

U.S. SECURITIES AND EXCHANGE COMMISSION

FISCAL YEAR 2012 SUMMARY OF PERFORMANCE
AND FINANCIAL INFORMATION





The Securities and Exchange Commission at a Glance

What We Do: The U.S. Securities and Exchange Commission (SEC) oversees key participants in the securities markets, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges. The SEC is concerned primarily with promoting the disclosure of important market-related information, maintaining fair dealing, and protecting against fraud. Crucial to the SEC's effectiveness in each of these areas is its enforcement authority. Each year the SEC brings hundreds of civil enforcement actions against individuals and companies for violation of the securities laws.

Established: During the peak year of the Depression, Congress passed the Securities Act of 1933. This law, along with the Securities Exchange Act of 1934 (Exchange Act), which created the SEC, was designed to restore investor confidence in our capital markets by providing investors and the markets with more reliable information and clear rules of honest dealing.

Branch of Government: Executive

FY 2012 Leadership:

Chairman Mary L. Schapiro

Number of Full-Time Equivalent

(FTEs): The SEC employed 3,785 FTEs in fiscal year 2012.

Website: www.sec.gov

Vision

The SEC strives to promote a market environment that is worthy of the public's trust and characterized by transparency and integrity.

Mission

The mission of the SEC is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.

Values

Integrity	Accountability	Effectiveness
Teamwork	Fairness	Commitment to Excellence

About the SEC

- The SEC has five presidentially appointed Commissioners, with staggered terms. One of them is designated by the President as Chairman of the Commission.
- The Commission convenes regularly scheduled meetings that are open to the public and the news media unless the discussion pertains to confidential subjects, such as whether to authorize enforcement actions.
- The SEC is responsible for overseeing the nation's securities markets and certain primary participants, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges, as well as organizations such as the Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), and Public Company Accounting Oversight Board (PCAOB). Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the agency's jurisdiction was expanded to include certain participants in the derivatives markets, private fund advisers, and municipal advisers, among other changes.
- To help support investor education, the SEC offers the public a wealth of educational information on www.investor.gov and an online database of disclosure documents at www.sec.gov/edgar/searchedgar/companysearch.html that public companies and other market participants are required to file with the SEC.

Fiscal Year 2012 Performance Highlights

Enforcement and Compliance

The SEC continued to bring cases in record numbers, leading the effort against those who contributed to the financial crises.

- The 734 enforcement actions brought in FY 2012 marked the second highest amount ever filed in a fiscal year. Of these, 150 were filed in investigations designated as National Priority Cases.
- The Commission distributed to harmed investors \$508 million obtained through the SEC’s enforcement actions. These payments were made through 72 Fair Funds set up under a provision of the Sarbanes-Oxley Act.
- The National Examination Program created several specialized working groups to better focus on entities most likely to present risk to investors, leading to a significant rise in the percentage of examinations that resulted in findings deemed “significant” or which were referred to the Division of Enforcement for further action.
- The first whistleblower payout was made to an individual who provided high quality, significant information that helped stop a multi-million dollar fraud.

Investor Focused Rulemaking

The SEC continued to pursue a robust, investor-focused rulemaking agenda propelled in part by the demands of the Dodd-Frank Act and in recognition that investor protection regulations need to reflect the reality of today’s modern technology.

- The Commission approved or disapproved 308 Self Regulatory Organization (SRO) rule changes filed pursuant to the Exchange Act, which represents a 40 percent increase over the prior fiscal year. The Commission determinations occurred within the Dodd-Frank Act statutory timeframes 99 percent of the time.
- The Commission surpassed all of its FY 2012 targets for responding timely to written requests for no-action letters, exemptive applications, and written interpretive requests.
- The Commission surpassed all of its FY 2012 targets for correcting market outages at SROs and Electronic Communications Networks.

Investor Access to Information

The SEC continued to carry out the SEC’s investor education program, which includes producing and distributing educational materials, participating in educational seminars and investor-oriented events, and partnering with Federal agencies, state regulators, and others on investor literacy initiatives.

- The Commission reached a total of 16 million investors, 1.2 million more investors this year than in FY 2011, as a result of a direct mail partnership with the Internal Revenue Service, and held 47 in-person events.
- During FY 2012, the Commission issued initial comments on Securities Act filings within an average of about 25 days of filing. Timely reviews allow companies seeking to raise capital to build offering schedules around the de facto standard of 30 days.

- In FY 2012, the SEC.gov website which provides the public with information about the SEC’s mission, actions, and rule interpretations as well as educational information and free access to the EDGAR database of corporate filings had more than a billion hits per month, a fivefold increase of web traffic from the prior year.

Strategic Goals and Costs

GOAL 1: Foster and enforce compliance with the Federal securities laws

Cost: \$552.3 million

GOAL 2: Establish an effective regulatory environment

Cost: \$163.9 million

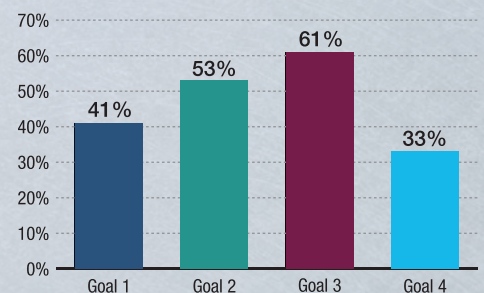
GOAL 3: Facilitate access to the information investors need to make informed investment decisions

Cost: \$187.2 million

GOAL 4: Enhance the Commission’s performance through effective alignment and management of human, information, and financial capital

Cost: \$294.1 million

PERFORMANCE RESULTS BY STRATEGIC GOAL
% PERFORMANCE GOAL TARGETS MET OR EXCEEDED



2013

A Year of Continuing Progress

In 2013, the SEC will continue to embrace its increasing regulatory and oversight responsibilities while further improving performance in the functions that have traditionally defined the agency. These include aggressive enforcement actions, thorough examinations, proactive disclosure efforts, and robust rules focused on investor protection.

Much of this will be accomplished through better use of the Commission's most powerful tool, the nearly 4,000 talented and motivated men and women who work at the SEC. Among other advancements, staff will have better access to needed technology, as improvements continue to come on-line – improvements that include data mining, workflow, and risk analysis tools that allow the staff to keep up with an increasingly complex financial system. Investors will continue to benefit, as well, from a commitment to improving staff skills and to deploying personnel in ways that leverage in-house expertise and experience in key areas.

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

Fiscal Year 2012 Financial Highlights

SELECTED FINANCIAL DATA FOR FY 2012 AND FY 2011

(DOLLARS IN MILLIONS)	FY 2012	FY 2011
Total Assets	\$ 8,761	\$ 8,517
Total Liabilities	\$ 1,162	\$ 1,106
Net Position	\$ 7,599	\$ 7,411
Annual Net Position Change	3%	8%
Total Program Costs	\$ 1,198	\$ 1,148
Revenues	\$ 1,648	\$ 1,644
Net (Income) Cost from Operations	\$ (450)	\$ (496)
Total Budgetary Resources	\$ 1,236	\$ 1,713
Actual FTEs at Fiscal Year End	3,785	3,844

SUMMARY OF INDEPENDENT AUDITOR'S INTERNAL CONTROL FINDINGS

Category	FY 2012 Audit Finding
Material Weaknesses	None
Significant Deficiencies	Budgetary Resources Property and Equipment Controls

Below is a discussion of a few of the notable highlights for the agency's finances in FY 2012.

Reserve Fund

Section 991(e) of the Dodd-Frank Act authorized the creation of a Securities and Exchange Commission Reserve Fund (Reserve Fund). Funded from filing fee collections, the SEC can deposit up to \$50 million per fiscal year, and the fund cannot hold more than \$100 million in total. Excess filing fees are deposited to the U.S. Treasury General Fund.

In FY 2012 and subsequent fiscal years, filing fee collections are no longer offsetting collections. Filing fees deposited to the Reserve Fund can be used to fund the SEC's operations, create budgetary authority, and are reported as a component of Appropriations (Discretionary and Mandatory) on the SEC's Statement of Budgetary Resources. Filing fees deposited to the U.S. Treasury General Fund cannot be used to fund the SEC's operations, do not create budgetary authority, and are reported as Transferred to the General Fund on the SEC's Statement of Changes in Net Position.

For the fiscal year ended September 30, 2012, filing fee revenues were \$378 million. \$50 million was deposited into the Reserve Fund, of which \$25 million was temporarily rescinded. The excess of \$328 million was deposited into the U.S. Treasury General Fund. In prior fiscal years, all filing fee collections created budget authority from offsetting collections and were used to partially fund SEC's operations.

Fiscal Year 2012 Financial Highlights *continued*

Downward Adjustments of Prior Year Unfunded Lease Obligations

The SEC recognized an unfunded obligation totaling \$137.7 million for the Constitution Center lease in FY 2011. In June 2012, the SEC and U.S. General Services Administration (GSA) signed an agreement transferring responsibility for the Constitution Center lease to GSA. Based upon this agreement, the SEC recognized a downward adjustment totaling \$137.7 million.

Fiscal Year 2012 Program Costs

The SEC organizes its divisions and offices under the 10 major programs. Total FY 2012 costs of \$1,198 million consist of the sum of (1) the costs of resources directly or indirectly consumed by the programs, and (2) the costs of identifiable supporting services provided by other responsibility segments within the agency. The SEC allocates support costs to its programs using activity-based cost accounting.

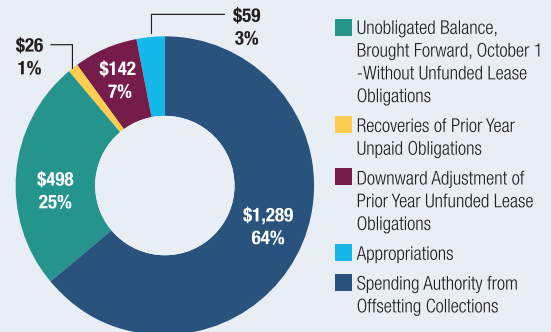
Investor Protection Fund

The SEC prepares standalone financial statements for the Investor Protection Fund as required by the Dodd-Frank Act. The Investor Protection Fund was established in the fourth quarter of FY 2010 to provide funding for a Whistleblower Award Program and to finance the operations of the Office of Inspector General's Employee Suggestion Program.

INVESTOR PROTECTION FUND ACTIVITY FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

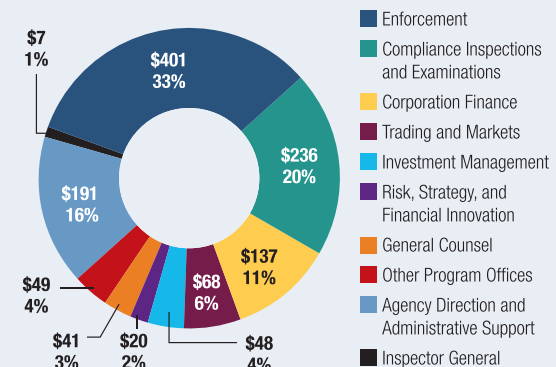
(DOLLARS IN THOUSANDS)	FY 2012	FY 2011
Balance of Fund at beginning of preceding fiscal year	\$452,788	\$451,910
Amount deposited into or credited to the Fund during the preceding fiscal year	—	—
Amount of earnings on investments during the preceding fiscal year	757	990
Amount paid from the Fund during the preceding fiscal year to whistleblowers	(46)	—
Amount paid from the Fund during the preceding fiscal year for expenses incurred by Employee Suggestion Program	(70)	(112)
Balance of the Fund at the end of the preceding fiscal year	\$ 453,429	\$ 452,788

FY 2012 SOURCES OF FUNDS
(DOLLARS IN MILLIONS)

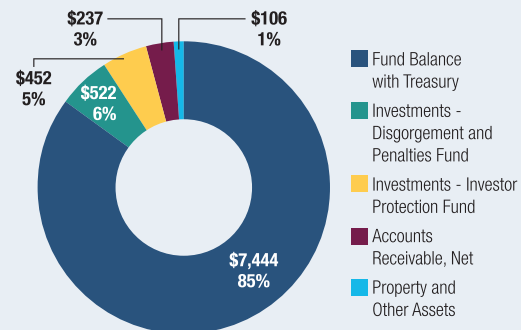


Dollars and percentages do not include the Unobligated Balance Brought Forward, October 1 - Interpretation for Lease Obligations

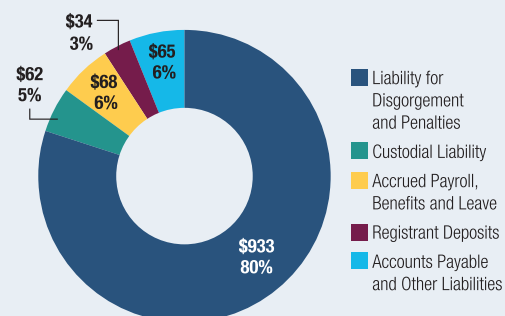
FY 2012 PROGRAM COSTS
(DOLLARS IN MILLIONS)



FY 2012 ASSETS BY TYPE
(DOLLARS IN MILLIONS)



FY 2012 LIABILITIES BY TYPE
(DOLLARS IN MILLIONS)





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