



# U.S. Securities and Exchange Commission

*In Brief*

*FY 2009 Congressional Justification*

*February 2008*

**U.S. Securities and Exchange Commission  
FY 2009 Congressional Justification in Brief**

**TABLE OF CONTENTS**

<u>Subject</u>	<u>Page</u>
<b>Tables</b>	
FTE and Positions by Program .....	1
Obligations by Object Class .....	2
Average Salary and Grade.....	2
FY 2009 Request by Strategic Goal and Program .....	3
Summary of Changes .....	4
Fee Collections and Spending Authority .....	5
<b>Appropriations Language</b> .....	6
<b>Request by Strategic Goal</b>	
FY 2009 Request by Strategic Goal .....	7
Goal 1: Enforce Compliance with Federal Securities Laws .....	9
Goal 2: Promote Healthy Capital Markets .....	16
Goal 3: Foster Informed Investment Decision Making .....	23
Goal 4: Maximize the Use of SEC Resources .....	30
<b>Request by Program</b>	
Division of Enforcement .....	35
Office of Compliance Inspections and Examinations .....	36
Division of Corporation Finance .....	37
Division of Trading and Markets .....	38
Division of Investment Management .....	39
Office of the General Counsel .....	40
Other Program Offices .....	41
Office of Chief Accountant .....	42
Office of Investor Education and Advocacy .....	43
Office of International Affairs .....	44
Office of Economic Analysis .....	45
Office of Risk Assessment .....	46
Office of the Administrative Law Judges .....	47
Agency Direction and Administrative Support .....	48
Agency Direction .....	49
Office of the Executive Director .....	50
Office of Information Technology .....	51
Office of Equal Employment Opportunity .....	52
Office of the Inspector General .....	53

## FTE and Positions by Program

	FY 2007 Actual		FY 2008 Enacted		FY 2009 Request	
	FTE	Positions	FTE	Positions	FTE	Positions
<b>Enforcement</b>						
Headquarters	412	442	421	462	408	448
Regions	<u>699</u>	<u>750</u>	<u>703</u>	<u>747</u>	<u>685</u>	<u>729</u>
Total	1,111	1,192	1,124	1,209	1,093	1,177
<b>Compliance Inspections and Examinations</b>						
IC/IA Program						
Headquarters	34	38	35	39	50	56
Regions	<u>391</u>	<u>417</u>	<u>394</u>	<u>418</u>	<u>380</u>	<u>404</u>
Subtotal	425	455	429	457	430	460
BD/SRO Program						
Headquarters	102	112	102	114	82	91
Regions	<u>290</u>	<u>309</u>	<u>293</u>	<u>311</u>	<u>284</u>	<u>302</u>
Subtotal	<u>392</u>	<u>421</u>	<u>395</u>	<u>425</u>	<u>366</u>	<u>393</u>
Total	817	876	824	882	796	853
<b>Corporation Finance</b>	430	486	448	487	439	477
<b>Trading and Markets</b>	157	176	176	199	174	197
<b>Investment Management</b>	145	162	150	163	145	158
<b>General Counsel</b>						
Headquarters	116	132	123	132	121	130
Regions	<u>10</u>	<u>11</u>	<u>10</u>	<u>11</u>	<u>10</u>	<u>11</u>
Total	126	143	133	143	131	141
<b>Other Program Offices</b>						
Chief Accountant	53	54	58	62	56	60
Investor Education and Advocacy	65	66	71	76	69	74
International Affairs	28	30	28	31	27	30
Economic Analysis	24	35	29	35	29	35
Risk Assessment	2	9	4	9	4	9
Administrative Law Judges	<u>10</u>	<u>12</u>	<u>11</u>	<u>12</u>	<u>11</u>	<u>12</u>
Total	182	206	201	225	196	220
<b>Agency Direction and Administrative Support</b>						
Executive Staff	38	39	36	39	34	37
Public Affairs	7	9	8	9	8	9
Secretary	42	45	42	45	42	45
Executive Director	6	11	7	11	7	11
Financial Management	55	61	57	61	56	60
Human Resources	61	68	63	68	60	65
Administrative Services	85	94	87	94	86	93
Information Technology	123	138	129	139	124	134
Equal Employment Opportunity	9	10	9	10	9	10
Inspector General	<u>9</u>	<u>10</u>	<u>9</u>	<u>10</u>	<u>9</u>	<u>10</u>
Total	435	485	447	486	435	474
<b>Total FTE and Positions</b>	<u>3,465</u>	<u>3,798</u>	<u>3,567</u>	<u>3,868</u>	<u>3,473</u>	<u>3,771</u>
Headquarters Total Permanent	2,013	2,239	2,103	2,307	2,050	2,251
Regional Office Total Permanent	1,390	1,487	1,400	1,487	1,359	1,446
Temporary	62	72	64	74	64	74

**Obligations by Object Class**  
(\$ in thousands)

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Request
<b>Personnel Compensation &amp; Benefits</b>			
<u>Total Personnel Compensation (11.0)</u>	<u>\$447,200.3</u>	<u>\$477,760.0</u>	<u>\$487,294.0</u>
Full-time Permanent (11.9)	433,974.3	467,552.2	476,899.3
Other than Full-time Permanent (11.3)	2,498.9	2,496.3	2,616.6
Other Personnel Compensation (11.5)	9,034.2	6,866.5	6,907.1
Special Personnel Services (11.8)	1,692.9	845.0	871.0
Civilian Personnel Benefits (12.1)	122,651.9	130,356.7	132,931.3
<b>Sub-total Cost of Salaries</b>	<b>\$569,852.2</b>	<b>\$608,116.7</b>	<b>\$620,225.3</b>
<b>Other Expenses</b>			
Benefits for Former Personnel (13.0)	175.0	80.0	80.0
Travel and Transportation of Persons (21.0)	9,811.3	10,662.4	10,213.0
Transportation of Things (22.0)	162.3	200.7	175.7
<u>Rent, Communications &amp; Utilities (23.0)</u>	<u>112,016.2</u>	<u>106,630.1</u>	<u>105,594.0</u>
Rental Payments to Others (23.2)	98,309.0	94,165.6	93,741.5
Comm., Utilities, and Misc. Charges (23.3)	13,707.2	12,464.5	11,852.5
Printing and Reproduction (24.0)	11,830.4	8,963.0	8,863.0
<u>Other Contractual Services (25.0)</u>	<u>132,130.1</u>	<u>136,623.7</u>	<u>133,708.1</u>
Advisory and Assistance Services (25.1)	25,067.6	28,887.2	28,263.7
Other Services (25.2)	21,484.8	27,652.5	27,030.7
Purchase of Goods & Services from Government Accounts(25.3)	3,778.5	2,492.7	2,438.9
Operation & Maintenance of Facilities (25.4)	7,141.2	10,109.5	9,891.3
Operation & Maintenance of Equipment (25.7)	74,658.0	67,481.8	66,083.5
Supplies and Materials (26.0)	3,197.3	3,594.6	3,512.1
Equipment (31.0)	32,748.1	28,698.8	28,198.8
Building Alterations (32.0)	3,170.0	2,430.0	2,430.0
Claims and Indemnities (42.0)	363.5	0.0	0.0
<b>Sub-total Cost of Other Expenses</b>	<b>\$305,604.2</b>	<b>\$297,883.3</b>	<b>\$292,774.7</b>
<b>Spending Authority</b>	<b>\$875,456.4</b>	<b>\$906,000.0</b>	<b>\$913,000.0</b>

**Average Salary and Grade <sup>1/</sup>**

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Request
Average SO Salary	\$199,783	\$203,895	\$209,808
Average SK Salary	\$127,707	\$131,679	\$137,530
Average SK Grade	13	13	13

<sup>1/</sup> Average salary as of the last day of the fiscal year.

**FY 2009 Request by Strategic Goal and Program**  
(\$ in thousands)

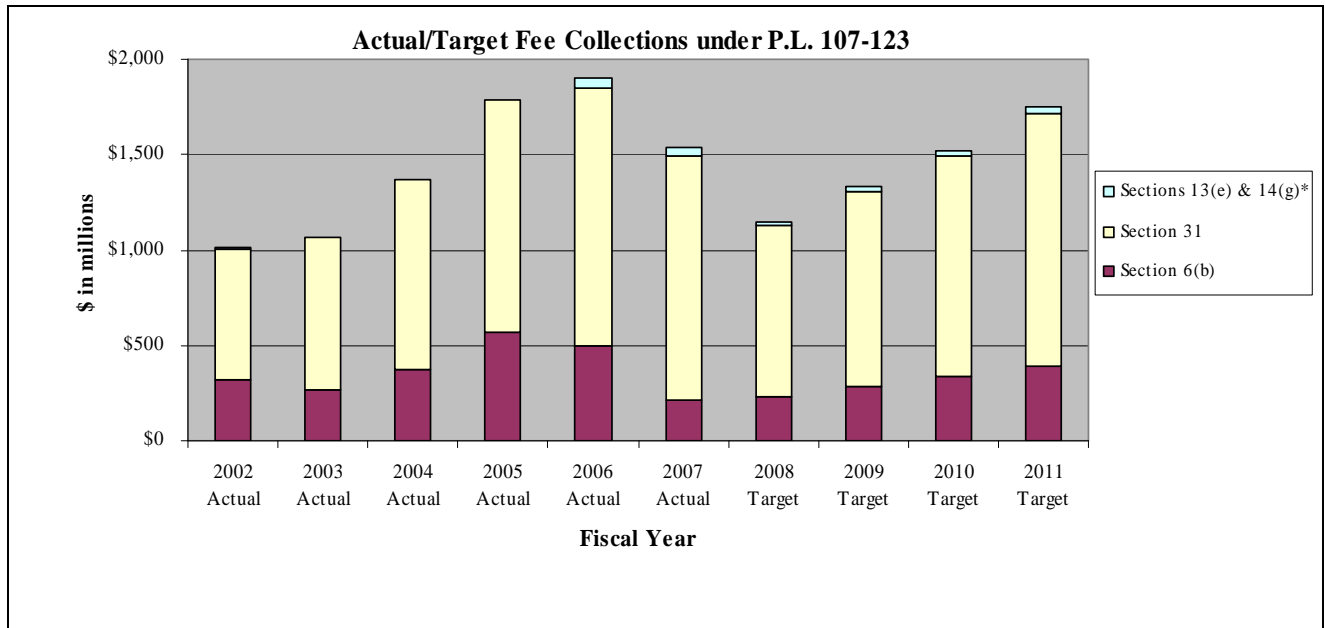
SEC Program	FY 2007 Actual      FY 2008 Enacted		FY 2009 Request					Changes over FY 2007 Actual		Change over FY 2008 Enacted	
			Goal 1 Enforce Securities Laws	Goal 2 Healthy Capital Markets	Goal 3 Informed Decision Making	Goal 4 Maximize Use of Resources	FY 2009 Request	\$	%	\$	%
<b>FY 2007 Actual</b>			<b>\$587,550.2</b>	<b>\$74,889.3</b>	<b>\$129,228.1</b>	<b>\$83,788.8</b>					
<b>FY 2008 Enacted</b>			<b>\$615,801.9</b>	<b>\$81,977.4</b>	<b>\$123,416.0</b>	<b>\$84,804.7</b>					
<u>Enforcement</u>	<u>\$298,027.4</u>	<u>\$314,950.7</u>	<u>\$317,777.2</u>	—	—	—	<u>\$317,777.2</u>	<u>\$19,749.8</u>	—	<u>\$2,826.5</u>	—
Headquarters	130,494.4	142,060.7	142,176.8	0.0	0.0	0.0	142,176.8	11,682.4 <sup>7</sup>	9	116.1 <sup>1</sup>	0
Regions	167,533.0	172,890.0	175,600.4	0.0	0.0	0.0	175,600.4	8,067.4	5	2,710.4	2
<u>Compliance Inspections and Examinations</u>	<u>200,505.2</u>	<u>204,804.0</u>	<u>205,744.5</u>	\$0.0	\$0.0	\$0.0	<u>205,744.5</u>	<u>5,239.3</u>	—	<u>940.5</u>	—
<u>IC/IA Programs</u>	<u>102,393.9</u>	<u>104,398.6</u>	<u>109,130.3</u>	0.0	0.0	—	<u>109,130.3</u>	<u>6,736.4</u>	3 <sup>3</sup>	<u>4,731.7</u>	0 <sup>0</sup>
Headquarters	9,225.4	9,342.9	13,075.0	0.0	0.0	0.0	13,075.0	3,849.6 <sup>7</sup>	42	3,732.1 <sup>5</sup>	40
Regions	93,168.5	95,055.7	96,055.3	0.0	0.0	0.0	96,055.3	2,886.8	3	999.6	1
<u>BD/SRO Program</u>	<u>98,111.3</u>	<u>100,405.4</u>	<u>96,614.2</u>	0.0	0.0	—	<u>96,614.2</u>	<u>-1,497.1</u>	-2	<u>-3,791.2</u>	-4
Headquarters	28,006.9	27,514.8	23,122.1	0.0	0.0	0.0	23,122.1	-4,884.8	-17	-4,392.7	-16
Regions	70,104.4	72,890.6	73,492.1	0.0	0.0	0.0	73,492.1	3,387.7	5	601.5	1
Corporation Finance	106,552.9	111,686.9	28,388.9	10,220.0	74,946.7	0.0	113,555.6	7,002.7	7	1,868.7	2
Trading and Markets	38,299.2	43,110.4	4,859.4 <sup>0.0</sup>	30,039.9 <sup>0.0</sup>	9,277.1 <sup>0.0</sup>	0.0	44,176.4	5,877.2	15	1,066.0	2
Investment Management	45,620.7	45,748.1	13,106.8	15,366.6	16,722.4	0.0	45,195.8	-424.9	-1	-552.3	-1
<u>General Counsel</u>	<u>33,050.6</u>	<u>34,860.0</u>	<u>20,750.1</u>	—	—	—	<u>35,776.1</u>	<u>2,725.5</u>	—	<u>916.1</u>	—
Headquarters	28,852.0	30,619.7	18,179.6	5,955.4	1,567.2	5,642.0	31,344.2	2,492.2 <sup>8</sup>	9	724.5 <sup>3</sup>	2
Regions	4,198.6	4,240.3	2,570.5 <sup>6</sup>	797.5 <sup>842.1</sup>	221.6	797.7	4,431.9	233.3	6	191.6	5
Other Program Offices	54,982.0	52,970.6	14,156.7	18,493.7 <sup>1,788.8</sup>	19,231.9 <sup>6,439.7</sup>	0.0	51,882.3	-3,099.7	-6	-1,088.3	-2
Agency Direction and Administrative Support	98,418.4	97,869.3	15,567.4	1,751.9	2,481.9	79,090.9	98,892.1	473.7	0	1,022.8	1
<b>Total SEC Funding</b>	<b>\$875,456.4</b>	<b>\$906,000.0</b>	<b>\$620,351.0</b>	<b>\$82,669.6</b>	<b>\$124,448.8</b>	<b>\$85,530.6</b>	<b>\$913,000.0</b>	<b>\$37,543.6</b>	<b>4%</b>	<b>\$7,000.0</b>	<b>1%</b>
Percent Increase over Prior Year			1%	1%	1%	1%					

**Summary of Changes**  
(\$ in thousands)

	<u>FY 2008</u> <u>Enacted</u>	<u>FY 2009</u> <u>Request</u>	<u>Net</u> <u>Change</u>
Spending Authority.....	\$906,000.0	\$913,000.0	+\$7,000.0
Full-time Equivalents.....	3,567	3,473	-94
Positions.....	3,868	3,771	-97

<b>Explanation of Changes:</b>	<b><u>Positions</u></b>	<b><u>FTE</u></b>	<b><u>Amount</u></b>
<b>FY 2009 Base Changes</b>			
Annualization of FY 2008 3.5% pay raise	---	---	+5,708.0
FY 2009 pay raise, 3.0% effective first full pay period in January 2009	---	---	+13,026.7
Merit pay increases for eligible staff	---	---	+10,642.4
Staffing adjustments necessary to absorb mandatory increases in FY 2009	<u>-97</u>	<u>-94</u>	<u>-22,377.1</u>
<b>Total Change.....</b>	<b><u>-97</u></b>	<b><u>-94</u></b>	<b><u>+\$7,000.0</u></b>

## Fee Collections and Spending Authority



\* Fees collected under Sections 13(e) and 14(g) do not have collection targets specified in statute. Rather, the rate for these fees must equal the fee rate assessed under Section 6(b).

<b>Source of Fees</b> (\$ in thousands)	FY 2007 <u>Actual</u>	FY 2008 <u>Estimate</u>	FY 2009 <u>Estimate</u>
Registration of securities: Securities Act of 1933 (Section 6(b))	\$213,627	\$234,000	\$284,000
Securities transactions under the Securities Exchange Act of 1934 (Section 31)	1,280,013	892,000	1,023,000
Merger and Tender Fees under the Securities Exchange Act of 1934 (Sections 13(e) and 14(g))	<u>44,741</u>	<u>21,000</u>	<u>25,000</u>
<b>Collections Amounts</b>	<b><u>\$1,538,381</u></b>	<b><u>\$1,147,000</u></b>	<b><u>\$1,332,000</u></b>

<b>Spending Authority</b> (\$ in thousands)	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Current Year Appropriated Offsetting Collections	\$861,456	\$842,738	\$871,000
Available Balances from Prior Years	<u>14,000</u>	<u>63,262</u>	<u>42,000</u>
<b>Total Authority</b>	<b><u>\$875,456</u></b>	<b><u>\$906,000</u></b>	<b><u>\$913,000</u></b>

## 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, \$913,000,000, to remain available until expended; of which not to exceed \$20,000 may be used toward funding 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, appropriate representatives and staff to exchange views concerning developments relating to securities matters, development and implementation of cooperation agreements concerning securities matters and provision of technical assistance for the development of foreign securities markets, such expenses to include necessary logistic and administrative expenses and the expenses of Commission staff and foreign invitees in attendance at such consultations and meetings including: (1) such incidental expenses as meals taken in the course of such attendance; (2) any travel and transportation to or from such meetings; and (3) any other related lodging or subsistence: *Provided*, That fees and charges authorized by sections 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)), and 13(e), 14(g) and 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e), 78n(g), and 78ee), shall be credited to this account as offsetting collections: *Provided further*, That not to exceed \$871,000,000 of such offsetting collections shall be available until expended for necessary expenses of this account: *Provided further*, That \$42,000,000 shall be derived from prior year unobligated balances from funds previously appropriated to the Securities and Exchange Commission: *Provided further*, That the total amount appropriated under this heading from the general fund for fiscal year 2009 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2009 appropriation from the general fund estimated at not more than \$0.



## FY 2009 Request by Strategic Goal

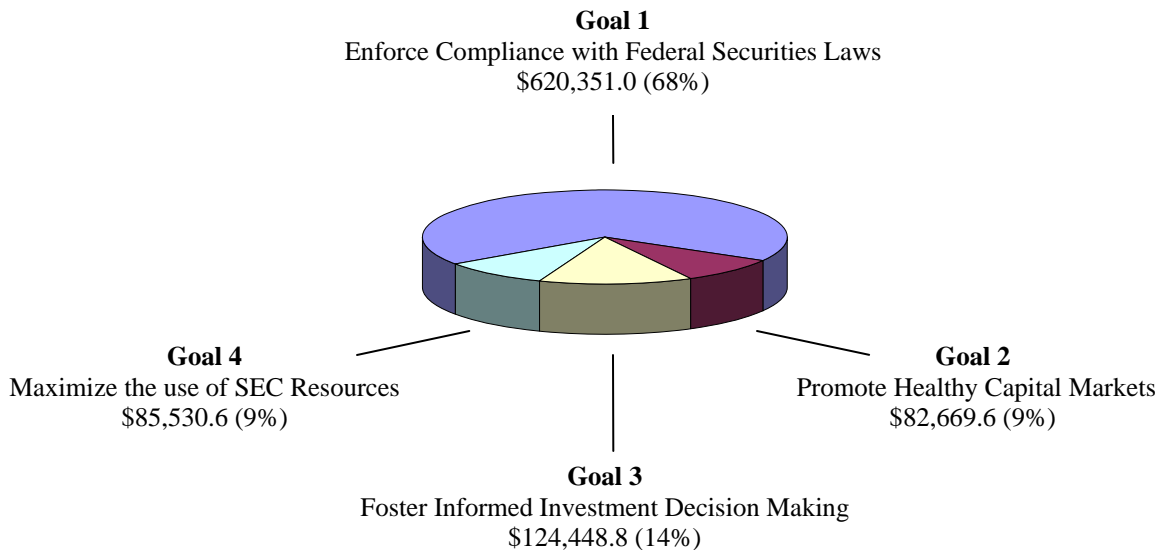
The mission of the Securities and Exchange Commission is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. The SEC is responsible for overseeing more than 12,000 publicly traded companies, over 10,000 investment advisers that manage more than \$38 trillion in assets, nearly 1,000 fund complexes, 6,000 broker-dealers with 172,000 branches, and the close to \$44 trillion worth of trading conducted each year on America's stock and option exchanges. The SEC's oversight responsibilities directly impact the financial well-being of a majority of Americans, as more than 50 percent of U.S. households own stocks either directly or through mutual funds.

The SEC's FY 2009 budget is focused on achieving the goals and outcomes identified in the agency's strategic plan (see Chart 1). The SEC's budget for FY 2009 totals \$913 million, a \$7 million (0.8 percent) increase over the agency's FY 2008 enacted level of \$906 million. The FY 2009 budget funds 3,409 permanent FTE, a reduction of 94 FTE (-2.7 percent) from the SEC's FY 2008 level. The agency intends to maintain its operating levels while absorbing mandatory increases for both personnel and non-salary costs in FY 2009.

**Chart 1**

### **FY 2009 Request by Strategic Goal**

(\$ in thousands)

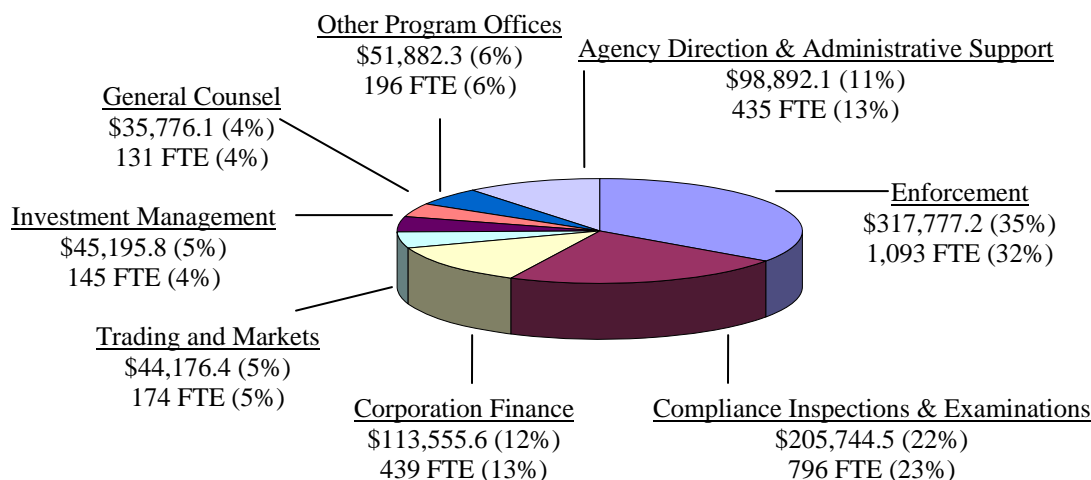


The agency focuses resources on achieving strategic goals through its programs (see Chart 2). Among other things, these programs work to detect and address violations and potential problems in the securities markets; craft regulations that strengthen corporate and fund governance; provide investors with timely access to accurate, adequate, and useful disclosure materials; and ensure that the agency’s human capital strategies, information technology initiatives, and resources are appropriately aligned to achieve the agency’s mission, goals, and outcomes.

**Chart 2**

**FY 2009 Request by SEC Program**

(\$ in thousands)



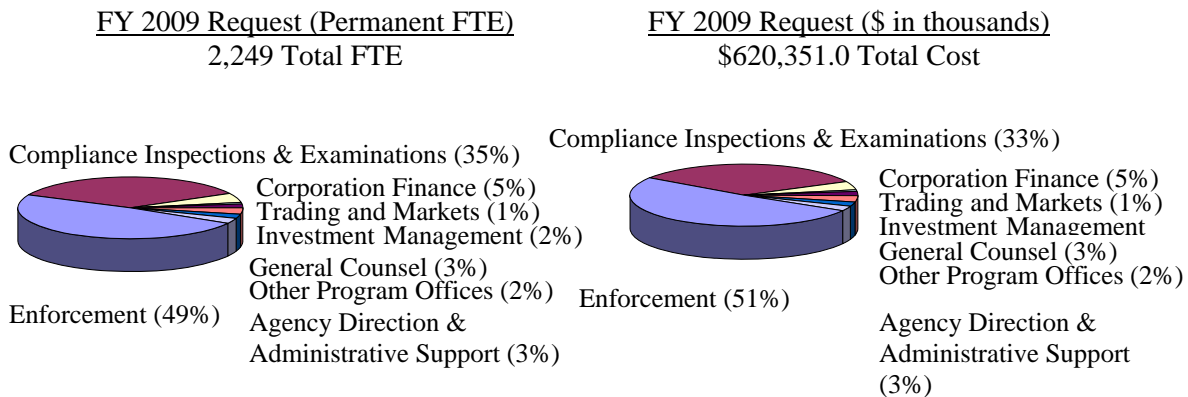
The following chapters contain the agency’s performance budget and present how resources are allocated among the major SEC programs to achieve its goals. The FY 2009 performance budget also presents new and revised performance measures and indicators the agency uses to determine its success in achieving planned outcomes. These measures reflect the agency’s ongoing strategic planning activities and results from program evaluations conducted by the Office of Management and Budget and its Program Assessment and Rating Tool (PART).

Following the performance budget, the agency presents its FY 2009 budget by office and division with detailed information on program priorities, initiatives, and workload figures.

## Goal 1: Enforce Compliance with Federal Securities Laws

The Commission seeks to detect problems in the securities markets, prevent and deter violations of federal securities laws, and alert investors to possible wrongdoing. When violations occur, the SEC aims to take prompt action to halt the misconduct, sanction wrongdoers effectively, and return funds to harmed investors. In FY 2009, the agency will continue to develop innovative approaches to enforcing compliance with the federal securities laws through the use of new technologies and enhanced emphasis on those entities and activities that pose the greatest threat to investors. The agency plans to devote approximately \$620 million and 2,249 permanent FTE to achieving this goal.

**Chart 3**



### **Outcome 1.1: Potential problems or issues in the securities markets are detected early and violations of federal securities laws are prevented.**

Examination Program: The Office of Compliance Inspections and Examinations (OCIE) will continue to conduct routine, cause, and special examinations that target firms and practices with the greatest potential for harming investors. Exams that result in “significant” findings (Indicator 1) include violations that are the same as those found in a previous exam; lead to a referral to a self-regulatory organization (SRO) or the Division of Enforcement for investigation; or result in significant corrective action by the firm, such as funds being reimbursed to affected investors. As demonstrated by Measure 1, OCIE expects about 95 percent of the registrants examined to address and correct all compliance deficiencies on issues identified by examinations. Examination results also will be used to identify trends and issues that may need to be addressed through enforcement actions, Commission guidance or rulemaking, investor alerts, or other actions.

OCIE expects to conduct examinations of higher-risk advisers at least once every three years (Measure 2). In addition, OCIE will select a statistically random sample of advisers

with lower-risk profiles and conduct inspections of these firms and affiliated fund groups as resources allow. These inspections evaluate a firm’s compliance program, apply forensic tests designed to uncover schemes to defraud investors, and assign the firm a risk rating. OCIE also examines broker-dealers, transfer agents, clearing agencies, and SROs and continually attempts to concentrate resources on issues and entities that pose the greatest risks to investors and market integrity.

As shown in Measure 3, the percentages of all registered investment advisers and investment companies examined in FY 2009 are expected to be lower than in FY 2006 and FY 2007. The reason for the decline is primarily due to the increasing registrant population, as well as an increase in both registrant operational complexity and the time needed to evaluate the effectiveness of fund and adviser compliance programs. The percentage of broker-dealers examined in FY 2009 is expected to be somewhat higher than in FY 2006 and FY 2007 due to a small decrease in the number of registrants. OCIE expects to continue completing 80 percent of non-sweep exams within four months so that firms may make corrections as quickly as possible (Measure 4).

OCIE will continue proactive efforts to assist registered firms with compliance through its *CCOutreach* program. Measure 5 was developed to capture information regarding the number of chief compliance officers (CCO) participating in the program and to gauge its effectiveness in helping registered firms with their compliance efforts, thus reducing the likelihood of investor harm. During FY 2009, the staff expects to continue devoting a significant amount of time to this program in order to make it as relevant and beneficial as possible for registered entities.

<b>Goal 1: Measure 1 (new)</b>						
<b>Percentage of firms receiving deficiency letters that stated they took or would take corrective action in response to all exam findings</b>						
<b>Description:</b> At the conclusion of examinations, the staff communicates identified deficiencies to registrants in the form of a deficiency letter. Registrants are then given a chance to respond to staff findings and often take action to remedy any problems and potential risks. Most often, registrants respond that they have corrected the deficiencies and implemented measures to ensure that they do not recur.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
N/A	N/A	95%	95%	94%	95%	95%

<b>Goal 1: Measure 2 (new)</b>						
<b>Percentage of advisers deemed “high risk” examined during the year</b>						
<b>Description:</b> To conduct oversight of investment advisers, the staff conducts a risk-based program of examinations. Advisers are identified as high risk at the beginning of every fiscal year, and then inspections are planned on a cyclical basis. The staff’s goal is to inspect high risk advisers at least once every three years.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
N/A	N/A	33%	33%	33%	33%	33%

<b>Goal 1: Measure 3 (new)</b>							
<b>Percentage of registrant population examined during the year</b>							
<b>Description:</b> This measure indicates the number of registrants examined by the SEC or an SRO as a percentage of the total number of registrants. This measure includes all types of examinations: routine 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 the SROs’ inspections.							
	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
Investment advisers	N/A	N/A	14%	10%	13%	10%	9%
Investment companies	N/A	N/A	27%	15%	20%	15%	15%
Broker-Dealers (exams by SEC and SROs)	N/A	N/A	49%	49%	54%	55%	55%

<b>Goal 1: Measure 4 (new)</b>						
<b>Percentage of (non-sweep) exams that are concluded within 120 days</b>						
<b>Description:</b> The staff conducts thousands of examinations each year of investment advisers, investment company complexes, transfer agents, and broker-dealers. The staff strives to complete its examinations in the most efficient and effective manner. When possible, the staff attempts to conclude its examinations within 120 days of the end of any field work completed.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
N/A	N/A	83%	80%	79%	80%	80%

<b>Goal 1: Measure 5 (new)</b>						
<b>Percentage of attendees at CCO Outreach that rated the program as “Useful” or “Extremely Useful” in their compliance efforts</b>						
<b>Description:</b> The CCO Outreach program consists of several components that are designed to educate, inform, and alert CCOs of pertinent information, including about effective compliance controls, that may assist them in administering compliance programs within registered firms. Improving compliance programs will reduce violative activity, resulting in increased protection for investors. At the conclusion of all CCO Outreach events in which CCOs participate, CCOs are given the opportunity to rate the usefulness of the information provided in assisting them in their compliance efforts.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
N/A	N/A	95%	80%	97%	85%	90%

<b>Goal 1: Indicator 1</b>			
<b>Percentage of exams with “significant” findings</b>			
<b>Description:</b> Examiners find a wide range of deficiencies during examinations. Some of these deficiencies are more technical in nature, such as failing to include all information that is required to be in a record. Other deficiencies may cause harm to customers or clients of a firm, have a high potential to cause harm, or reflect recidivist misconduct. The latter deficiencies are among those categorized as “significant.” This indicator was implemented in FY 2005 and the staff expects to continue to refine the factors that are used to measure the significance of examination findings. This indicator is useful for understanding the SEC’s activities, but should not be considered a performance measure and does not include a target that the agency will strive to reach in future years.			
	FY 2005	FY 2006	FY 2007
Fund/Adviser Exams	37%	39%	35%
Broker/Dealer Exams	48%	40%	37%

**Outcome 1.2: Violations of federal securities laws are investigated and appropriately sanctioned.**

Enforcement Program: In FY 2009, the Division of Enforcement expects to receive and handle a combined total of 1.6 million investor complaints, tips, and forwarded e-mail spams and to open approximately 1,035 matters under inquiry. The staff expects to open about 785 investigations to determine if there is sufficient evidence of a securities law violation.

During its investigations, the Division of Enforcement aims to gather all available evidence, but also moves to close an investigation quickly upon determining that no violations occurred. The staff continually strives to balance the need for complete, effective, and fair investigations with the need for timely filing of enforcement actions against individuals and companies who violate securities laws.

In FY 2009, the agency anticipates that the percentage of first enforcement cases filed within two years will remain at 60 percent, the same as in FY 2008 (Measure 6). This percentage is dependent on the types of cases brought, as well as the time needed for other priorities such as litigating actions already filed. Issuer reporting and disclosure cases, historically the most complex cases, were a larger percentage of cases brought in FY 2007 than in prior years, and the agency anticipates this trend will continue into FY 2009. As demonstrated in Measure 7, the agency intends to continue maintaining an effective distribution of cases across core enforcement areas—a key element of a successful enforcement program.

Indicator 2 provides detail on the number of investigations opened and closed and cases filed during the fiscal year. Although it is useful for understanding the staff’s activities, it should not be considered a measure with annual targets. The Division of Enforcement evaluates the evidence as presented in each instance, rather than aiming to achieve predetermined numerical targets. However, the staff strives to resolve successfully as

many cases as possible, while also pursuing those that are large, difficult, or precedent-setting. In FY 2009, the Division of Enforcement aims to resolve 90 percent of its cases successfully (Measure 8). A continued high success ratio depends on numerous factors, including the complexity of cases, the extent to which parties contest actions, and the availability of litigation and investigation resources.

The agency works to secure the payment of any penalties or disgorgements ordered in its cases. Under the Sarbanes-Oxley Act, the SEC can use Fair Funds to redirect penalties collected from securities law violators to the victims of their wrongdoing. Measures 9 and 10 demonstrate the SEC’s commitment to distribute penalties and disgorgement monies effectively and efficiently to injured investors. The agency’s new financial tracking system, Phoenix, will provide for improved management of these funds.

The Office of International Affairs (OIA) will continue its efforts to freeze and repatriate assets obtained in violation of securities laws and transferred abroad. Although future estimates for the amount of frozen assets cannot be projected, OIA’s efforts in this area will likely increase as international cooperation on enforcement matters continues to develop (Indicator 3).

OIA also facilitates and uses arrangements with the SEC’s foreign counterparts to increase international enforcement cooperation. The staff is working with the International Organization of Securities Commissions (IOSCO) to achieve the goal of having all IOSCO jurisdictions be accepted as signatories to IOSCO’s Multilateral Memorandum of Understanding (MMOU), or express a commitment to seek legal authority to become signatories. Approximately seven countries signed the MMOU in FY 2007, for a total of 41 signatories since FY 2005. The agency will continue to encourage foreign jurisdictions to sign the agreement, with the goal of 74 MMOU signatories by the end of FY 2010.

<b>Goal 1: Measure 6</b>						
<b>Percentage of first enforcement cases filed within two years</b>						
<b>Description:</b> This measure identifies the percentage of first enforcement actions filed within two years of opening an investigation or inquiry. In conducting investigations, the Division of Enforcement continually strives to balance the need for complete, effective, and fair investigations with the need to file enforcement actions in as timely a manner as possible.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
69%	65%	64%	66%	54%	60%	60%

<b>Goal 1: Measure 7</b>							
<b>Maintaining an effective distribution of cases across core enforcement areas</b>							
<b>Description:</b> Effective deterrence of securities fraud requires that the cases filed by the SEC have adequate reach across all core enforcement program areas. The mix and types of cases vary from year to year based upon the conditions of the markets and changes in financial instruments being used. The SEC's enforcement program seeks to maintain a presence and depth so that no single area dominates its case mix, nor is underrepresented.							
Percentage of Cases							
	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
<b>Core Enforcement Program Areas</b>							
Financial Disclosure	28%	29%	24%	<40%	33%	<40%	<40%
Investment Advisers and Investment Companies	14%	16%	16%	<40%	12%	<40%	<40%
Broker-Dealers	22%	15%	13%	<40%	14%	<40%	<40%
Securities Offerings	15%	9%	11%	<40%	10%	<40%	<40%
Insider Trading	7%	8%	8%	<40%	7%	<40%	<40%
Market Manipulation	6%	7%	5%	<40%	5%	<40%	<40%
Delinquent Filings	--	--	16%	<40%	8%	<40%	<40%
Other	8%	16%	7%	<40%	11%	<40%	<40%
Total	100%	100%	100%	100%	100%	100%	100%

<b>Goal 1: Measure 8</b>						
<b>Percentage of enforcement cases successfully resolved</b>						
<b>Description:</b> A case is considered "successfully resolved" if it results in a favorable outcome for the SEC, including through litigation, a settlement, or the issuance of a default judgment. In general, the SEC strives to successfully resolve as many cases as possible but, at the same time, aims to file large, difficult, or precedent-setting cases when appropriate, even if success is not assured. This measure does not include any cases in which the SEC awaits a final outcome. The measure is calculated on a per-defendant basis. Large cases may involve several defendants. (Percentages for FY 2004-FY 2006 have been recalculated to reflect a change in categorization; consequently, these numbers are slightly lower than those reported previously.)						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
90%	91%	94%	85%	92%	85%	90%

<b>Goal 1: Measure 9 (new)</b>						
<b>Percentage of debts where either a payment has been made, or a collection activity has been initiated within six months of the due date of the debt</b>						
<b>Description:</b> The SEC can seek a wide range of remedies for failure to comply with the securities laws. These remedies include civil monetary penalties and disgorgement. When the remedies are imposed by the Commission or the federal district court, payment must be made by a certain date. This measure identifies the percentage of debtors who have made payments or for which the SEC has initiated a collection activity within six months of the due date. Such collection activities include, among other things, demand letters, negotiation of payment plans, enforcing the payment of the debt through the courts, or other judicial remedies.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
N/A	N/A	N/A	N/A	N/A	70%	70%



**Goal 1: Measure 10 (new)**  
**Percentage of Fair Funds and disgorgement dollars designated for distribution that are distributed to investors within 12 months**

**Description:** In addition to other types of relief, the Commission may seek orders requiring parties to disgorge any money obtained through wrongdoing. The Commission also is empowered to seek civil penalties for violations of the securities laws. Where appropriate, the Commission has sought to return disgorged funds to harmed investors and, as a result of the Fair Funds provision of the Sarbanes-Oxley Act, to use amounts paid as penalties to reduce losses to injured parties. The Commission seeks to return money to wronged investors as quickly as possible. Funds not returned to investors are sent to the U.S. Treasury; neither disgorgement nor penalties go to the SEC.

FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
N/A	N/A	N/A	N/A	N/A	55%	60%

**Goal 1: Indicator 2 (new)**  
**Volume of enforcement activity: investigations opened, cases filed, and investigations closed**

**Description:** The volume of enforcement activity depends on a variety of factors, including the incidence of wrongdoing in a given fiscal year, the amount of staff resources available, and the timeframes imposed in court proceedings. This indicator captures the number of investigations and cases opened in a given fiscal year, as well as the number of investigations closed. An investigation may be closed without an enforcement action, because of a number of factors including insufficient evidence. An investigation also may be closed when all related cases have been adjudicated and all related penalties and disgorgements have been collected and dispersed, including to injured investors. This indicator is useful for understanding the SEC's activities, but should not be considered a performance measure and does not include a target that the agency will strive to reach in future years.

Activity	FY 2005	FY 2006	FY 2007
Investigations pending as of beginning of fiscal year*	3,770	4,097	4,146
Investigations opened	947	914	776
Cases filed	630	574	656
Investigations closed	625	868	374

\*The number of investigations pending at the beginning of the fiscal year may change from previously reported numbers due to investigations being reopened.

**Goal 1: Indicator 3**  
**Assets frozen abroad in SEC cases through coordination with foreign regulators**

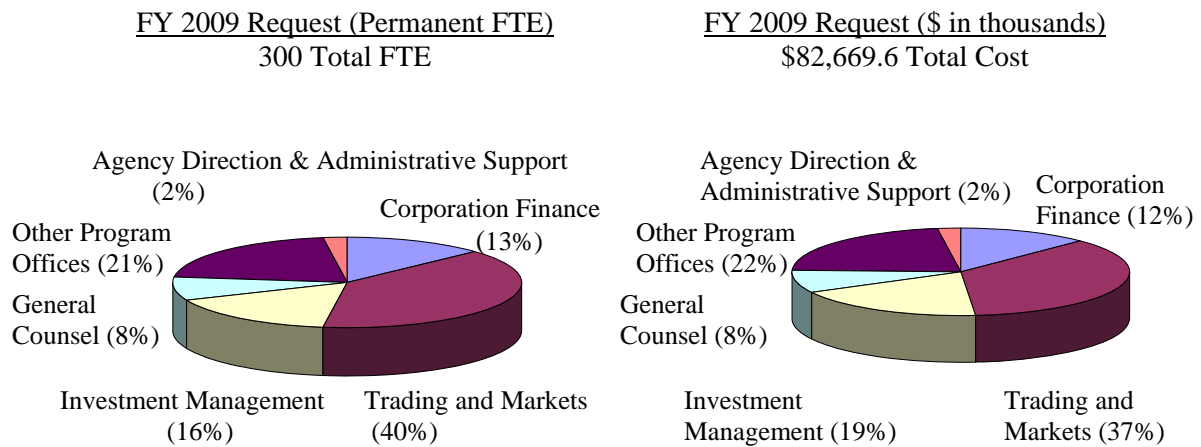
**Description:** In order to effectively enforce compliance with federal securities laws and in support of enforcement cases filed domestically, the SEC works closely with foreign regulators, law enforcement agencies, and courts on SEC cases to locate ill-gotten proceeds that have been transferred overseas and freeze the accounts in which they are located. The SEC works to freeze such assets so that violators cannot benefit from their wrongdoing. This indicator is useful for understanding the SEC's activities, but should not be considered a performance measure and does not include a target that the agency will strive to reach in future years.

	FY 2005	FY 2006	FY 2007
Assets Frozen Abroad (in millions)	\$15.3	\$20.7	\$11.0

## Goal 2: Promote Healthy Capital Markets

The investments of every American are dependent upon the maintenance of healthy capital markets. The Commission seeks to sustain an effective and flexible regulatory environment that will facilitate innovation, competition, and capital formation to ensure that our economy can continue to grow and to create jobs for our nation’s future. Enhancing the productivity of America is a key goal that the agency works to achieve by increasing investor confidence in the capital markets. The agency will continue to consider regulatory proposals that yield significant benefits for the securities markets, in areas such as investment management regulation, securities firm supervision, disclosure, and accounting policy. The agency plans to devote approximately \$83 million and 300 permanent FTE to achieve this goal.

**Chart 4**



**Outcome 2.1: Unnecessary impediments to capital formation are eliminated, and industry efforts to provide innovative and competitive products and trading platforms are supported.**

Securities Firm and Market Supervision: While the Division of Trading and Markets (TM) earned the highest possible rating in the Office of Management and Budget’s (OMB) Program Assessment Rating Tool evaluation, TM anticipates significant new challenges regarding the regulation and supervision of the major securities markets, including analyzing the implications of cross-border unions of U.S. and non-U.S. self-regulatory organizations (SRO). As the agency continues to review SRO rule proposals affecting sales practices, the supervision of personnel, and foreign and domestic transfer agents, TM plans to respond to 75 percent of SRO rule filings in less than 60 days (Measure 1). However, agency success in achieving this goal is somewhat dependent upon the complexity of the proposed rule changes submitted in a given year.

While not directly responsible for the growth of capital markets, the agency makes every effort in its role as their principal regulator to promote investor confidence, fair and orderly markets, and efficient capital formation. In FY 2009, TM expects 99 percent of transaction dollars to be settled on time (Measure 3), as the increasing volume and value of securities transactions makes accurate and timely settlement a necessity. As shown in Measure 4, barring the most serious circumstances, the TM expects 96 percent of all market outages to be corrected in less than 24 hours.

In FY 2009, TM will continue rulemaking efforts related to Regulation SHO (short selling), Regulation M (anti-manipulation), and Rule 15c2-11 (over-the-counter markets). The agency also will continue to implement initiatives to modernize the national market system and to address the governance and transparency of SROs and consolidated supervised entities. Staff will provide consolidated supervision to at least five internationally-active securities firms and plan to review any additional applications for such supervision.

Investment Management Regulation: The top strategic priority for IM will be to implement new rules designed to provide mutual fund investors with more reader-friendly disclosure. IM also anticipates recommending that the Commission adopt a rule to reform or rescind rule 12b-1 under the Investment Company Act, which permits mutual funds to use fund assets to pay for the sale of fund shares and other distribution-related activities.

As a measure reflecting effectiveness of investment companies as a vehicle for capital formation, the division tracks equity portfolio holdings of investment companies as a percentage of total stock market capitalization. In FY 2009, IM anticipates equity portfolio holdings for U.S. investment companies will continue to increase, reaching 22.4 percent of total U.S. stock market capitalization, based on a rolling ten-year average (Measure 5).

Disclosure: Staff of the Division of Corporation Finance (CF) and the Office of Chief Accountant (OCA) will continue analyzing how foreign private issuers are applying International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board in SEC filings, and evaluate the effectiveness, consistency and transparency of the IFRS financial statements. The SEC will work to promote convergence between U.S. generally accepted accounting principles and IFRS.

The SEC also intends to continue promoting the use of interactive data under its voluntary filing program for receiving financial data using eXtensible Business Reporting Language (XBRL). CF will review the results of the pilot to determine whether further rule proposals are appropriate as well as participate in the review of the new taxonomy issued by XBRL-US. OCA will support the newly formed Office of Interactive Disclosure, which was created in 2007 to lead the agency's efforts to advance the use of

interactive data in public companies' financial reporting by, among other things, working with key public and private sector stakeholders in the U.S. and worldwide.

Accounting Policy: In FY 2009, OCA will continue to oversee the Financial Accounting Standards Board's (FASB) standard setting activities, including ongoing major projects to simplify and codify accounting standards, and establishing a more principles-based approach to setting accounting standards. OCA also will develop recommendations to the Commission based on the findings of the Advisory Committee on Improvements to Financial Reporting.

<b>Goal 2: Measure 1</b>						
<b>Percentage of SRO rule filings closed in less than 60 days from filing</b>						
<b>Description:</b> The SEC reviews SRO rule proposals for consistency with investor protection and market operation and structure rules that govern the operation of registered national securities exchanges, clearing agencies, the NASD, and the Municipal Securities Rulemaking Board. This metric gauges the how quickly the SEC completes these reviews after each amendment is filed by the SRO.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
78%	80%	84%	75%	83%	75%	75%

<b>Goal 2: Measure 2 (new)</b>							
<b>Increase in the average daily share volume (in billions of shares) on the New York Stock Exchange (NYSE) and Nasdaq exchanges</b>							
<b>Description:</b> The average daily share volume (in billions of shares) is indicative of whether the markets have sufficient capacity to be able to handle effectively and efficiently the volume of message traffic that is directed to those markets. The source for the data is Bloomberg.							
Exchange	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
NYSE	1.5	1.6	1.7	1.5	1.6	1.7	1.8
Nasdaq	2.1	2.0	2.1	2.2	1.7	2.3	2.4

<b>Goal 2: Measure 3 (new)</b>						
<b>Percentage of transaction dollars settled on time each year</b>						
<b>Description:</b> Efficient and timely settlement of securities transactions is indicative of a fair and orderly market. The percentage of dollar value of transactions settled on time indicates that the relative value of unsettled transactions is decreasing compared to the increasing value of transactions. The source of the data is The Depository Trust & Clearing Corporation's Annual Reports.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
97%	98%	98%	98%	Not Available	98%	99%

<b>Goal 2: Measure 4 (new)</b>							
<b>Percentage of market outages at SROs and ECNs that are corrected within targeted timeframes</b>							
<b>Description:</b> Market outages reflect problems in the systems underlying the securities markets that could have an adverse affect on the markets' ability to function as required. The SEC assesses the reliability and resiliency of these systems to minimize the number and duration of outages. This metric gauges how quickly outages are resolved, so that market activity can resume.							
Within	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
2 hours	N/A	N/A	N/A	50%	81%	60%	60%
4 hours	N/A	N/A	N/A	75%	91%	75%	75%
24 hours	N/A	N/A	N/A	95%	100%	96%	96%

<b>Goal 2: Measure 5</b>						
<b>Equity portfolio holdings of U.S. investment companies as a percentage of total U.S. stock market capitalization</b>						
<b>Description:</b> This measure may reflect, among other things, the effectiveness of investment companies as a vehicle for capital formation. Other factors that may influence short and long term changes in this metric include bull and bear markets, technological changes, investor perceptions of industry ethical standards, investor reaction to industry marketing efforts, and competition from other financial products/services. The future-year targets for this measure are calculated based on a rolling ten-year average.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
20.8%	23.0%	25.0%	20.3%	26.8%	21.4%	22.4%

<b>Goal 2: Indicator 1</b>			
<b>Number of new foreign private issuers and dollar amount of registered securities</b>			
<b>Description:</b> The number of foreign companies registering securities in the United States and the amount of money they bring to the public markets can be viewed as an indicator of the integrity, liquidity, and fairness of the U.S. markets. This indicator is useful for understanding the SEC's activities, but should not be considered a performance measure and does not include a target that the agency will strive to reach in future years.			
	FY 2005	FY 2006	FY 2007
Companies	74	60	77
Dollar Value (in billions)	\$250	\$109	\$121

**Outcome 2.2: Investors are protected through rules and regulations that promote high quality financial reporting standards worldwide, prevent abusive practices in the investment management industry, and maintain fair and financially sound markets.**

Securities Firm and Market Supervision: The agency plays a key role in protecting the stability and ensuring the resilience of the U.S. financial system. TM will continue to lead interagency efforts to establish specific policies and procedures for regulated entities

to follow in the event of various disaster scenarios, with the expectation that full compliance with the requirements will be achieved by FY 2009 (Measure 6).

TM, IM, and CF devote a large share of their resources responding to no-action letters and interpretive and other requests from regulated entities. Although each division has a separate processes and benchmarks for their responses (Measure 7), the agency is committed to speeding the approval of such requests.

Monitoring the Investment Management Industry: While other factors contribute to investor confidence in the market and the decisions they make, Measures 8, 9, and 10 gauge the SEC’s efforts in sustaining a regulatory structure that supports investor protection, investor confidence, and industry innovation. Targets for these measures are derived from averages for a base period.

International Policy: In order to sustain an effective and flexible regulatory environment in the face of increasingly global financial markets, the Office of International Affairs (OIA) works with many securities regulators and international organizations to promote comprehensive transparency and disclosure, strengthen the supervision of global firms and markets, and reinforce high quality regulatory standards. In FY 2009, OIA will continue its efforts to maintain and expand information sharing arrangements with foreign regulators responsible for oversight of the world’s largest stock markets. OIA also will work to promote mutual recognition between nations of their oversight of exchanges, broker-dealers, investment advisers, and asset managers.

<b>Goal 2: Measure 6 (new)</b>						
<b>Percentage of regulated entities representing a single point of failure that meet the continuity of operations standards of the White Paper, the Policy Statement, and the Automated Review Program</b>						
<b>Description:</b> In 2003, SEC and several other agencies jointly published the <i>Interagency Paper on Sound Practices to Strengthen the Resilience of the U.S. Financial System</i> (White Paper). It identifies sound practices to ensure the resilience of the U.S. financial system with a focus on minimizing the immediate system effects of a wide-scale disruption on critical financial markets. Subsequent to the release of the White Paper, the agency issued a Policy Statement: <i>Business Continuity Planning for Trading Markets</i> , which sets forth the Commission’s view that self-regulatory organizations operating trading markets and electronic communications networks should apply certain sound practices in their business continuity planning, specifically, that backup trading sites require geographic diversity and their operation should not be impaired by a wide-scale evacuation. A concern is that the failure of any one entity to adopt the sound practices would represent a single point of failure that could prevent trading in its securities in another venue, thus undermining the fairness and efficiency of the markets.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
N/A	N/A	N/A	100%	99.9%	100%	100%

<b>Goal 2: Measure 7 (new)</b>							
<b>Timeliness of SEC responses to written no-action letter, exemptive, and interpretive requests</b>							
<b>Description:</b> The SEC staff responds to requests for guidance from individuals and companies about specific provisions of the federal securities laws. These queries can ask for proper interpretations of the securities laws or regulations, or for assurances that no enforcement action will be taken in certain circumstances. The staff also reviews applications for exemptions from the securities laws. Written responses to such requests for guidance, when provided, generally are publicly available, as are applications and related notices and orders, when issued. This measure gauges whether the Divisions of Trading and Markets, Investment Management, and Corporation Finance are issuing initial comments on these requests on a timely basis.							
	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
<b>Trading and Markets</b>							
No-action letters, exemptive and interpretive requests	85%	92%	86%	85%	91%	85%	85%
Target: Complete 85 percent of all responses within 60 days.							
<b>Investment Management</b>							
No-action letters and interpretive requests	71%	78%	76%	75%	91%	75%	75%
Exemptive applications	N/A	N/A	N/A	N/A	N/A	80%	80%
Target: Provide initial comments on at least 75 percent of interpretive and no action requests within three weeks of receipt of the letter request, and initial comments on at least 80 percent of exemptive applications within 120 days after receipt of an application. Data for this measure will be available during 2008.							
<b>Corporation Finance</b>							
No-action letters and interpretive requests	55%	50%	65%	90%	66%	90%	90%
Shareholder proposals	100%	100%	100%	100%	100%	100%	100%
Target: Complete 90 percent of initial comments on no-action letters within 30 days and 100 percent of initial comments on shareholder proposals by the company's planned proxy mailing date.							

<b>Goal 2: Measure 8</b>						
<b>Percentage of U.S. households owning mutual fund shares</b>						
<b>Description:</b> The percentage of U.S. households that own mutual fund shares may reflect, among other things, the extent to which the regulatory regime allows for industry innovation and fosters investor confidence. Other factors that may influence short and long term changes in this metric include bull and bear markets, technological changes, investor perceptions of industry ethical standards, investor reaction to industry marketing efforts, and competition from other financial products/services. The future year targets for this measure are calculated based on a rolling ten-year average.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
42.4%	42.7%	43.0%	42.4%	43.6%	43.6%	43.6%

**Goal 2: Measure 9 (new)****Percentage of U.S. households investing in the securities market either through direct share ownership or ownership of mutual funds**

**Description:** The percentage and number of households that invest in the securities market reflects, among other things, the extent to which the regulatory regime provides a fair, orderly, and efficient market while fostering investor protection and confidence in the markets. The source of this data is the Investment Company Institute and the Securities Industry and Financial Markets Association's reports entitled "Equity Ownership in America," which are available once every three years. Targets are updated every three years and use a base period of 1983-1995.

FY 2004	FY 2005	FY 2006	FY 2007 Actual	FY 2008	FY 2009
N/A	50.3%	N/A	N/A	50.8%	N/A

**Goal 2: Measure 10****Mutual fund share of total retirement assets**

**Description:** This measure reflects, among other things, investor confidence in mutual funds and a flexible regulatory scheme that allows funds to successfully compete in the market with other financial institutions. Other factors that may influence short and long term changes in this metric include bull and bear markets, technological changes, investor perceptions of industry ethical standards, investor reaction to industry marketing efforts, competition from other financial products and services, changes in tax law, legislation or rule changes that affect retirement accounts, and the pending transition of baby boom generation retirement investments from the accumulation phase to the distribution phase. The future year targets for this measure are calculated based on a rolling ten-year average.

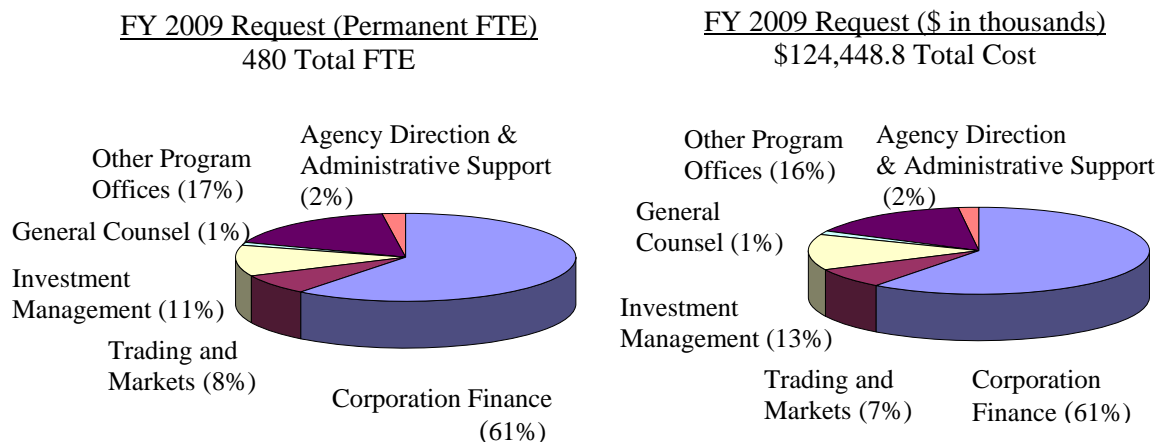
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
21.3%	22.4%	23.5%	21.1%	24.9%	21.9%	22.5%



### Goal 3: Foster Informed Investment Decision Making

An educated investing public ultimately provides the best defense against fraud and costly mistakes. The agency works to promote informed investment decisions through two main approaches: reviewing disclosures of companies and mutual funds to enhance the clarity, completeness, and accuracy of the information that is available to investors; and implementing a variety of investor education initiatives. The agency plans to devote approximately \$124 million and 480 permanent FTE to achieve this goal.

**Chart 5**



**Outcome 3.1: Investors have accurate, adequate, and timely public access to disclosure materials that are useful, and can be easily understood and analyzed across companies, industries, or funds.**

Disclosure: As part of its disclosure program, the agency requires issuers to disclose material financial and other information to the public. These disclosures form a common pool of knowledge that all investors can use to judge for themselves if a security is a good investment. The Divisions of Corporation Finance (CF) and Investment Management (IM) will continue to meet the requirements of the Sarbanes-Oxley Act by reviewing the disclosures of about 33 percent of all reporting companies and investment company portfolios each year (Measure 1). This volume of disclosure reviews is expected to help deter fraud in public securities transactions and help ensure that investors receive relevant information about emerging and novel issues. CF’s Office of Global Security Risk also will continue its review of the disclosures of companies in countries the U.S. Department of State has identified as state sponsors of terrorism.

In addition to reviewing the filings of reporting companies, CF expects to continue to issue initial comments on 1933 and 1934 Act registration statements and transactional filings within its target goal of 30 days of filing (Measure 2). IM aims to provide

comments within timeliness goals for at least 85 percent of initial registration statements, 90 percent of post-effective amendments, and 99 percent of preliminary proxy statements (Measure 3). These targets are consistent with past performance.

Because it is important for investors to have timely access to material information on which to base their investment decisions, the agency requires that almost all disclosure documents be filed electronically and makes a majority of those filings immediately available to the investing public through the SEC's website, [www.sec.gov](http://www.sec.gov). The agency will continue to employ a variety of methods to expand the use of interactive data, which allows investors, industry analysts, and the agency itself to easily analyze and compare financial and other disclosure data from a particular issuer or across an entire industry. The agency will work toward substantially increasing the percentage of forms and submissions in structured formats, as well as converting 90 percent of all filings and submissions into electronic format (Measure 4).

The agency will continue upgrading the Electronic Data Gathering and Retrieval (EDGAR) system to handle filings that contain interactive data, and it will evaluate and approve taxonomies that define how financial statements' data components relate to each other. As shown in Measure 5, there were 802 million searches for EDGAR filings in FY 2007, more than 25 percent higher than previously expected. Approximately 1.069 billion searches are expected in FY 2009, about 33 percent more than in FY 2007 and more than double the number of searches in FY 2006. The agency anticipates the dramatic increase in demand as the interactive data and full-text search initiatives improve the system, making the information more user-friendly for investors.

The SEC recently expanded the responsibilities of the Office of Investor Education and Advocacy (OIEA) significantly, including forming the Office of Policy to promote a policy agenda on behalf of individual investors. A key function of the Office of Policy in FY 2009 will be assessing the views and needs of retail investors and ensuring that those views inform the Commission's regulatory policies and disclosure programs.

<b>Goal 3: Measure 1</b>							
<b>Percentage of Exchange Act reporting companies reviewed by the SEC</b>							
<b>Description:</b> The Sarbanes-Oxley Act requires that the SEC review the disclosures of all reporting companies and investment company portfolios at least once every three years. These reviews help improve the information available to investors and may uncover possible violations of the securities laws.							
	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
Corporations	22%	50%	33%	33%	36%	33%	33%
Investment Company Portfolios	54%	37%	36%	33%	38%	33%	33%

<b>Goal 3: Measure 2</b>							
<b>Average time to issue initial comments on Securities Act filings</b>							
<b>Description:</b> The target of 30 days or less has become a <i>de facto</i> industry standard for the maximum time to receive SEC comments. Companies often build this timeframe into their plans. The 30-day timeframe is considered aggressive given the other mandatory reviews the agency conducts and the fluctuation in filing volume that impacts workload plans.							
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009	
27.8 days	26.1 days	26.2 days	<30 days	25.5 days	<30 days	<30 days	

<b>Goal 3: Measure 3</b>							
<b>Percentage of investment company disclosure reviews for which initial comments are completed within timeliness goals</b>							
<b>Description:</b> For initial registration statements, the SEC's goal is to comment within 30 days after they are filed (60 days for registration statements of insurance product separate accounts). The SEC also aims to comment on post-effective amendments within 45 days and preliminary proxy statements within 10 days after they are filed.							
	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
Initial Registration Statements	88%	90%	88%	85%	87%	85%	85%
Post-Effective Amendments	98%	97%	96%	90%	95%	90%	90%
Preliminary Proxy Statements	100%	100%	99%	99%	99%	99%	99%

<b>Goal 3: Measure 4</b>							
<b>Percentage of forms and submissions filed electronically and in a structured format</b>							
<b>Description:</b> The SEC continues to emphasize electronic filing to make information available to the public in a format that can be easily obtained and analyzed. The SEC currently has over 100 forms that must be filed with the agency, which annually generate hundreds of thousands of filings with the agency. This measure identifies the percentage of forms that are in electronic format and the percentage of resulting filings that are received electronically by the SEC. In addition, the agency is redesigning its systems to allow additional forms to be filed using structured formats ( <i>e.g.</i> , information is captured in a comma delimited, XML, XBRL, or other format). This measure also gauges the percentage of forms that are available to be filed in a structured format and the percentage of resulting filings that are received in the structured format.							
	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
<b>Forms</b>							
Structured format	4%	5%	8%	9%	8%	13%	14%
Another electronic format	68%	67%	62%	67%	62%	67%	68%
Total % in electronic format	72%	72%	70%	76%	70%	80%	82%
<b>Filings Received</b>							
Structured format	36%	35%	35%	36%	35%	37%	38%
Another electronic format	52%	54%	55%	54%	53%	53%	52%
Total % in electronic format	88%	89%	90%	90%	88%	90%	90%

<b>Goal 3: Measure 5</b>						
<b>Number of searches for EDGAR filings on www.sec.gov</b>						
<b>Description:</b> Greater availability of market-sensitive information through the SEC's EDGAR system provides investors with the ability to make better-informed investment decisions. This measure gauges the demand for EDGAR data through the SEC's website (in millions). <b>NOTE:</b> The SEC recently revised and refined the methodology for calculating prior year data and forecasting out-year estimates for this metric.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
284	379	531	637	802	935	1,069

**Outcome 3.2: Investors have a better understanding of the operations of the nation's securities markets.**

Investor Education and Outreach: Investors who have access to information and know what questions to ask are more likely to invest wisely. Through its website and other outreach opportunities, the agency provides the public with a wide variety of materials to help investors understand the basics of investing.

The agency recently expanded OIEA's investor education function, formalizing it within a new Office of Investor Education and Outreach devoted to improving financial literacy and helping investors make informed investment decisions. In FY 2009, OIEA will continue to focus on educating retail investors, including senior citizens, about investments commonly marketed to them and providing tips to detect and avoid potential frauds and scams.

In order to expand the reach of its investor education programs, OIEA will focus on cost efficient distribution channels. Measure 6 captures the number of investors directly reached by the SEC through its various communication channels, which include OIEA web pages; printed publications distributed through the General Service Administration's Federal Citizen Information Center; and in-person appearances at investor fairs and other events. Measure 6 also shows the cost per thousand investors reached, which the agency aims to reduce while maximizing the number of citizens receiving these communications. In FY 2009, OIEA plans to reach a total of 17.4 million investors, at a cost of about \$19 per thousand individuals.

Investor Advocacy: OIEA also serves the tens of thousands of investors who contact the agency each year with investment-related complaints and questions. The staff seeks to provide timely and accurate responses to the public's telephone inquiries by maintaining service levels that meet or exceed industry standards. The staff also strives to address and close complaints and inquiries as quickly as possible, though a substantial portion requires responses from the entities involved and take weeks to resolve. In FY 2009, the staff plans to close 85 percent of complaints and inquiries within seven days and close almost all within 30 days. OIEA will continue to explore ways to provide useful responses to investment-related complaints and questions more efficiently in FY 2009, and the office plans to improve its systems and business processes to increase efficiency and maximize capacity (Measures 7 and 8).

Freedom of Information Act (FOIA): The agency also responds to requests from investors and other individuals and organizations for information under FOIA. The agency is making a concerted effort to reduce its response times to such requests. In FY 2009, OIEA plans to focus resources on reducing the backlog of prior year requests and implementing records management strategies that will increase the accessibility of information, leading to faster response time for routine FOIA requests received (Measure 9).

**Goal 3: Measure 6 (new)****Demand for investor education information, and average cost per thousand investors reached**

**Description:** The Office of Investor Education and Advocacy (OIEA) has developed an extensive collection of free information to help investors understand the basics of investing, the risks and rewards of various products and strategies, the importance of diversification, and ways to find information about brokers, advisers, and companies. Much of this information is posted on the SEC's Investor Education web page, a key tool for informing and educating the investing public. In addition, OIEA publishes a dozen hard-copy educational brochures. The General Services Administration's Federal Citizen Information Center serves as one of the most important distribution channels for the SEC's most popular English and Spanish publications. OIEA staff members also attend investor fairs and participate in other outreach activities, as feasible. In order to help educate the largest number of investors, OIEA carefully considers the costs and potential reach of its investor education programs.

	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
Total number of investors reached (in millions)	6.7	9.0	15.2	N/A	13.5	15.2	17.4
Average cost per thousand investors reached	N/A	N/A	N/A	N/A	\$27	\$22	\$19

**Goal 3: Measure 7 (new)****Percentage of investor complaints and inquiries completed within seven and thirty business days**

**Description:** OIEA serves the tens of thousands of investors who contact the SEC each year with investment-related complaints and questions. The staff aims to close out as many new investor assistance matters within seven business days. Some complaints require responses from the entities involved, however, and may take more than 30 days to resolve.

		FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
Closed within 7 days	Phone calls	99%	98%	N/A	98%	99%	99%
	Other contacts	62%	63%	N/A	64%	70%	70%
	Total	81%	81%	82%	82%	85%	85%
Closed within 30 days	Phone calls	99%	99%	N/A	99%	99%	99%
	Other contacts	88%	88%	N/A	88%	89%	95%
	Total	94%	94%	N/A	94%	95%	97%

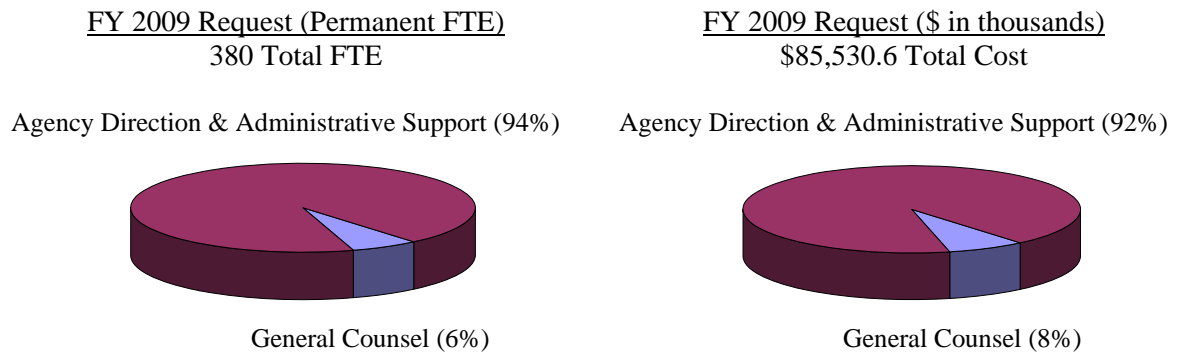
<b>Goal 3: Measure 8 (new)</b>						
<b>Investor assistance and public information telephone inquiries</b>						
<b>Description:</b> The SEC seeks to provide the investing public with timely and accurate responses to their telephone inquiries by maintaining service levels that meet or exceed industry standards.						
	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
<b>Investor Assistance</b>						
Abandoned call rate	N/A	N/A	N/A	.93%	<1%	<1%
Average call wait time	N/A	N/A	N/A	12 sec.	<10 sec.	<8 sec.
<b>Public Information</b>						
Abandoned call rate	N/A	N/A	N/A	5.51%	<1%	<1%
Average call wait time	N/A	N/A	N/A	33 sec.	<13 sec.	<8 sec.

<b>Goal 3: Measure 9 (new)</b>						
<b>Responses to Freedom of Information Act requests</b>						
<b>Description:</b> The Freedom of Information Act (FOIA) establishes timeframes within which the agency must respond to requests for non-public information. The agency is working to improve its FOIA response time and reduce its pending workload through efforts such as streamlining its internal processes for handling requests and posting correspondence related to its disclosure reviews on the SEC website.						
	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
Pending from prior FYs *	8,520	9,915	N/A	10,648	7,080	5,080
Received during FY	9,084	9,381	N/A	9,213	10,000	10,000
Processed						
From current year	4,370	5,389	N/A	5,359		
From prior FYs	3,319	3,259		7,424		
Total	7,689	8,648		12,783	12,000	12,000
*The pending requests for this measure reflect initial requests and appeals. The pending requests reported in the SEC's FOIA Annual Report do not include appeals.						

## Goal 4: Maximize the Use of SEC Resources

The investing public and the securities markets are best served by an efficient, well-managed, and proactive SEC. The agency strives to improve its organizational effectiveness by making sound investments in human capital and new technologies and enhancing internal controls. In FY 2009, the SEC will continue implementing a strategic plan to ensure that taxpayer dollars are used to maximum effect to fulfill the agency's mission. The agency plans to devote approximately \$86 million and 380 permanent FTE to achieve this goal.

**Chart 6**



### **Outcome 4.1: Human capital strategies are aligned to achieve mission, goals, and outcomes.**

Staff Recruitment, Retention, and Training: The SEC's employees are its most vital strategic resource. For that reason, the agency seeks to maintain its position as one of the top places to work in the federal government (Measure 2). Ultimately, the agency will achieve this by ensuring its human capital program consistently attracts, develops, evaluates, rewards, and retains a high-quality, diverse, and results-oriented workforce.

The Office of Human Resources (OHR) supports the agency's efforts through continued implementation of a new pay-for-performance system, strong benefits and work/life programs, and a new child care center at the SEC's headquarters. The agency intends to keep its turnover rate below 8 percent in FY 2009 (Measure 1).

OHR will continue to apply the Human Capital Assessment and Accountability Framework to its operations. At the same time, OHR will realize efficiencies, primarily through the use of automation and through delegating routine personnel actions and responsibilities to other agency staff. The steps should enhance the office's efficiency, as gauged in Measure 3.



<b>Goal 4: Measure 1</b>						
<b>Staff turnover rate</b>						
<b>Description:</b> This rate is determined by dividing the number of employees that leave the agency during the fiscal year by the total number of permanent and term employees on board at the beginning of the fiscal year.						
<b>NOTE:</b> The increase in the turnover rate in FY 2006 and into FY 2007 is tied to a high number of retirements occurring three years after the implementation of the SEC's pay parity authority.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
6.3%	7.5%	9.1%	<7%	8.6%	<8%	<8%

<b>Goal 4: Measure 2 (new)</b>						
<b>Maintain a top five ranking among the Best Places to Work in Government</b>						
<b>Description:</b> By offering competitive pay-for-performance and benefits systems that rival those offered by the private sector, the SEC aims to be an "employer of choice" in the federal government. The SEC aims to maintain a high ranking in this bi-annual survey conducted by the Partnership for Public Service and the Institute for the Study of Public Policy Implementation at American University.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
N/A	Ranked #5	N/A	Top five ranking	Ranked #3	Top five ranking	Top five ranking

<b>Goal 4: Measure 3 (new)</b>						
<b>Human resources productivity</b>						
<b>Description:</b> The SEC continually enhances its productivity through improvements in automation and streamlined personnel policies and procedures. As new technology and practices are adopted, the ratio of human resources staff to the agency total is one way the SEC gauges its improvements in productivity. The office is working to reduce the ratio of human resources staff to agency staff by three percent per year.						
FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
N/A	5%	9%	N/A	5.8%	5.6%	5.5%

**Outcome 4.2: Business improvements are promoted through the innovative use of information technology.**

Information Technology: Information technology (IT) plays a crucial role in the mission of the SEC. With the size and complexity of the U.S. securities markets continuing to increase and expand at a rapid pace, it is crucial that the agency leverage technology to identify and address the most significant threats to investors and continuously improve its productivity.

The agency will continue to ensure that its technical infrastructure has the necessary capacity, performance, resiliency, and security required to support the agency's business processes and information stores. The SEC's public website and the EDGAR system are the agency's two primary tools for disseminating useful information to investors and the financial community in a timely and efficient manner. As Measure 4 illustrates, the

agency is committed to maintaining the highest levels of uptime and availability for the public website and EDGAR, to ensure that the public and financial communities can access useful and time-sensitive disclosure information.

Equally important, the agency will continue to commit significant resources to its capital planning and investment control, enterprise architecture, information security management, privacy management, and other information technology governance processes in support of the Clinger-Cohen Act, OMB guidance, and other sources of best practices. Further, the Office of Information Technology (OIT) anticipates that in FY 2009, all of the agency's major applications and systems will maintain certification and accreditation and will have undergone a privacy impact assessment (Measure 6).

The SEC will continue to respond to the ever-increasing need for strong protection of agency data. The staff will strive to promptly implement all security-related audit recommendations to ensure that the agency's applications, systems, data, and IT infrastructure are secure. By FY 2009, OIT anticipates that all security-related recommendations will be resolved within the agency's goal of 18 months (Measure 5).

<b>Goal 4: Measure 4 (new)</b>							
<b>Percentage of the time that sec.gov and EDGAR are operable</b>							
<b>Description:</b> The SEC is committed to disseminating useful information to investors and the financial community in a timely and efficient manner. The agency uses two primary tools for this purpose: its public website and the EDGAR system. This measure gauges the percentage of the time that these tools are operable and able to provide information to the public and the financial community.							
System	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
sec.gov	N/A	N/A	N/A	100%	100%	100%	100%
EDGAR	N/A	N/A	N/A	99%	99%	99%	99%

<b>Goal 4: Measure 5 (new)</b>							
<b>Number of Inspector General and Government Accountability Office (GAO) information security related recommendations outstanding for more than 18 months</b>							
<b>Description:</b> The SEC is focused on establishing and maintaining sound and effective controls over the information systems that support the agency's business operations. This measure gauges the timeliness of the agency's corrective actions to substantially complete Inspector General and GAO recommendations related to information security.							
Audit Organization	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
GAO	N/A	N/A	N/A	0	11	2	0
OIG	N/A	N/A	N/A	0	4	2	0

**Goal 4: Measure 6 (new)****Percentage of major systems that have been certified and accredited, and given a privacy impact assessment, within required timeframes**

**Description:** The SEC works to ensure the confidentiality and integrity of the agency’s information and systems and to protect the privacy of any personal information contained in those systems. This measure gauges the percentage of the agency’s major applications and systems that have been certified and accredited in accordance with the security mandates of the Federal Information Security Management Act; OMB Circular A-130, “Management of Federal Information Resources”; and National Institute of Standards and Technology security guidelines. In addition, this measure gauges the percentage of agency electronic information systems and collections that have undergone a privacy assessment to determine personally identifiable information and mitigate potential privacy risks, in accordance with the E-Government Act of 2002 and other applicable laws and regulations.

Major Systems	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
Certified and Accredited	N/A	N/A	N/A	100%	96%	100%	100%
Privacy Impact Assessment Completed	N/A	N/A	N/A	100%	89%	100%	100%

**Outcome 4.3: Financial management and internal controls are sound.**

Audited Financial Statements and Budget/ Performance Integration: Given the SEC’s statutory role, taxpayers and investors alike have every right to expect that the agency maintains strong financial management practices and robust internal controls. The agency places great emphasis on bolstering its processes and systems in its budgeting, accounting, and internal controls functions. As part of this objective, the agency will continue to focus on preparing and publishing complete, concise, understandable, and meaningful information about the financial and operating performance of the agency.

The Office of Financial Management (OFM) staff will strive to maintain the highest standards of financial reporting, and continue issuing timely financial statements with unqualified opinions from the agency’s auditors (Measure 7). Efforts in FY 2009 will focus on implementing changes to both financial management system infrastructure and processes to ensure compliance with applicable federal accounting standards. OFM also will continue to move towards a more integrated budget and performance environment in order to strengthen the agency’s justifications in budget formulation and its ability to monitor operating costs and find cost efficiencies in budget execution.

**Goal 4: Measure 7****Receive unqualified audit opinion on SEC financial statements with no material weaknesses or significant deficiencies**

**Description:** Under the Accountability of Taxpayer Dollars Act of 2002, the agency is required to meet all proprietary accounting guidelines for federal agencies and to undergo annual audits. The SEC's audits are conducted by the Government Accountability Office. In 2007, new auditing standards eliminated the term reportable condition and introduced new definitions for the terms "significant deficiency" and "material weakness."

	FY 2004	FY 2005	FY 2006	FY 2007 Plan	FY 2007 Actual	FY 2008	FY 2009
Unqualified Opinion	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Material Weaknesses	3	3	0	0	1	0	0
Significant Deficiency	0	0	3	0	3	3	0

## Division of Enforcement

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE:</b> Headquarters	412	421	408
Regions	<u>699</u>	<u>703</u>	<u>685</u>
Total	<b>1,111</b>	<b>1,124</b>	<b>1,093</b>
<b>Cost:</b> Salaries and Benefits (\$000)	\$197,763.3	\$209,974.0	\$213,644.8
Non-Personnel Expenses (\$000)	<u>100,264.1</u>	<u>104,976.7</u>	<u>104,132.4</u>
<b>Total Costs (\$000)</b>	<b>\$298,027.4</b>	<b>\$314,950.7</b>	<b>\$317,777.2</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
1,093			

The SEC's Division of Enforcement prosecutes violations of the federal securities laws and works closely with the Department of Justice and U.S. Attorneys offices to coordinate and assist in criminal prosecutions.

Intelligence Analysis: The staff expects to handle 1.6 million investor complaints, tips, and forwarded e-mail spam and to open about 1,035 matters under inquiry (MUIs).

Investigations: The division will continue to maintain a presence in all core areas of securities law enforcement. Serious accounting frauds and cases involving conflicts of interest in the financial services sector likely will remain the most important program areas, but the division also will continue to focus on promoting transparent financial statements, protecting seniors from investment scams, uncovering wrongdoing in the municipal securities market, and other important areas. The division plans to fully implement a new enforcement case management system and open 785 investigations.

Proceedings: The division will continue to commit resources to protracted litigation and seek emergency relief to freeze assets, halt market manipulations, and alert investors to false or misleading disclosures. The division will continue its emphasis on prompt distribution of Fair Fund monies to injured investors.

## Office of Compliance Inspections and Examinations

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: IC/IA Program</b>			
Headquarters	34	35	50
Regions	<u>391</u>	<u>394</u>	<u>380</u>
Subtotal	425	429	430
<b>BD/SRO Program</b>			
Headquarters	102	102	82
Regions	<u>290</u>	<u>293</u>	<u>284</u>
Subtotal	392	395	366
<b>Total</b>	<b>817</b>	<b>824</b>	<b>796</b>
<b>Cost: Salaries and Benefits (\$000)</b>	\$132,457.1	\$139,746.7	\$141,848.4
Non-Personnel Expenses (\$000)	<u>68,048.1</u>	<u>65,057.3</u>	<u>63,896.1</u>
<b>Total Costs (\$000)</b>	<b>\$200,505.2</b>	<b>\$204,804.0</b>	<b>\$205,744.5</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
796			

The Office of Compliance Inspections and Examinations (OCIE) conducts the SEC's examination program to detect violations of federal securities laws and evaluate internal compliance controls at securities firms registered with the SEC. OCIE uses risk-based methodologies to focus resources on those activities that could pose the greatest risk to investors and the integrity of the markets.

In FY 2009, the staff expects to continue examining higher-risk investment advisory firms once every three years and lower-risk firms through random sampling. OCIE also anticipates deploying additional monitoring teams to a small number of very large advisory groups. The risk monitoring and assessment activities of the adviser/fund Surveillance Branch will be enhanced. Broker-dealer exams will focus on compliance and risk management of select large and complex brokerage firms, and OCIE will continue to oversee self-regulatory organizations' regulation of trading and member firm activity. Staff will continue proactive efforts to assist registered firms with improved compliance practices through the Chief Compliance Officer Outreach (*CCOutreach*) program and publishing "*ComplianceAlerts*."

## Division of Corporation Finance

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>430</b>	<b>448</b>	<b>439</b>
<b>Cost: Salaries and Benefits (\$000)</b>	\$71,460.1	\$77,153.4	\$79,216.0
Non-Personnel Expenses (\$000)	<u>35,092.8</u>	<u>34,533.5</u>	<u>34,339.6</u>
<b>Total Costs (\$000)</b>	<b>\$106,552.9</b>	<b>\$111,686.9</b>	<b>\$113,555.6</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
110	39	290	

The Division of Corporation Finance establishes disclosure requirements and monitors disclosure to provide investors with information necessary to make investment decisions and to help prevent fraud and misrepresentation in securities transactions. Continuing investor interest regarding the quality of financial reporting and corporate governance and significant changes in disclosure and other requirements applicable to reporting companies have contributed to a changing regulatory environment affecting the securities markets.

Review of Filings: In FY 2009, the division expects to complete about 4,250 reviews of reporting companies. This 33 percent review level is expected to help ensure that investors receive material information about emerging and novel issues, help deter fraud in public securities transactions, and satisfy the requirements of the Sarbanes-Oxley Act of 2002.

Rulemaking and Interpretive Advice: The division will review the implementation of the rules requiring filers to make their proxy materials available on the Internet. The division will consider recommending that the Commission propose or adopt additional rules relating to International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). The division also will evaluate the recommendations of the Advisory Committee on Improvements to Financial Reporting that was created to examine the U.S. financial reporting system, with a view to providing specific recommendations as to how unnecessary complexity in that system could be reduced and how that system could be made more useful to investors.

## Division of Trading and Markets

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>157</b>	<b>176</b>	<b>174</b>
<b>Cost: Salaries and Benefits (\$000)</b>	\$26,977.6	\$30,816.7	\$31,910.8
Non-Personnel Expenses (\$000)	<u>11,321.6</u>	<u>12,293.7</u>	<u>12,265.6</u>
<b>Total Costs (\$000)</b>	<b>\$38,299.2</b>	<b>\$43,110.4</b>	<b>\$44,176.4</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
19	118	37	

The Division of Trading and Markets' mission is to maintain fair, honest, and efficient securities markets. As envisioned by the Securities Exchange Act of 1934, the Commission directly regulates market participants where Commission rulemaking is the most effective approach, and relies on the self-regulation of the securities industry in other instances to ensure fair dealing and investor protection.

Securities Firm Supervision: The division will work with the Financial Industry Regulatory Authority to consolidate and revise self-regulatory organization (SRO) rules governing securities firms. The staff also will examine potential exemptions for foreign broker-dealers based on mutual recognition of regulatory systems. The division will engage in consolidated supervision of internationally active securities firms and review additional applications for such supervision. Rulemaking efforts related to short sales of securities, manipulation, privacy, and financial responsibility will continue, and staff will address issues relating to foreign and domestic transfer agents.

Market Supervision: The division will likely face significant new challenges regarding the regulation and supervision of the U.S. securities markets, including analyzing the implications of consolidations among U.S. exchanges and other markets, as well as affiliations or other alliances between U.S. and non-U.S. markets. The staff also will examine appropriate ways to facilitate the globalization of the securities markets and to streamline the SEC rule filing process for U.S. exchanges and other SROs. The division will carry out initiatives to modernize the national market system and to respond to ongoing changes in the options markets, including a new options exchange and growing automation.



## Division of Investment Management

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>145</b>	<b>150</b>	<b>145</b>
<b>Cost: Salaries and Benefits (\$000)</b>	\$26,241.4	\$27,999.3	\$28,372.9
Non-Personnel Expenses (\$000)	<u>19,379.3</u>	<u>17,748.8</u>	<u>16,822.9</u>
<b>Total Costs (\$000)</b>	<b>\$45,620.7</b>	<b>\$45,748.1</b>	<b>\$45,195.8</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
42	49	54	

The Division of Investment Management regulates investment companies and investment advisers under two companion statutes, the Investment Company Act of 1940 and the Investment Advisers Act of 1940. The division seeks to protect investors from fraud, mismanagement, self-dealing, and inadequate disclosures by investment companies and investment advisers, without imposing unnecessary burdens on regulated entities.

The division's top strategic priority for FY 2008 and FY 2009 will be recommending that the Commission adopt and implement new rules designed to provide mutual fund investors with more reader-friendly disclosure and to improve the delivery of mutual fund information through increased use of electronic means of delivery, including the Internet. The staff also will continue to pursue initiatives to promote the use of interactive data, enabling investors to search, analyze, and compare the information in fund disclosure documents or financial reports. The division also anticipates recommending that the Commission propose in FY 2008 and adopt in FY 2009 a rule that would reform or rescind rule 12b-1, which permits mutual funds to use fund assets to pay for the sale of fund shares and other distribution-related activities.

The division will review the disclosures, including financial statements, of one-third of investment company portfolios as required by the Sarbanes-Oxley Act of 2002. The staff also will review most new portfolios of open-end and closed-end funds, all new insurance contracts, most portfolios of new unit investment trusts, and almost all proxy statements and post-effective amendments that reflect material changes in disclosure or fund operations.

## Office of the General Counsel

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE:</b> Headquarters	116	123	121
Regions	<u>10</u>	<u>10</u>	<u>10</u>
Total	<b>126</b>	<b>133</b>	<b>131</b>
<b>Cost:</b> Salaries and Benefits (\$000)	\$24,141.6	\$26,163.5	\$27,030.0
Non-Personnel Expenses (\$000)	<u>8,909.0</u>	<u>8,696.5</u>	<u>8,746.1</u>
<b>Total Costs (\$000)</b>	<b>\$33,050.6</b>	<b>\$34,860.0</b>	<b>\$35,776.1</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
76	25	6	24

As the chief legal officer of the Commission, the Office of the General Counsel (OGC)

- serves as counsel to the Commission on all initiatives by the Chairman and agency divisions and offices;
- defends the Commission in federal district courts;
- represents the Commission in all appellate matters and *amicus curiae* filings;
- advises the Commission and prepares opinions on adjudications;
- counsels the Commission and its staff on ethics matters;
- represents the Commission in administrative, real estate, labor law, and similar legal matters;
- oversees the Commission's Bankruptcy Program.

In FY 2009, OGC will continue managing the agency's appellate litigation, including appeals related to complex enforcement and other legal matters. OGC expects to review appeals to the Commission from registered accounting firms as a result of Public Company Accounting Oversight Board actions and to help prosecute violations of attorney ethics rules under the Sarbanes-Oxley Act. About 60 adjudicatory matters will be completed, many of which will resolve novel legal questions under the federal securities laws.

## Other Program Offices

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>			
Office of Chief Accountant	53	58	56
Office of Investor Education and Advocacy	65	71	69
Office of International Affairs	28	28	27
Office of Economic Analysis	24	29	29
Office of Risk Assessment	2	4	4
Office of Administrative Law Judges	<u>10</u>	<u>11</u>	<u>11</u>
<b>Total</b>	<b>182</b>	<b>201</b>	<b>196</b>
<b>Cost: Salaries and Benefits (\$000)</b>			
	\$29,826.0	\$33,656.1	\$34,408.1
Non-Personnel Expenses (\$000)	<u>25,156.0</u>	<u>19,314.5</u>	<u>17,474.2</u>
<b>Total Costs (\$000)</b>	<b>\$54,982.0</b>	<b>\$52,970.6</b>	<b>\$51,882.3</b>

This section of the SEC's request includes chapters that describe the responsibilities and activities of the agency's smaller program offices, including:

Office of Chief Accountant: Establishes accounting and auditing policy and works to improve the professional performance of public company auditors to ensure that financial statements used for investment decisions are presented fairly and have credibility.

Office of Investor Education and Advocacy: Serves investors who complain to the SEC about investment fraud or the mishandling of their investments by securities professionals. The SEC has significantly expanded the office's responsibilities to ensure the views of retail investors inform the Commission's regulatory policies and disclosure programs and to improve investors' financial literacy.

Office of International Affairs: Advances international regulatory and enforcement cooperation, promotes converged high regulatory standards worldwide, and facilitates technical assistance programs in foreign countries.

Office of Economic Analysis: Serves as chief advisor within the SEC on all economic issues associated with its regulatory activities.

Office of Risk Assessment: Helps anticipate, identify, and manage risk.

Office of Administrative Law Judges: Adjudicates allegations of securities law violations.

## Office of Chief Accountant

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>53</b>	<b>58</b>	<b>56</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
17	34	5	

The Office of Chief Accountant (OCA) is responsible for establishing, interpreting, and enforcing accounting and auditing policy to enhance the transparency and relevancy of financial reporting. The office also works to improve the professional performance of public company auditors in order to ensure that financial statements used for investment decisions are presented fairly and have credibility. OCA leads the SEC's efforts to oversee accounting standard setting by the Financial Accounting Standards Board (FASB) and auditor oversight and regulation by the Public Company Accounting Oversight Board (PCAOB), as required by the Sarbanes-Oxley Act of 2002.

In FY 2009, OCA will continue to oversee the FASB's accounting standard setting activities, including ongoing major projects to simplify and codify accounting standards. The office plans to continue evaluating the recommendations of the SEC's Advisory Committee on Improvements in Financial Reporting and to develop recommendations for Commission action. OCA also will continue to monitor the FASB's implementation of a more principles-based approach to setting accounting standards.

The office will continue to address issues relating to the ongoing convergence efforts between the International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) and U.S. generally accepted accounting principles (GAAP). OCA also intends to support the newly formed Office of Interactive Disclosure as part of the agency's eXtensible Business Reporting Language (XBRL) initiative, as well as conduct oversight of the PCAOB, which is expected to conduct quality reviews of about 350 firms, a 13 percent increase over FY 2008.

## Office of Investor Education and Advocacy

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>65</b>	<b>71</b>	<b>69</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
		69	

The Office of Investor Education and Advocacy (OIEA) serves as the SEC’s primary point of contact for tens of thousands of investors with questions about the securities industry and where to find information regarding products, issuers, and industry participants or with complaints about the possible mishandling of their investments by securities professionals. OIEA also carries out the SEC’s investor education program and handles requests for public and non-public information.

In FY 2009, the office anticipates that continuous improvements in internal processes will increase the efficiency of its investor advocacy and Freedom of Information Act/Privacy Act programs. OIEA expects to receive approximately 99,500 new investor complaints, questions, and other contacts, including public information inquiries, and expects to close approximately 85 percent of investor assistance matters within seven days and 97 percent within 30 days. Additionally, OIEA plans to significantly reduce the number of pending FOIA requests as it works towards its target of eliminating FY 2005 and FY 2006 backlogs by the end of FY 2010.

The office will continue to implement the SEC’s investor education programs, which will focus on educating seniors about investments commonly marketed to them and providing tips for detecting and avoiding potential frauds and scams. Investors reached through public appearances will decrease as the office focuses on more cost effective channels

## Office of International Affairs

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>28</b>	<b>28</b>	<b>27</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
12	11	4	

The Office of International Affairs (OIA) advises agency staff on developing and modernizing regulatory policy to reflect the increasingly international nature of securities activity, providing technical assistance to emerging markets, and fostering cross-border enforcement cooperation. Additionally, OIA advises agency staff on ways to promote comprehensive transparency and disclosure, and develops mechanisms to coordinate the supervision of internationally-active U.S. firms.

In FY 2009, OIA will work with the Office of Chief Accountant and Division of Corporation Finance to promote convergence between U.S. generally accepted accounting principles and International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), as well as advance initiatives, such as information sharing between regulators, regarding the use and application of IFRS. The office also will work to promote mutual recognition between nations of each other's oversight of exchanges, broker-dealers, investment advisers, and asset managers. OIA will continue to support the Division of Enforcement, responding to an estimated 615 inquiries seeking the assistance of foreign authorities, and participate in about 350 international policy matters to promote high regulatory standards.

## Office of Economic Analysis

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>24</b>	<b>29</b>	<b>29</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
8	17	4	

The Office of Economic Analysis (OEA) is the chief adviser to the Commission and its staff on all economic and empirical issues associated with the SEC's activities. OEA produces high-quality analyses that address the economic issues associated with the regulation of the financial markets and conveys that knowledge to those making policy decisions.

In FY 2009, OEA will work with the divisions to identify upcoming rulemaking projects, with the goal of becoming involved at an early stage. This effort will ensure that economic and quantitative analysis will become a more integral component of the rulemaking process. In FY 2008 and FY 2009, the office expects to provide support for ongoing rulemaking activity in areas such as corporate governance, executive compensation, international financial accounting standards, proxy solicitation and shareholder voting, and market data fees. The staff expects to review about 75 Commission and SRO rules and to conduct around 70 regulatory flexibility analyses, the same levels as in 2008.

OEA plans to continue providing analytical support to enforcement staff, including for structuring distribution plans set up as a result of certain settlement actions. The office also plans to help inspection staff develop tools to monitor broker-dealers, exchanges, and investment companies and advisers. Additionally, OEA will continue to identify data analyses that help the agency gauge risks, assess regulatory alternatives, measure the impact of previous rule changes, and otherwise further the mission of the agency.

## Office of Risk Assessment

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>2</b>	<b>4</b>	<b>4</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
4			

The Office of Risk Assessment (ORA) is responsible for coordinating the SEC’s risk management program. ORA focuses on risk issues across the corporate and financial sector, including issues relevant to corporate disclosure, market operation, sales practices, new product innovation, and corporate governance. In FY 2009, the office plans to continue developing new approaches for risk assessment and strengthening coordination with the various offices and divisions.



## Office of the Administrative Law Judges

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>10</b>	<b>11</b>	<b>11</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
11			

Pursuant to the Administrative Procedure Act and the federal securities laws, administrative law judges preside at evidentiary hearings where the Commission has determined that public hearings are appropriate, in the public interest, and for the protection of investors. The hearings are conducted in a manner similar to non-jury trials in the federal district courts.

In FY 2009, the administrative law judges plan to dispose of roughly 85 proceedings and issue approximately 20 initial decisions.

## Agency Direction and Administrative Support

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>			
Office of Executive Staff	38	36	34
Office of Public Affairs	7	8	8
Office of the Secretary	<u>42</u>	<u>42</u>	<u>42</u>
Agency Direction	87	86	84
Office of the Executive Director	6	7	7
Office of Financial Management	55	57	56
Office of Human Resources	61	63	60
Office of Administrative Services	85	87	86
Office of Information Technology	123	129	124
Office of Equal Emp. Opportunity	9	9	9
Office of the Inspector General	<u>9</u>	<u>9</u>	<u>9</u>
<b>Total</b>	<b>435</b>	<b>447</b>	<b>435</b>
<b>Cost: Salaries and Benefits (\$000)</b>			
	\$60,985.1	\$62,607.0	\$63,794.3
Non-Personnel Expenses (\$000)	<u>37,433.3</u>	<u>35,262.3</u>	<u>35,097.8</u>
<b>Total Costs (\$000)</b>	<b>\$98,418.4</b>	<b>\$97,869.3</b>	<b>\$98,892.1</b>

This section of the FY 2009 request details the SEC's agency-wide executive activities, operations, and administrative functions and covers the following areas:

Agency Direction: includes the Chairman's and Commissioners' offices, Office of Legislative and Intergovernmental Affairs (OLIA), Office of Public Affairs (OPA), and Office of the Secretary.

Office of the Executive Director: develops and executes agency management policies. The Office oversees the allocation and utilization of agency resources, promotes management controls and financial integrity, and manages administrative support functions.

Office of Information Technology: manages the Commission's IT program including application development, user support, capital planning, security, and enterprise architecture.

Office of Equal Employment Opportunity: ensures that employees and applicants for employment have equal opportunity in employment.

Office of the Inspector General: conducts internal audits of Commission operations and internal investigations into allegations of misconduct by staff or contractors.

## Agency Direction

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>			
Office of Executive Staff	38	36	34
Office of Public Affairs	7	8	8
Office of the Secretary	<u>42</u>	<u>42</u>	<u>42</u>
<b>Total</b>	<b>87</b>	<b>86</b>	<b>84</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
61	7	11	5

Agency Direction is comprised of the Commissioners and their staff, as well as the Office of the Secretary, the Office of Legislative and Intergovernmental Affairs (OLIA), and the Office of Public Affairs (OPA). The Commissioners' offices address the wide array of legal, financial, managerial, legislative, and economic issues encountered in the administration of the federal securities laws. The Office of the Secretary schedules Commission meetings; prepares and maintains records of Commission actions; reviews documents submitted to the Commission for action; and reviews and issues Commission orders, opinions, and releases. OLIA works with Members of Congress, state and local officials, and their staff on issues affecting the SEC and is responsible for the timely processing of all correspondence sent to the Chairman and all congressional correspondence sent to the Commission. OPA coordinates relations with the media, the general public, and foreign visitors.

In fulfilling the SEC's mission to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation, in FY 2009 the Commission anticipates holding about 75 meetings and considering about 725 calendar items and 500 seriatim actions, including enforcement actions, rule proposals, and other items related to the administration of the federal securities laws.

OLIA will coordinate the preparations for about 17 congressional testimonies and handle approximately 7,500 telephone and e-mail inquiries from congressional staff. OPA expects to receive about 45,000 media inquiries and draft and distribute about 270 news releases.

## Office of the Executive Director

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>			
Office of the Executive Director	6	7	7
Office of Financial Management	55	57	56
Office of Human Resources	61	63	60
Office of Administrative Services	<u>85</u>	<u>87</u>	<u>86</u>
<b>Total</b>	<b>207</b>	<b>214</b>	<b>209</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
			209

The Office of the Executive Director (OED) has primary responsibility for the Office of Financial Management (OFM), Office of Human Resources (OHR), and Office of Administrative Services (OAS).

Financial Management: OFM will continue to prepare financial and managerial reports while improving transparency, and the effectiveness and efficiency of internal controls over financial reporting. System enhancements anticipated to be deployed through FY 2009 will allow SEC to achieve full integration of budget, performance, and financial management systems facilitating better performance management and decision making.

Human Resources: OHR will complete the implementation of strategically integrated human capital systems that should improve the coordination and information flow among the different aspects of the agency's human capital planning, and align the SEC with Human Capital Assessment and Accountability Framework principles.

Administrative Services: OAS will continue to focus on refining its procurement system, enhancing agency emergency preparedness plans, and continuing efforts to strengthen physical security.

## Office of Information Technology

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>123</b>	<b>129</b>	<b>124</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
			124

The Office of Information Technology (OIT) supports the agency's use of technology to enhance agency-wide mission performance. OIT also ensures that the agency supports the President's Management Agenda pertaining to information technology (IT), the Clinger-Cohen Act, and other elements of the federal government's IT governance practices.

In FY 2009, OIT plans to complete several significant initiatives begun in FY 2007 and FY 2008. The office also will leverage available data and systems by focusing on improving workflow and business process management, as well as increasing use of interactive data.

Electronic Data Gathering and Retrieval (EDGAR) and Disclosure Management: OIT will lead the agency's transition to a more modernized technical architecture for the EDGAR system. To help investors and agency staff better use data from SEC filings, OIT plans to convert additional types of information to interactive data formats, such as eXtensible Business Reporting Language (XBRL). The office also expects to use interactive data to revise and simplify the filings of corporate issuers and mutual funds.

Enforcement and Examination Management: The office plans to upgrade the enforcement and examination programs' core tracking systems. As a result, managers will have better access to performance and utilization information so they can direct resources effectively, while staff will have better tools for managing their workflow.

Internal Process Improvements and Employee Productivity: The office plans to supplement enhancements to the agency's financial systems and to focus on improvements to the systems supporting human resources management, including performance management.

## Office of Equal Employment Opportunity

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>9</b>	<b>9</b>	<b>9</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
			9

The Office of Equal Employment Opportunity (EEO) oversees the agency’s compliance with federal laws that prohibit employment discrimination based on age, color, disability status, gender, national origin, race, religion, protected genetic information, or sexual orientation, as well as discriminatory retaliation against individuals for participating in the EEO process or opposing discrimination. The office also ensures compliance with the requirements of the No FEAR Act of 2002. The EEO immediately and appropriately responds to any alleged violations of EEO laws, such as harassing conduct or hostile work environments.

The SEC will strive to maintain its position as an “employer of choice” by offering pay parity, flexible schedules, and improved benefits. In support of this effort, the office has worked to create and support a work environment in which employees are personally satisfied, receive fair treatment, have opportunities for advancement, and therefore are motivated to remain with the agency. In FY 2009, preventive programs will remain a top priority, and EEO will continue to implement the various diversity programs launched by the SEC-wide Diversity Initiative.

## Office of the Inspector General

### Executive Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
<b>FTE: Headquarters</b>	<b>9</b>	<b>9</b>	<b>9</b>

FY 2009 FTE by SEC Strategic Goal			
Goal 1	Goal 2	Goal 3	Goal 4
Enforce Compliance with Federal Securities Laws	Promote Healthy Capital Markets	Foster Informed Investment Decisionmaking	Maximize the use of SEC Resources
			9

The rapid pace of significant internal and external changes that affect the work of the SEC drives the work of the Office of the Inspector General (OIG).

The OIG will continue its focus on improving agency operations through evaluations and inspections. It also will enhance staff and agency integrity by investigating allegations of employee and contractor misconduct.

By conducting evaluations, inspections, and investigations, the OIG supports the efforts of the Congress and the SEC to fulfill their responsibilities and achieve their goals and objectives with respect to oversight of the securities industry.