Director of the Office of Credit Ratings should ensure that all internal supervisory controls include documentation requirements, detailed procedures, identified follow-up actions, implementation time frames, and assignment of control execution responsibility, in accordance with SEC guidance and federal internal control standards for implementing control activities through documented policies.</p>	<p>Closure request submitted to GAO. Actions completed, pending confirmation by GAO.</p>

Section 2: Status of public OIG recommendations outstanding for longer than one year, recommendation status, and estimated timeframe for completion

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)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (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 (Spring 2021)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (dated 3/30/2018)	Develop, review, and approve secure baselines for all systems included [non-public information].	Corrective actions in progress (Spring 2021)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (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 (Summer 2020)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (dated 3/30/2018)	[Non-public information]	Corrective actions in progress (Fall 2021)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (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 (Summer 2021)

*continued on next page*

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

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (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 (Summer 2021)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (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.	Corrective actions in progress (Fall 2021)
<b>549</b> 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 (Winter 2021 – 2022)
<b>550</b> Evaluation of the EDGAR System's Governance and Incident Handling Processes (NONPUBLIC) (dated 9/21/2018)	[Non-public information]	Corrective actions in progress (Spring 2021)

*continued on next page*

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

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>552</b> 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 2021)
<b>552</b> 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 2021)
<b>552</b> 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 (Fall 2021)
<b>552</b> 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 (Winter 2022-2023)
<b>555</b> The SEC Has Processes To Manage Information Technology Investments But Improvements Are Needed (dated 9/19/2019)	Ensure its capital planning and investment control policies meet the intent of Office of Management and Budget guidance on information technology investment baseline management policies, to include procedures that: <ul style="list-style-type: none"> <li>a. clarify the specific information needed to support change requests for deviations from approved investment baselines;</li> <li>b. specify the minimum documentation necessary to demonstrate the analysis of alternatives performed to support decisions to improve, enhance, or modernize existing information technology investments, or to implement changes to investment baselines; and</li> <li>c. establish the circumstances under which a new investment proposal is warranted in lieu of a change request.</li> </ul>	Corrective actions in progress (Spring 2021)

*continued on next page*

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

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<p><b>556</b>                      The SEC Can More Strategically and Securely Plan, Manage, and Implement Cloud Computing Services (dated 11/7/2019)</p>	<p>Develop a roadmap and implementation plan for cloud migration that provides for evaluating the agency’s information technology portfolio; prioritizing systems and services for migration to the cloud, as appropriate, based on potential benefits and risks; and tracking of cloud-related goals.</p>	<p>Corrective actions in progress (Summer 2021)</p>
<p><b>556</b>                      The SEC Can More Strategically and Securely Plan, Manage, and Implement Cloud Computing Services (dated 11/7/2019)</p>	<p>Develop policies and procedures to ensure the following for all new and existing cloud computing services:</p> <ul style="list-style-type: none"> <li>a. Applicable cloud system security controls and enhancements are included in the respective SEC cloud-based system security plan.</li> <li>b. Applicable cloud system security controls and enhancements are assessed and supported by sufficient evidence in the respective SEC cloud-based system security assessment report.</li> <li>c. The SEC authorizing official is provided with complete and appropriate information necessary to make risk-based decisions on whether to authorize the agency’s cloud systems to operate.</li> </ul>	<p>Corrective actions in progress (Fall 2021)</p>
<p><b>558</b>                      Fiscal Year 2019 Independent Evaluation of SEC’s Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)</p>	<p>Complete all relevant components of the [non-public information], including [non-public information] expiration and review date, according to [non-public information].</p>	<p>Closure request submitted to OIG. Actions completed, pending confirmation by OIG.</p>
<p><b>558</b>                      Fiscal Year 2019 Independent Evaluation of SEC’s Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)</p>	<p>Develop and document a [non-public information].</p>	<p>Corrective actions in progress (Spring 2021)</p>
<p><b>558</b>                      Fiscal Year 2019 Independent Evaluation of SEC’s Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)</p>	<p>a) Develop a methodology to demonstrate the control assignments from National Institute of Standards and Technology Special Publication 800-53, Revision 4, including control tailoring and inheritance; and b) Update the Securities and Exchange Commission’s System Security Plan templates to ensure control tailoring justification corresponds to the methodology covered in part a).</p>	<p>Corrective actions in progress (Fall 2021)</p>

*continued on next page*

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

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<p><b>558</b>            Fiscal Year 2019            Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)</p>	<p>Develop and document a formal process to either prevent or detect [non-public information], as well as perform a formal review for [non-public information] in accordance with U.S. Securities and Exchange Commission [non-public information].</p>	<p>Corrective actions in progress (Fall 2021)</p>
<p><b>559</b>            The SEC's Office of Broker-Dealer Finances Provides Effective Oversight, But Opportunities to Improve Efficiency Exist (dated 2/26/2020)</p>	<p>Finalize steps deemed feasible and prudent and, as necessary, (a) require broker-dealers to electronically file with the Commission annual reports and risk assessment reports, and (b) raise the capital threshold for reporting under the 17-H rules.</p>	<p>Corrective actions in progress (Winter 2021)</p>
<p><b>560</b>            Controls Over the SEC's Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits (dated 3/30/2020)</p>	<p>Increase outreach efforts to make SEC employees aware of their obligation to use their government travel charge cards, and the benefits to the agency from their use of government travel charge cards.</p>	<p>Corrective actions in progress (Summer 2021)</p>
<p><b>560</b>            Controls Over the SEC's Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits (dated 3/30/2020)</p>	<p>Update Office of Financial Management Reference Guide Chapter 91.03, Travel Payments Process Document; SEC Administrative Regulation 14-3, Travel Charge Card Monitoring Policy; and the SEC Travel Policy. The updates should (a) be consistent and compliant with the Travel and Transportation Reform Act of 1998, the Federal Travel Regulation, the Government Charge Card Abuse Prevention Act of 2012, and the 2019 revision to Office of Management and Budget Circular No. A-123, Appendix B; and (b) provide clear and consistent guidance on the need for and use of government travel charge cards.</p>	<p>Corrective actions in progress (Summer 2021)</p>

*continued on next page*



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

Report Number, Title, and Date	Recommendation	Recommendation Status (Estimated Completion)
<b>560</b> Controls Over the SEC's Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits (dated 3/30/2020)	Identify those SEC employees who are considered "frequent travelers" but who do not have Individually Billed Accounts, and either (a) seek an exemption to Federal requirements regarding such accounts, or (b) require those employees to apply for and use Individually Billed Accounts or Tax Advantage Travel Card Account	Corrective actions in progress (Summer 2021)
<b>560</b> Controls Over the SEC's Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits (dated 3/30/2020)	Ensure explanations and justifications for premium-class air travel, above per diem lodging, and usage of personal vehicles are documented and included in travel authorization files.	Corrective actions in progress (Summer 2021)

### Section 3: GAO.gov Recommendation Database Reconciliation

Section 1 of this report lists six open GAO recommendations. The GAO.gov Recommendation Database lists 10 open recommendations as of May 17, 2021. Four of the recommendations on GAO.gov are closed, as communicated by GAO. GAO is in the process of updating its website. The table below provides more detailed information on the four 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	Recommendation Status (Estimated Completion)
<b>GAO-17-464</b> 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.	Closed by Auditor, as communicated by GAO on 5/13/2021
<b>GAO-17-464</b> 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.	Closed by Auditor, as communicated by GAO on 4/14/2021
<b>GAO-17-464</b> 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.	Closed by Auditor, as communicated by GAO on 4/14/2021
<b>GAO-17-464</b> 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 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.	Closed by Auditor, as communicated by GAO on 5/13/2021

## Section 4: OIG Semiannual Report Reconciliation

There are 16 discrepancies between Table 4 in the OIG Semiannual Report dated April 1, 2020 – September 30, 2020, (OIG Report) and the table presented in Section 2 of this report. Since the issuance of the OIG Report, the OIG has closed 17 recommendations. One recommendation closed was for a report not listed in Table 4 of the OIG Report.

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	Recommendation Status (Estimated Completion)
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (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.	Closed by auditors on 3/31/2021
<b>546</b> Audit of SEC's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2017 (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.	Closed by auditors on 10/6/2020
<b>550</b> Evaluation of the EDGAR System's Governance and Incident Handling Processes (NONPUBLIC) (dated 9/21/2018)	[Non-public information]	Closed by auditors on 12/22/2020

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**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	Recommendation Status (Estimated Completion)
<b>552</b> 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]	Closed by auditors on 1/5/2021
<b>552</b> 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].	Closed by auditors on 12/11/2020
<b>553</b> Although Highly Valued by End Users, DERA Could Improve Its Analytics Support by Formally Measuring Impact, Where Possible (dated 4/29/2019)	Incorporate the results of analytics impact measurements in the Division's outreach efforts.	Closed by auditors on 4/8/2021
<b>555</b> The SEC Has Processes To Manage Information Technology Investments But Improvements Are Needed (dated 9/19/2019)	Update its capital planning and investment control policies and procedures and implement processes to: <ul style="list-style-type: none"> <li>a. establish a uniform refresh plan or a strategic approach for the replacement of hardware assets, and document performance against planned cost, quantities, and type of hardware assets to be replaced annually; and</li> <li>b. monitor investments in hardware asset purchases beyond receipt of the assets to ensure the assets are efficiently and effectively deployed and the investments achieve expected outcomes or goals and provide requested capabilities.</li> </ul>	Closed by auditors on 2/12/2021

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**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	Recommendation Status (Estimated Completion)
<p><b>558</b>            Fiscal Year 2019            Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)</p>	<p>a) Develop and document a formal process to maintain a comprehensive inventory of information systems, including a process to review and update the inventory on a periodic basis; b) Perform a review of Federal Information Systems Modernization Act of 2014-reportable systems to ensure all systems have a documented system categorization, with appropriate justification in accordance with National Institute of Standards and Technology Special Publication 800-60 Volume 1 and Federal Information Processing Standards Publication 199; and c) Implement monitoring procedures to validate that security categorizations are consistent with U.S. Securities and Exchange Commission guidance.</p>	<p>Closed by auditors on 3/24/2021</p>
<p><b>558</b>            Fiscal Year 2019            Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)</p>	<p>Define and communicate Information System Owner and Information System Security Officer roles and responsibilities.</p>	<p>Closed by auditors on 3/24/2021</p>
<p><b>558</b>            Fiscal Year 2019            Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)</p>	<p>Perform a formal risk assessment to determine the population of users that should be formally recertified and update procedures to document how the new recertification process should be carried out given the volume of U.S. Securities and Exchange Commission [non-public information] users.</p>	<p>Closed by auditors on 3/12/2021</p>
<p><b>558</b>            Fiscal Year 2019            Independent Evaluation of SEC's Implementation of the Federal Information Security Modernization Act of 2014 (dated 12/18/2019)</p>	<p>a) Determine the need for privacy official signoff on the Privacy Analysis Worksheet and Privacy Impact Assessment prior to system go-live as part of the SEC's change management processes; and b) Perform an assessment of the status of existing systems' Privacy Analysis Worksheets and Privacy Impact Assessments to confirm the Securities and Exchange Commission has publically posted the required information in accordance with Section 208 of the E-Government Act.</p>	<p>Closed by auditors on 1/27/2021</p>

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**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	Recommendation Status (Estimated Completion)
<p><b>OIG-ML-12/19</b>            Final Management Letter: Evaluation of the U.S. Securities and Exchange Commission's Delinquent Filings Program (dated 12/17/2019)</p>	<p>CF formalize its plan for any changes that may impact the DFP, and as appropriate, coordinate with ENF: (a) any changes that may impact the DFP, and (b) updates to training, policies, and procedures that are reflective of the program as it evolves.</p>	<p>Closed by auditors on 4/29/2021</p>
<p><b>OIG-ML-12/19</b>            Final Management Letter: Evaluation of the U.S. Securities and Exchange Commission's Delinquent Filings Program (dated 12/17/2019)</p>	<p>OGC and ENF consider whether to pursue or not pursue delegated authority related to the DFP.</p>	<p>Closed by auditors on 4/29/2021</p>
<p><b>560</b>            The SEC's Office of Broker-Dealer Finances Provides Effective Oversight, But Opportunities To Improve Efficiency Exist (dated 2/26/2020)</p>	<p>Finalize efforts to develop or support the development of plans that coherently link the organization's programs and resources, including its future executive resource and other workforce needs, to organizational goals and objectives.</p>	<p>Closed by auditors on 10/15/2020</p>
<p><b>560</b>            Controls Over the SEC's Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits (dated 3/30/2020)</p>	<p>Update the Office of Financial Management Reference Guide Chapter 91.05, Expenses and Costs—Travel: Government Travel Credit Cards, to address the requirement and process for conducting alternative creditworthiness assessments in accordance with the 2019 revision to Office of Management and Budget Circular No. A-123, Appendix B, and the Government Charge Card Abuse Prevention Act of 2012.</p>	<p>Closed by auditors on 11/5/2020</p>
<p><b>560</b>            Controls Over the SEC's Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits (dated 3/30/2020)</p>	<p>Determine which employees with Individually Billed Accounts opted out of the creditworthiness evaluation, as of the date of this report, and ensure these employees undergo an alternative creditworthiness assessment.</p>	<p>Closed by auditors on 11/5/2020</p>

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

As of May 17, 2021, the SEC has 29 OIG and 0 GAO recommendations outstanding for less than one year. The agency is in agreement with all 29 recommendations and is currently implementing corrective action plans.

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The SEC's FY 2022 Congressional Budget Justification/Annual Performance Plan and FY 2020 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](mailto:OFM_budget_formulation@sec.gov).



U.S. Securities and Exchange Commission  
Washington, DC 20549  
[SEC.gov](https://www.sec.gov)