



U.S. Securities and Exchange Commission

In Brief

FY 2010 Congressional Justification

May 2009

**U.S. Securities and Exchange Commission
FY 2010 Congressional Justification in Brief**

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FTE and Positions by Program

	FY 2008 Actual		FY 2009 Enacted		FY 2010 Request	
	FTE	Positions	FTE	Positions	FTE	Positions
Enforcement						
Headquarters	410	463	434	486	452	486
Regions	<u>738</u>	<u>771</u>	<u>740</u>	<u>771</u>	<u>740</u>	<u>771</u>
Total	1,148	1,234	1,174	1,257	1,192	1,257
Compliance Inspections and Examinations						
Investment Company/Investment Adviser						
Headquarters	44	51	46	56	48	56
Regions	<u>381</u>	<u>418</u>	<u>406</u>	<u>418</u>	<u>406</u>	<u>418</u>
Subtotal	<u>425</u>	<u>469</u>	<u>452</u>	<u>474</u>	<u>454</u>	<u>474</u>
Broker-Dealer/Self-Regulatory Organization						
Headquarters	89	102	100	107	104	107
Regions	<u>276</u>	<u>288</u>	<u>276</u>	<u>288</u>	<u>276</u>	<u>288</u>
Subtotal	<u>365</u>	<u>390</u>	<u>376</u>	<u>395</u>	<u>380</u>	<u>395</u>
Total	790	859	828	869	834	869
Corporation Finance	441	484	463	484	463	484
Trading and Markets	167	200	174	208	182	208
Investment Management	149	161	153	162	154	162
General Counsel						
Headquarters	121	133	120	135	122	135
Regions	<u>11</u>	<u>12</u>	<u>11</u>	<u>12</u>	<u>11</u>	<u>12</u>
Total	132	145	131	147	133	147
Other Program Offices						
Chief Accountant	55	72	54	72	54	72
Investor Education and Advocacy	65	75	68	75	68	75
International Affairs	30	32	32	32	32	32
Economic Analysis	22	36	26	36	26	36
Risk Assessment	3	9	8	12	10	12
Administrative Law Judges	<u>9</u>	<u>12</u>	<u>11</u>	<u>12</u>	<u>11</u>	<u>12</u>
Total	184	236	199	239	201	239
Agency Direction and Administrative Support						
Executive Staff	34	38	38	38	38	38
Public Affairs	7	9	8	9	8	9
Secretary	41	46	41	46	41	46
Executive Director	8	11	11	11	11	11
Financial Management	51	65	57	68	60	68
Human Resources	59	68	62	68	62	68
Administrative Services	86	97	90	97	90	97
Information Technology	126	138	127	138	127	138
Equal Employment Opportunity	8	10	8	10	8	10
Inspector General	<u>11</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>
Total	431	498	458	501	461	501
Total FTE and Positions	<u>3,511</u>	<u>3,891</u>	<u>3,652</u>	<u>3,941</u>	<u>3,692</u>	<u>3,941</u>
Headquarters Total Permanent	2,036	2,328	2,147	2,378	2,187	2,378
Regional Office Total Permanent	1,406	1,489	1,433	1,489	1,433	1,489
Temporary	69	74	72	74	72	74

Obligations by Object Class

(\$ in thousands)

	FY 2008 Actual *	FY 2009 Enacted **	FY 2010 Request
Personnel Compensation & Benefits			
<u>Total Personnel Compensation (11.9)</u>	<u>\$476,900</u>	<u>\$522,752</u>	<u>\$566,343</u>
Full-time Permanent (11.1)	464,547	510,347	551,658
Other than Full-time Permanent (11.3)	3,064	3,699	4,163
Other Personnel Compensation (11.5)	7,322	6,595	8,268
Special Personnel Services (11.8)	1,967	2,111	2,254
Civilian Personnel Benefits (12.1)	129,466	139,034	151,557
Subtotal Cost of Salaries	\$606,366	\$661,786	\$717,900
Other Expenses			
Benefits for Former Personnel (13.0)	120	445	450
Travel and Transportation of Persons (21.0)	11,015	11,647	11,986
Transportation of Things (22.0)	115	228	230
<u>Rent, Communications & Utilities (23.0)</u>	<u>106,989</u>	<u>105,117</u>	<u>107,662</u>
Rental Payments to Others (23.2)	96,905	93,126	95,420
Comm., Utilities, and Misc. Charges (23.3)	10,084	11,991	12,242
Printing and Reproduction (24.0)	9,706	6,810	6,896
<u>Other Contractual Services (25.0)</u>	<u>129,668</u>	<u>149,797</u>	<u>155,506</u>
Advisory and Assistance Services (25.1)	29,134	27,245	27,623
Other Services (25.2)	24,095	33,082	33,629
Purchase of Goods & Services from Government Accounts (25.3)	2,874	3,712	3,750
Operation & Maintenance of Facilities (25.4)	6,776	7,665	7,741
Operation & Maintenance of Equipment (25.7)	66,789	78,093	82,763
Supplies and Materials (26.0)	3,282	2,612	2,688
Equipment (31.0)	31,568	18,875	19,367
Building Alterations (32.0)	2,673	2,683	3,315
Claims and Indemnities (42.0)	3,811	0	0
Subtotal Cost of Other Expenses	\$298,947	\$298,214	\$308,100
Spending Authority	\$905,313	\$960,000	\$1,026,000

* FY 2008 Actual excludes \$10M in upward adjustments of prior year obligations that were included in the President's FY 2010 Budget Appendix.

** FY 2009 Enacted includes Congressionally approved reprogramming request of \$17 million.

Average Salary and Grade ^{1/}

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Request
Average SO Salary	\$214,174	\$223,812	\$233,212
Average SK Salary	\$134,239	\$140,280	\$148,364
Average SK Grade	13	13	13

^{1/} Average salary as of the last day of the fiscal year.

FY 2010 Request by Strategic Goal and Program

(\$ in thousands)

SEC Program			FY 2010 Request					Change over FY 2008 Actual		Change over FY 2009 Enacted	
			Goal 1 Enforce Securities Laws	Goal 2 Healthy Capital Markets	Goal 3 Informed Decision Making	Goal 4 Maximize Use of Resources	FY 2010 Request	\$	%	\$	%
			FY 2008* Actual	FY 2009 ** Enacted							
FY 2008* Actual			\$614,395	\$80,322	\$120,712	\$89,884					
FY 2009 Enacted **			\$607,823	\$89,691	\$164,582	\$97,904					
<u>Enforcement</u>	<u>\$317,986</u>	<u>\$330,132</u>	<u>\$353,446</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$353,446</u>	<u>\$35,460</u>	<u>11</u>	<u>\$23,314</u>	<u>—</u>
Headquarters	131,727	143,828	156,383	0	0	0	156,383	24,656	19	12,555	7 9
Regions	186,259	186,304	197,063	0	0	0	197,063	10,804	6	10,759	6
<u>Compliance Inspections and Examinations</u>	<u>201,348</u>	<u>210,824</u>	<u>224,613</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>224,613</u>	<u>23,265</u>	<u>12</u>	<u>13,789</u>	<u>—</u>
<u>IC/IA Program</u>	<u>108,414</u>	<u>114,682</u>	<u>121,831</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>121,831</u>	<u>13,417</u>	<u>12</u>	<u>7,149</u>	<u>7 —</u>
Headquarters	11,408	11,796	13,033	0	0	0	13,033	1,625	14	1,237	6 10
Regions	97,006	102,886	108,798	0	0	0	108,798	11,792	12	5,912	6
<u>BD/SRO Program</u>	<u>92,934</u>	<u>96,142</u>	<u>102,782</u> ⁰	<u>—</u> ⁰	<u>—</u>	<u>—</u>	<u>102,782</u>	<u>9,848</u>	<u>11</u>	<u>6,640</u>	<u>—</u>
Headquarters	23,076	25,645	28,239 ⁰	0 ⁰	0 ⁰	0	28,239	5,163	22	2,594	7 10
Regions	69,858	70,497	74,543	0	0 ⁰	0	74,543	4,685	7	4,046	6
Corporation Finance	111,058	119,160	1,261	16,399	108,484	0	126,144	15,086	14	6,984	6
Trading and Markets	41,838	45,811	8,588 ⁰	27,282 ⁰	14,651	0	50,521	8,683	21	4,710	10
Investment Management	44,298	46,924	11,993	22,487	15,491 ⁰	0	49,971	5,673	13	3,047	6
<u>General Counsel</u>	<u>34,577</u>	<u>35,269</u>	<u>23,496</u>	<u>5,684</u>	<u>1,895</u>	<u>6,821</u>	<u>37,896</u>	<u>3,319</u>	<u>10</u>	<u>2,627</u>	<u>—</u>
Headquarters	31,761	32,431	21,636	5,234	1,745	6,281	34,896	3,135	10	2,465	7 8
Regions	2,816	2,838	1,860	450	150	540	3,000	184	7	162	6
Other Program Offices	50,019	55,136	17,842	19,255	18,874	1,650	57,621	7,602	15	2,485	5
Agency Direction and Administrative Support	104,189	116,744	5,490	5,825	13,727	100,746	125,788	21,599	21	9,044	8
Total SEC Funding	\$905,313	\$960,000	\$646,729	\$96,932	\$173,122	\$109,217	\$1,026,000	\$120,687	13%	\$66,000	7%
Percent Increase over Prior Year			6%	8%	5%	12%					

* FY 2008 Actual excludes \$10M in upward adjustments of prior year obligations that were included in the President's FY 2010 Budget Appendix.

** FY 2009 Enacted includes Congressionally approved reprogramming request of \$17 million.

Summary of Changes

(\$ in thousands)

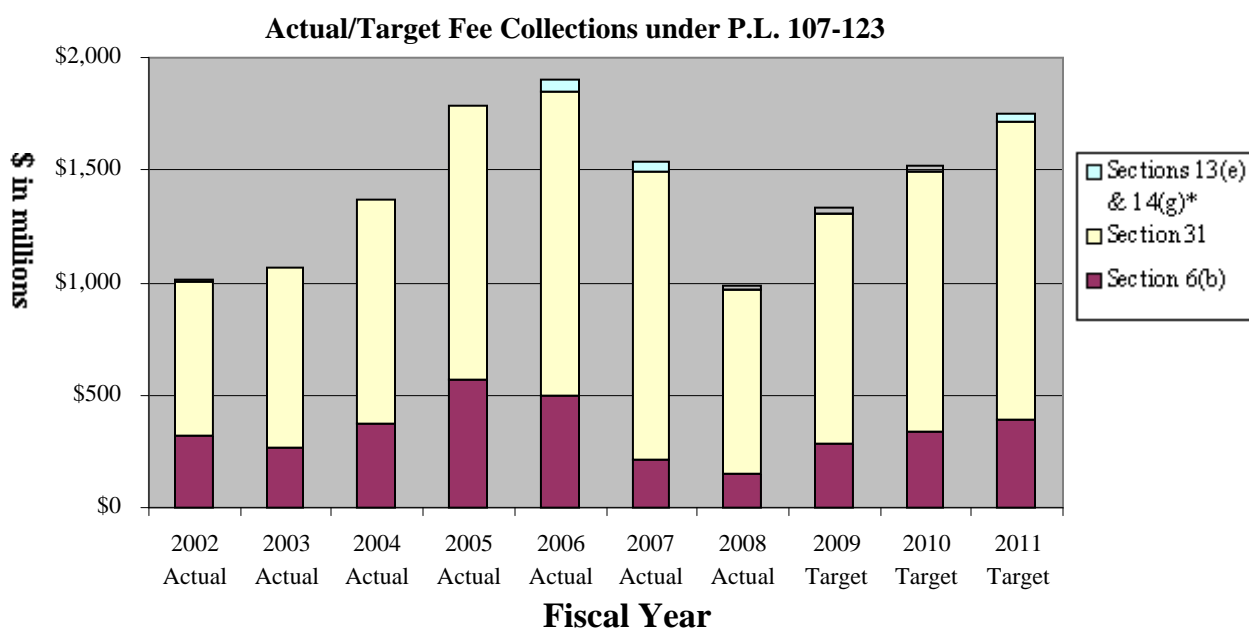
	<u>FY 2009 Enacted</u>	<u>FY 2010 Request</u>	<u>Net Change</u>
Spending Authority.....	\$960,000	\$1,026,000	+\$66,000
Full-time Equivalents.....	3,652	3,692	+40
Positions.....	3,941	3,941	- - -

Explanation of Changes:

FY 2010 Base Changes

	<u>Positions</u>	<u>FTE</u>	<u>Amount</u>
Annualization of 50 positions received in FY 2009	- - -	+40	+\$9,445
Annualization of FY 2009 4.5 % pay raise			+9,459
FY 2010 pay raise, 4.2% effective first full pay period in January 2010	- - -	- - -	+21,124
Promotions and merit pay increases for eligible staff	- - -	- - -	+16,621
Increases in space rent and utilities	- - -	- - -	+2,316
Other non-compensation inflation of 1%	- - -	- - -	<u>+2,035</u>
Subtotal, Base Changes	- - -	+40	+61,000
Program Increase:			
Information Technology Enhancements	- - -	- - -	+5,000
Total Change.....	- - -	+40	+<u>\$66,000</u>

Fee Collections and Spending Authority



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

Source of Fees (\$ in thousands)	FY 2008 <u>Actual</u>	FY 2009** <u>Estimate</u>	FY 2010** <u>Estimate</u>
Registration of securities: Securities Act of 1933 (Section 6(b))	\$148,057	\$284,000	\$334,000
Securities transactions under the Securities Exchange Act of 1934 (Section 31)	822,614	1,023,000	1,161,000
Merger and Tender Fees under the Securities Exchange Act of 1934 (Sections 13(e) and 14(g))	<u>13,106</u>	<u>25,000</u>	<u>25,000</u>
Total Collections	<u>\$983,777</u>	<u>\$1,332,000</u>	<u>\$1,520,000</u>

** FY 2009 and FY 2010 estimates are based on target fee collections under P.L. 107-123 and are not based on expectations relative to economic and market conditions.

Spending Authority (\$ in thousands)	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
Current Year Appropriated Offsetting Collections	\$842,738	\$894,356	\$1,015,780
Available Balances from Prior Years	<u>63,262</u>	<u>65,644</u>	<u>10,220</u>
Total Authority	<u>\$906,000</u>	<u>\$960,000</u>	<u>\$1,026,000</u>

Appropriations Language

For necessary expenses for the Securities and Exchange Commission, including services as authorized by 5 U.S.C. 3109, the rental of space (to include multiple year leases) in the District of Columbia and elsewhere, and not to exceed \$3,500 for official reception and representation expenses, \$1,026,000,000, 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 \$1,015,780,000 of such offsetting collections shall be available until expended for necessary expenses of this account: *Provided further*, That \$10,220,000 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 2010 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2010 appropriation from the general fund estimated at not more than \$0.

FY 2010 Request by Strategic Goal

The mission of the Securities and Exchange Commission (SEC) is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. The SEC oversees 11 national securities exchanges and more than 30,000 registrants including approximately 12,000 public companies, 8,000 mutual funds, 11,300 investment advisers, 600 transfer agencies, and 5,500 broker-dealers. Additionally, the Public Company Accounting Oversight Board (PCAOB), the Financial Industry Regulatory Authority (FINRA), and ten nationally recognized statistical rating organizations (NRSROs), among other entities, are subject to inspection by the SEC. The number and complexity of registrants and the total assets for which the SEC has oversight responsibility have increased dramatically over the past few years:

- Since 2005 the number of investment advisers registered with the SEC has increased by 32 percent and their assets under management have jumped by over 70 percent to more than \$40 trillion.
- The size, complexity, and geographical diversity of broker-dealer operations have greatly expanded, with the number of broker-dealer branch offices rising to a current total of 174,000.
- The dollar value of average daily trading volume in stocks, exchange-traded options, and security futures was approximately \$251 billion a day in February 2009, as compared to approximately \$87 billion a day in February 1999 and \$10 billion a day in February 1989.

The impact of these registrants on the financial well-being of Americans is significant: more than 52 million U.S. households, or 45 percent of total households, own mutual funds, and assets under mutual funds' management total about \$9.4 trillion as of January 31, 2009.

The past year has been immensely challenging for investors, public companies, and the U.S. and global financial markets. American families have seen their retirement plans and savings plummet in value. Faith in the U.S. system of capital formation has been severely tested with the economic crisis, the turmoil in the markets, and the revelations of illegal and ill-advised investment schemes.

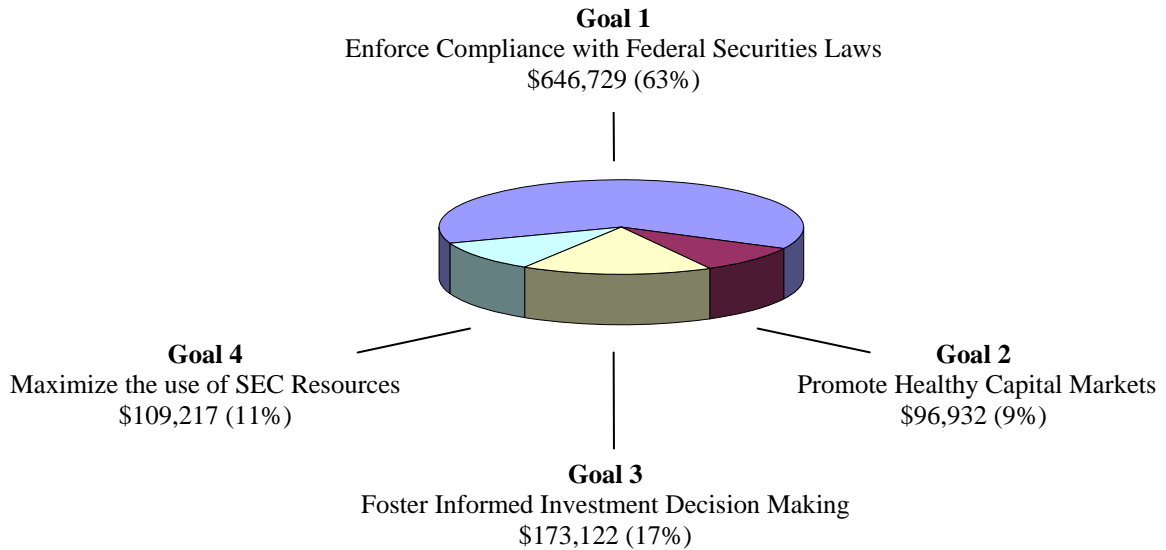
It is against this backdrop that the SEC works to restore investors' confidence in the U.S. markets by refocusing its efforts on deterring and detecting fraud and reengineering its internal processes to work more efficiently and effectively. The SEC's FY 2010 budget poises the agency to accomplish this. The budget request for FY 2010 totals \$1.026 billion, a \$66 million (7 percent) increase over the agency's FY 2009 funding level of \$960 million. The FY 2010 budget funds 3,620 permanent full-time equivalents (FTE), an increase of 40 FTE (1 percent) from the FY 2009 level, and maintains the number of permanent positions at 3,867. The agency has focused on hiring to capacity throughout FY 2008 and in FY 2009, targeting the enforcement and examination programs for the

majority of staffing increases. Most of the FTE increases in FY 2010 also will be in these two program areas. Chart 1 depicts how the agency plans to allocate its resources in FY 2010 to achieve the goals identified in the agency's strategic plan.

Chart 1

FY 2010 Request by Strategic Goal

(\$ in thousands)

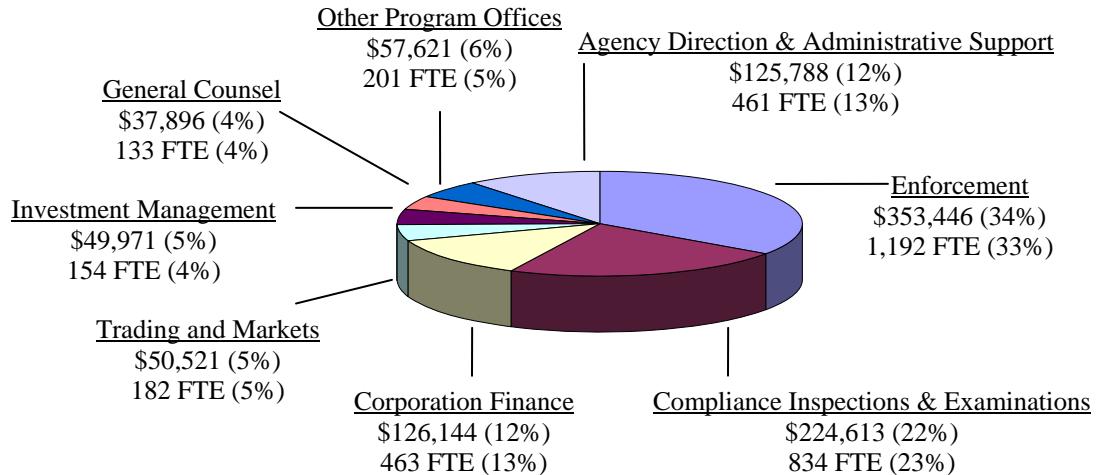


The SEC's programs work together to achieve the four strategic goals. Among other things, these programs seek to detect and address violations and potential problems in the securities markets; craft regulations that strengthen corporate and fund governance; provide investors with timely access to accurate, 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 specifies how the agency plans to allocate its resources to the programs in FY 2010.

Chart 2

FY 2010 Request by SEC Program

(\$ in thousands)



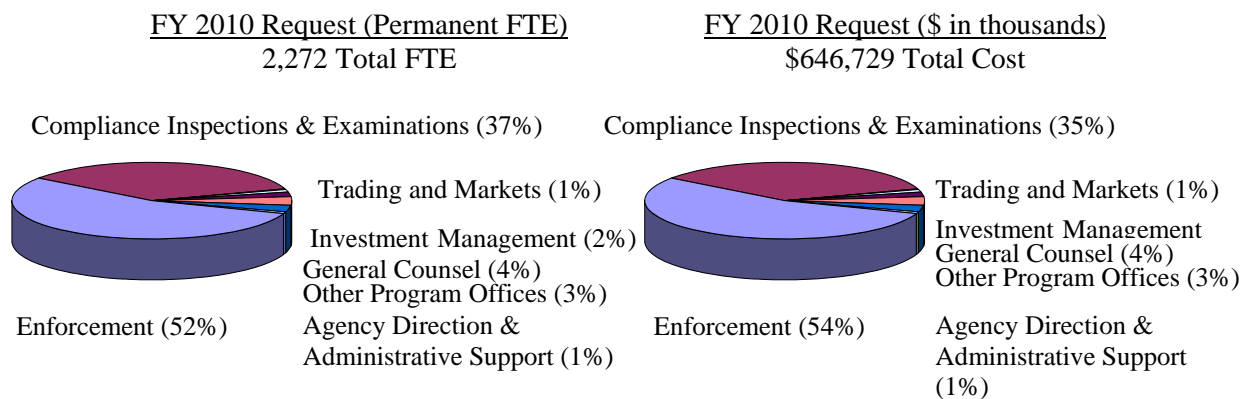
The following chapters comprise the agency's performance budget for FY 2010, which explains how the SEC plans to use the requested resources to achieve each of its four strategic goals. The performance budget presents the measures and indicators that the agency currently uses to help determine its success in achieving planned outcomes.

To complement the FY 2010 performance budget, the agency also presents its FY 2010 budget by program. Each program chapter provides detailed information on program priorities, initiatives, and workload figures for a division and/or office.

Goal 1: Enforce Compliance with Federal Securities Laws

The SEC 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 Commission aims to take prompt action to halt the misconduct, sanction wrongdoers effectively, and return funds to harmed investors. In FY 2010, the agency will focus on pursuing tips, complaints, and other leads, dedicating increased resources to potential frauds that citizens bring to the staff’s attention. The agency also will expand its inspections of credit rating agencies and strengthen risk-based surveillance and examination oversight of investment advisers. The enforcement and examination programs will work to incorporate risk assessment into all aspects of their operations, with the assistance of the Office of Risk Assessment. The agency plans to devote approximately \$647 million and 2,272 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) conducts the SEC’s examination program to detect violations of the federal securities laws and evaluate internal compliance controls at firms registered with the SEC. In FY 2010, OCIE plans to enhance its risk assessment and surveillance methodologies as it continues to address areas that are critical in light of financial and market events, through focused examinations, sweep exams, and cause exams. The office plans to devote additional resources to assessing how investment advisers and broker-dealers verify the existence of and maintain control and custody of their clients’ assets.

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. OCIE communicates its findings to registrants in the form of deficiency letters (Measure 1), providing firms the opportunity to respond to the exam

results and remedy problems and risks. While the percentage of registrants taking corrective action fell below the target of 95 percent in FY 2007 and FY 2008, OCIE expects to meet the target level in FY 2009 and FY 2010.

In addition to the targeted, sweep, and cause exams it plans to conduct in FY 2010, OCIE plans to continue its cycle of examining higher-risk advisers at least once every three years (Measure 2). These exams evaluate a firm’s compliance program, apply forensic tests designed to uncover schemes to defraud investors, and contribute to establishing a firm’s risk rating. The estimated percentages of all registered investment advisers and investment companies examined in FY 2010 (Measure 3) are lower than in the prior three years, due to an increase in advisers registered with the SEC, as well as a continued focus on exams for high-risk entities that are more complex and time-consuming. The percentage of broker-dealers examined by the SEC or an SRO in FY 2010 is expected to be 55 percent, continuing the general upward trend in broker-dealers examined annually since FY 2006, as the overall number of these registrants has decreased.

OCIE strives to complete the vast majority of its exams within four months so that firms are able to take corrective action as quickly as possible. The office plans to continue completing about 80 percent of its non-sweep exams within 120 days of the end of the staff’s field work (Measure 4). OCIE also will continue to assist registered firms in complying with the securities laws and preventing deficiencies through its *CCOutreach* program, using the feedback of participants to refine the program as needed (Measure 5).

Goal 1: Measure 1							
Percentage of firms receiving deficiency letters that stated they took or would take corrective action in response to all exam findings							
Description: 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. This measure was developed in 2007 as part of the strategic planning process. FY 2005 data are not available.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	N/A	95%	94%	95%	93%	95%	95%

Goal 1: Measure 2							
Percentage of advisers deemed “high risk” examined during the year							
Description: 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. This measure was developed in 2007 as part of the strategic planning process. FY 2005 data are not available.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	N/A	33%	33%	33%	33%	33%	33%

Goal 1: Measure 3**Percentage of registrant population examined during the year**

Description: This measure indicates the number of registrants examined by the Securities and Exchange Commission (SEC) or a self-regulatory organization (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, and examinations by the Financial Industry Regulatory Authority (FINRA) of broker-dealer firms. This measure was developed in 2007 as part of the strategic planning process. FY 2005 data are not available.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Investment advisers	N/A	14%	13%	10%	14%	9%	9%
Investment companies	N/A	27%	20%	15%	23%	15%	15%
Broker-Dealers (exams by SEC and SROs)	N/A	49%	54%	55%	57%	55%	55%

Goal 1: Measure 4**Percentage of (non-sweep) exams that are concluded within 120 days**

Description: 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. This measure was developed in 2007 as part of the strategic planning process. FY 2005 data are not available.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	N/A	83%	79%	80%	79%	80%	80%

Goal 1: Measure 5**Percentage of attendees at *CCOutreach* that rated the program as "Useful" or "Extremely Useful" in their compliance efforts**

Description: The *CCOutreach* program consists of several components that are designed to educate, inform, and alert chief compliance officers (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 *CCOutreach* 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. This measure was developed in 2007 as part of the strategic planning process. FY 2005 data are not available.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	N/A	95%	97%	85%	92%	90%	92%

Goal 1: Indicator 1**Percentage of exams with “significant” findings**

Description: 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.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008
Fund/Adviser Exams	37%	39%	35%	38%
Broker-Dealer Exams	48%	40%	37%	42%

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

Enforcement Program: The highest priority of the Division of Enforcement is responding to the current financial crisis, focusing on areas most at risk for fraud, and providing aid to harmed investors. In FY 2010, the division expects to handle about 490,000 investor complaints, tips, and forwarded e-mail spam and plans to continue improving its approaches to processing and pursuing these leads. The staff expects to open about 1,330 matters under inquiry (MUIs) and 785 investigations to determine if there is sufficient evidence of a securities law violation. Some of the MUIs and investigations may lead to the Commission filing and/or referring cases to the Department of Justice; the staff will close any that do not.

During its investigations, the division aims to gather all available evidence. In FY 2010, the division plans to invest in enhanced technologies that are similar to those used by the law firms it faces during investigations and litigation. In particular, the division plans to focus an increased amount of resources on forensic analysis of data produced in the course of its investigations.

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. The division also moves to close an investigation quickly upon determining that no violations occurred. In FY 2008, the division closed a significant number of cases compared to prior years. The agency anticipates that the percentage of first enforcement cases filed within two years will remain at about 60 percent, the same as in FY 2009 (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.

Enforcement expects to meet the goal of no category exceeding 40 percent of the total amount of cases brought in FY 2010 (Measure 7), in order to continue maintaining an effective distribution of cases across core enforcement areas. Enforcement expects

financial disclosure cases to continue to be the largest category of cases in FY 2009 and FY 2010.

Indicator 2 provides detail on the number of cases filed during the fiscal year, as well as the number of investigations opened and closed. Although it is useful for understanding the staff's activities, it should not be considered a measure with annual targets. Rather than aiming to achieve predetermined numerical targets, the division evaluates the evidence as presented in each instance.

The staff strives to resolve successfully as many cases as possible and expects the percentage of enforcement cases successfully resolved in FY 2010 to be 90 percent (Measure 8). A continued high success ratio depends on numerous factors, including the complexity of cases and the extent to which parties contest actions. While achieving this strong track record, the staff continues to pursue cases that are large, difficult, or precedent-setting. The division plans to continue committing resources to protracted litigation in FY 2010 and seeking significantly more emergency relief to freeze assets and halt market manipulations.

The agency works to secure the payment of any penalties or disgorgements ordered in its cases. Under the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act), the SEC can use Fair Funds to redirect penalties collected from securities law violators to the victims of their wrongdoing. The SEC is committed to distributing penalties and disgorgement monies effectively and efficiently to injured investors. In FY 2008, the agency first established a baseline for the percentage of debts where a payment has been made or collection has been initiated shortly after the payment due date (Measure 9). The 88 percent level achieved in FY 2008 demonstrates that the SEC and other entities involved are following procedures to collect penalties and disgorgements ordered, and the agency expects to achieve incremental improvement in this performance measure in FY 2009 and FY 2010. Distribution of collected penalties and disgorgements is a complex process that is difficult to measure. Measure 10 is currently under review and may be adjusted in the future; as a result data is not available for FY 2008 or FY 2009.

The Office of International Affairs (OIA) assists the Division of Enforcement by seeking the assistance of foreign authorities, including freezing and repatriating assets obtained in violation of U.S. securities laws and transferred abroad. In FY 2008, approximately \$18 million of such assets were frozen abroad, and 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). In FY 2010, OIA plans to seek the assistance of foreign authorities in approximately 650 matters on behalf of the enforcement program.

OIA also facilitates and uses arrangements with the SEC's foreign counterparts to increase international enforcement cooperation. The staff works 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 for Enforcement Cooperation (MMOU), or express a commitment to seek

legal authority to become signatories. The agency will participate in a record number of new applications by IOSCO members, with the goal of 25 additional signatories in FY 2009 and a total of 74 MMOU signatories by the end of FY 2010.

Goal 1: Measure 6

Percentage of first enforcement cases filed within two years

Description: 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.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	65%	64%	54%	60%	62%	60%	60%

Goal 1: Measure 7

Maintaining an effective distribution of cases across core enforcement areas

Description: 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 by Core Enforcement Program Area and Fiscal Year

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Financial Disclosure	29%	24%	33%	<40%	23%	<40%	<40%
Investment Advisers and Investment Companies	16%	16%	12%	<40%	13%	<40%	<40%
Broker-Dealers	15%	13%	14%	<40%	9%	<40%	<40%
Securities Offerings	9%	11%	10%	<40%	18%	<40%	<40%
Insider Trading	8%	8%	7%	<40%	9%	<40%	<40%
Market Manipulation	7%	5%	5%	<40%	8%	<40%	<40%
Delinquent Filings	--	16%	8%	<40%	16%	<40%	<40%
Other	16%	7%	11%	<40%	4%	<40%	<40%
Total	100%	100%	100%	100%	100%	100%	100%

Goal 1: Measure 8

Percentage of enforcement cases successfully resolved

Description: 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 2005-FY 2006 have been recalculated to reflect a change in categorization; consequently, these numbers are slightly lower than those reported previously.)

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	91%	94%	92%	85%	92%	90%	90%

Goal 1: Measure 9**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**

Description: 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, payments must be made by a certain date. This measure identifies the percentage of debts where debtors have made payments or the SEC has initiated a collection activity within 180 days 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. This measure was developed in 2007 as part of the strategic planning process. Prior year data are not available.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	N/A	N/A	N/A	70%	88%	90%	90%

Goal 1: Measure 10**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. This measure was developed in 2007 as part of the strategic planning process. Prior year data are not available. This measure is currently under review and may be adjusted in the future. As a result, no data was available for FY 2008, nor is any projected for FY 2009 and 2010.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	N/A	N/A	N/A	55%	N/A	N/A	N/A

Goal 1: Indicator 2**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.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Actual
Investigations pending as of beginning of fiscal year*	3,770	4,097	4,146	4,545
Investigations opened	947	914	776	890
Cases filed	630	574	656	671
Investigations closed	625	868	374	1,355

*The number of investigations pending at the beginning of the fiscal year may change from previously reported numbers due to investigations being reopened or because of delays in entering closed investigations in the case management system.

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

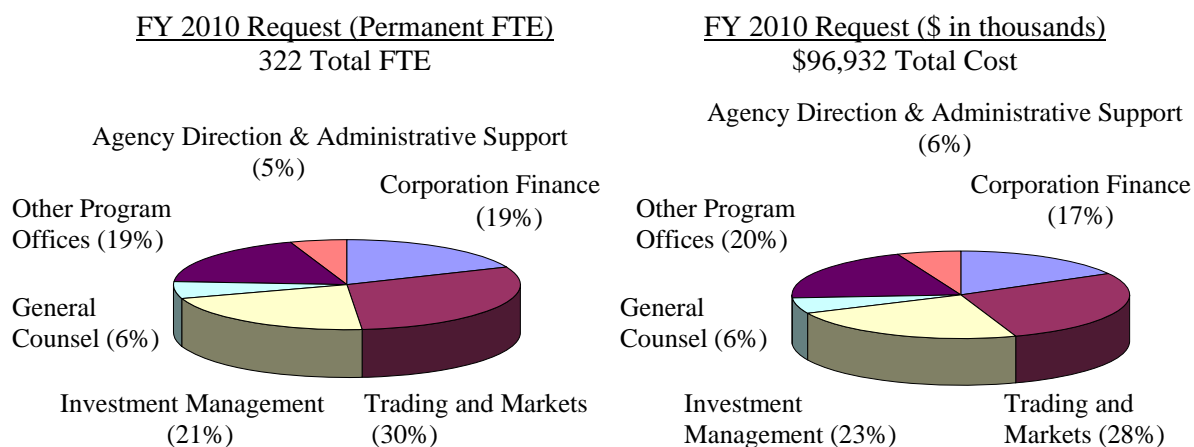
Description: In order to effectively enforce compliance with federal securities laws and in support of enforcement cases filed domestically, the SEC works closely with foreign regulators, law enforcement agencies, and courts on SEC cases to locate ill-gotten proceeds that have been transferred overseas 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.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008
Assets Frozen Abroad (in millions)	\$15.3	\$20.7	\$11.0	\$18.0

Goal 2: Promote Healthy Capital Markets

The Commission seeks to sustain an effective and fair regulatory environment that will protect investors and facilitate capital formation, innovation, and competition to ensure that the U.S. economy can grow and create jobs. In FY 2010, the agency will consider regulatory proposals that address securities firm supervision, money market and mutual fund oversight, and corporate governance and disclosure. The agency plans to devote approximately \$97 million and 322 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: In FY 2010, the Division of Trading and Markets (TM) will continue to work with the FINRA to consolidate and revise SRO rules governing securities firms. TM will focus on rulemaking related to short sales of securities, manipulation, privacy, broker-dealer registration, and financial responsibility. The division also will examine appropriate ways to address the globalization of the securities markets, and continue to work with other regulators and industry personnel to devise and implement the most effective and efficient regulatory structure to address risk in the credit default swaps market.

The division strives to review and close SRO rule filings in less than 60 days from the filing date, but success in achieving this goal is somewhat dependent upon the complexity of the proposed rule changes submitted in a given year (Measure 1). In FY 2008, TM closed 86 percent of filings in this time frame, a high rate attributable to the staff's increased efficiency and experience in addressing the rule filings. While TM expects to receive more filings in FY 2010 than in previous years, the staff plans to complete more reviews and has increased its targets for FY 2009 and FY 2010 accordingly.

Although the agency is not directly responsible for the growth of the capital markets, it makes every effort, as their principal regulator, to promote investor confidence, fair and orderly markets, and efficient capital formation. Measures 2, 3, and 4 reflect the capacity of the markets to handle high volumes of daily trading, settlements, and interruptions to trading. TM expects the New York Stock Exchange's (NYSE) average daily volume to be 1.8 billion shares in FY 2009, about 200 million higher than in prior years, due to the volatility of the markets since October 2008. However, the estimated average daily volume for the NYSE in FY 2010 is 1.6 billion shares, while the Nasdaq's estimate is 2.4 billion shares, reflecting the trend toward increased trading on fully electronic exchanges (Measure 2). Additionally, TM expects 98 percent of transaction dollars to be settled on time, continuing the trend of consistent timely settlement (Measure 3), and expects 96 percent of all market outages to be corrected in less than 24 hours (Measure 4).

Investment Management Regulation: The top strategic priority for the Division of Investment Management (IM) in FY 2010 is to enhance the standards applicable to money market funds to bolster their resiliency as a cash management vehicle for both retail and institutional investors. In the wake of recent Ponzi schemes and other investment adviser abuses, the staff is preparing strong new measures to assure the safekeeping of investor assets. In addition, IM will focus on implementing new reader-friendly "summary prospectus," which empowers investors through enhanced use of technology to search for the specific mutual fund information of interest to them, rather than wading through multiple pages of traditional technical jargon and legal language.

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 recent years this measure has risen at a pace above its long term trend, reaching a peak of 28.9 percent in FY 2008 (Measure 5). Unsettled financial markets, economic recession, and withdrawals of money from mutual funds may cause the measure to decline toward trend (22.8 percent for FY 2009, based on a rolling ten-year average).

Disclosure: In FY 2010, the Division of Corporation Finance (CF) will continue recommending changes to the rules relating to corporate governance. The division will continue to address issues, and recommend action to the Commission where needed, relating to disclosure of executive compensation, and will continue its work on interactive data required to be filed with company disclosure documents.

Accounting Policy: In FY 2010, the Office of Chief Accountant (OCA) will continue to oversee the Financial Accounting Standards Board's (FASB) accounting standard setting activities, including ongoing major projects on revenue recognition, financial statement presentation, and lease accounting. OCA will continue to evaluate the report of the SEC's Advisory Committee on Improvements in Financial Reporting and to develop recommendations for Commission action as appropriate. OCA also will continue to monitor the FASB's implementation of a more principles-based approach to setting accounting standards.

Goal 2: Measure 1							
Percentage of SRO rule filings closed in less than 60 days from filing							
Description: 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, FINRA, and the Municipal Securities Rulemaking Board. This measure gauges the how quickly the SEC completes these reviews after each amendment is filed by the SRO.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	80%	84%	82%	75%	86%	78%	78%

Goal 2: Measure 2							
Average daily share volume (in billions of shares) on the New York Stock Exchange (NYSE) and Nasdaq exchanges							
Description: 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.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
NYSE	1.6	1.7	1.6	1.7	1.6	1.8	1.6
Nasdaq	2.0	2.1	1.7	2.3	2.3	2.4	2.4

Goal 2: Measure 3							
Percentage of transaction dollars settled on time each year							
Description: 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.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	98%	98%	N/A	98%	99%	98%	98%

Goal 2: Measure 4							
Percentage of market outages at SROs and Electronic Communications Networks that are corrected within targeted timeframes							
Description: 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 measure gauges how quickly outages are resolved, so that market activity can resume. This measure was developed in 2007 as part of the strategic planning process. Prior year data are not available.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Within 2 hours	N/A	N/A	81%	60%	84%	60%	60%
Within 4 hours	N/A	N/A	91%	75%	96%	75%	75%
Within 24 hours	N/A	N/A	100%	96%	100%	96%	96%

Goal 2: Measure 5**Equity portfolio holdings of U.S. investment companies as a percentage of total U.S. stock market capitalization**

Description: 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.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	23.0%	24.7%	26.4%	21.6%	28.9%	22.3%	23.9%

Goal 2: Indicator 1**Number of new foreign private issuers and dollar amount of registered securities**

Description: 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	FY 2008
Companies	74	60	77	64
Dollar Value (in billions)	\$250	\$109	\$121	\$130

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. In FY 2009 and FY 2010, TM expects that all entities will continue to meet the established objectives for sound practices that are focused on minimizing the effects of wide-scale market disruption, and that 95 percent of entities will be fully compliant with the SEC's policy guidance regarding continuity planning and geographic diversity of trading sites (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 separate processes and benchmarks for their responses (Measure 7), the agency is committed to speeding the approval of such requests. In FY 2008, TM responded to 63 percent of all requests within 60 days, well below its target of 85 percent, primarily due to increasingly complex requests requiring additional time to process. TM anticipates complex requests to continue in FY 2009 and FY 2010, including issues relating to Nasdaq's New Options Market. As a result, TM anticipates not meeting its desired target.

In FY 2008, CF completed 100 percent of initial comments on shareholder proposals by the company's planned proxy mailing date, and the division plans to continue meeting this target. While CF completed only 64 percent of initial comments on no-action letters within 30 days in FY 2008, continuing a steady decline since FY 2006, the division still plans to meet a 90 percent target in FY 2009 and FY 2010. CF plans to assign additional staff to this function and improve work processes, but meeting this target also is dependent on the volume and complexity of the no-action letters. The same is true for requests to IM, and although IM reviewed nearly all no-action letters and interpretive requests within three weeks of receipt in FY 2008, the division plans to maintain its target at 75 percent for FY 2009 and FY 2010. IM also expects to meet its future goals for timely review of exemptive application requests.

Monitoring the Investment Management Industry: While other factors contribute to investor confidence in the market, 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. The proportion of U.S. households owning mutual funds is expected to remain stable in FY 2009 and FY 2010, reflecting uncertain market conditions and competition from Exchange-traded Funds (ETFs), separately managed accounts, and hedge funds (Measure 8). Mutual funds' share of total retirement assets are expected to remain about 23 percent in FY 2009 and FY 2010, reflecting, among, other things, increased popularity among 401(K) plan sponsors of collective investment trusts (Measure 9).

International Policy: In order to sustain an effective and flexible regulatory environment in the face of increasingly global financial markets, 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 2010, 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.

Goal 2: Measure 6**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**

Description: In 2003, SEC and several other agencies jointly published the *Interagency Paper on Sound Practices to Strengthen the Resilience of the U.S. Financial System* (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, *Business Continuity Planning for Trading Markets*, 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. This measure was developed in 2007 as part of the strategic planning process. Prior year data are not available.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
White Paper analysis	N/A	N/A	99.9%	100%	100%	100%	100%
Policy Statement analysis	N/A	N/A	88%	100%	88%	95%	95%

Goal 2: Measure 7							
Timeliness of SEC responses to written no-action letter, exemptive, and interpretive requests							
Description: The SEC staff responds to requests for guidance from individuals and companies about specific provisions of the federal securities laws. These queries may be for proper interpretation 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 Division of Trading and Markets (TM), the Division of Investment Management (IM), and the Division of Corporation Finance (CF) are issuing initial comments on these requests on a timely basis. This measure was developed in 2007 as part of the strategic planning process. Prior year data for exemptive applications processed by IM are not available.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Trading and Markets: No-action letters, exemptive and interpretive requests (combined figure)							
Percentage	92%	86%	91%	85%	63%	70%	70%
Target: Complete 85 percent of all responses within 60 days.							
Investment Management							
No-action letters and interpretive requests	78%	76%	91%	75%	98%	75%	75%
Exemptive applications	N/A	N/A	N/A	80%	81%	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.							
Corporation Finance							
No-action letters and interpretive requests (1)	50%	65%	66%	90%	66%	90%	90%
Shareholder proposals (2)	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.							

Goal 2: Measure 8							
Percentage of U.S. households owning mutual fund shares							
Description: 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.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	42.7%	43.0%	43.6%	43.6%	43.6%	43.6%	43.8%

Goal 2: Measure 9**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.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	50.3%	N/A	N/A	50.8%	Data not yet available	N/A	N/A

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

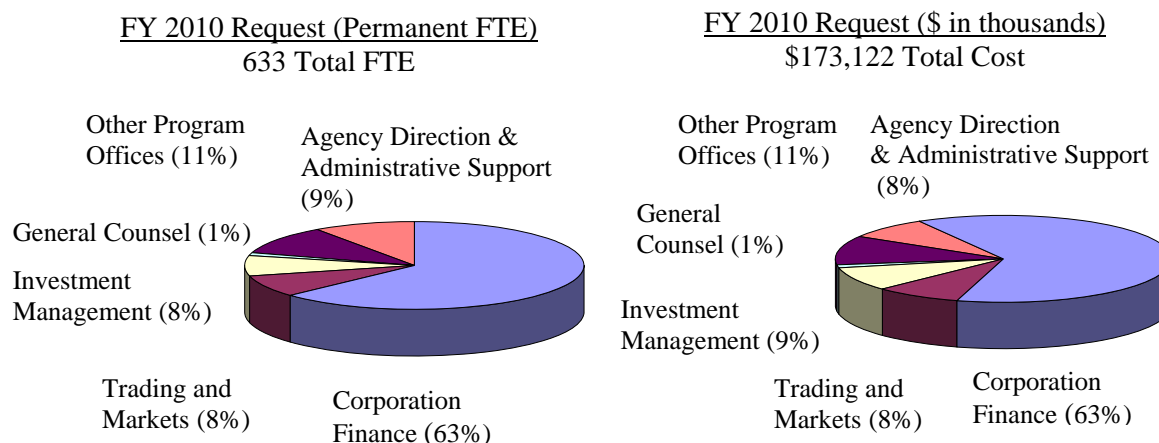
Description: This measure reflects, among other things, investor confidence in mutual funds and a flexible regulatory scheme that allows funds to successfully compete in the market with other financial institutions. Other factors that may influence short and long term changes in this metric include bull 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.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	22.3%	23.2%	24.7%	22.0%	26.0%	22.7%	23.1%

Goal 3: Foster Informed Investment Decision Making

The financial markets work best when investors are fully informed, and 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. The first is reviewing disclosures of companies and mutual funds to enhance the clarity, completeness, and accuracy of the information that is available to investors. The second is developing programs to equip individual investors with tools to understand and analyze the market information they receive. The agency plans to devote approximately \$173 million and 633 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 CF and IM expect to continue meeting 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.

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). The average time to issue initial comments has decreased over the past two years. 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 in FY 2009 and FY

2010 (Measure 3). These targets are consistent with past years' targets, though IM far exceeded the planned levels in FY 2008.

The SEC requires that almost all disclosure documents be filed electronically, and the agency posts the majority of filings immediately on the SEC's website, www.sec.gov. This provides investors timely access to material information on which to base their investment decisions. In FY 2010, the agency plans to continue increasing the percentage of forms and submissions in structured formats, and expects to receive and/or convert 90 percent of all filings and submissions into electronic format readily accessible to the public (Measure 4). The agency also expects to use interactive data to revise and simplify the filings of corporate issuers and mutual funds.

The agency will continue upgrading the Electronic Data Gathering, Analysis and Retrieval (EDGAR) system to handle filings that contain interactive data, redesigning EDGAR's internal processes for reviewing corporate filings. The revised processes will allow agency staff to target their reviews more effectively based on risk and further improve their internal work processes and productivity. As Measure 5 illustrates, the number of searches for filings on the SEC's website is expected to increase about 18 percent in FY 2009 and another 15 percent in FY 2010 to 891 million searches. The agency anticipates the dramatic increase in demand with the full impact of the interactive data and full-text search initiatives, which make the information more user-friendly for investors. (These estimates take into account a change in methodology for computing out-year targets, which explains the difference between the planned and actual number of searches in FY 2008.)

Goal 3: Measure 1							
Percentage of Exchange Act reporting companies reviewed by the SEC							
Description: The Sarbanes-Oxley Act requires that the SEC review the disclosures of all companies and investment company portfolios reporting under the Exchange Act at least once every three years. These reviews help improve the information available to investors and may uncover possible violations of the securities laws.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Corporations	50%	33%	36%	33%	39%	33%	33%
Investment Company Portfolios	37%	36%	38%	33%	36%	33%	33%

Goal 3: Measure 2							
Average time to issue initial comments on Securities Act filings							
Description: The target of 30 days or less has become a <i>de facto</i> industry standard for the maximum time to receive initial 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.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Days	26.1 days	26.2 days	25.5 days	<30 days	25.2 days	<30 days	<30 days

Goal 3: Measure 3**Percentage of investment company disclosure reviews for which initial comments are completed within timeliness goals**

Description: For initial registration statements, the SEC's goal is to issue initial comments 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.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Initial Registration Statements	90%	88%	87%	85%	95%	85%	85%
Post-Effective Amendments	97%	96%	95%	90%	97%	90%	90%
Preliminary Proxy Statements	100%	99%	99%	99%	99%	99%	99%

Goal 3: Measure 4**Percentage of forms and submissions filed electronically and in a structured format**

Description: 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 (*e.g.*, information is captured in a comma delimited, Extensible Markup Language (XML), eXtensible Business Reporting Language (XBRL). 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.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Forms							
Structured format percentage	5%	8%	8%	13%	13%	14%	14%
Another electronic format percentage	67%	62%	62%	67%	67%	68%	68%
Total percentage in electronic format	72%	70%	70%	80%	80%	82%	82%
Filings Received							
Structured format percentage	35%	35%	35%	37%	37%	38%	38%
Another electronic format percentage	54%	55%	53%	53%	53%	52%	52%
Total percentage in electronic format	89%	90%	88%	90%	90%	90%	90%

Goal 3: Measure 5**Number of searches for filings on www.sec.gov**

Description: Greater availability of market-sensitive information through the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system provides investors with the ability to make better-informed investment decisions. This measure gauges the demand for company filings through the SEC's website (in millions).

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Number of Searches (millions)	379	531	802	935	659	775	891

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

Investor Education and Outreach: Investors are and have always been the SEC's first and foremost consideration. That is why the SEC is convening an Investor Advisory Committee, to ensure that the SEC hears views from a wide range of investors on a wide range of issues. In addition, the SEC works to help investors understand the basics of investing by issuing a wide variety of materials through its website and other outreach opportunities, because investors who have access to information and know what questions to ask are more likely to invest wisely. In FY 2010, the Office of Investor Education and Advocacy (OIEA) will continue to implement the SEC's investor education program by using new resources in social networking and online technologies to reach individual investors, as well as using a direct mailing campaign in partnership with the Department of Treasury. Creating more methods to directly interact with individual investors will enable the SEC to efficiently market its initiatives and establish an effective mechanism for feedback from individual investors.

In order to expand the reach of its investor education programs, OIEA focuses on cost efficient distribution channels. Measure 6 captures the number of investors directly reached by the SEC through its various communication channels, including OIEA web pages and printed publications, as well as the cost per thousand investors reached. OIEA aims to reduce the cost while maximizing the number of citizens receiving these communications. Over the past two years, the office has increased the number of investors reached by about 53 percent while reducing the average cost by about 46 percent. In FY 2010, OIEA plans to reach a total of 14.3 million investors at a cost of about \$30 per thousand individuals, a 59 percent increase in investors reached and nine percent decrease in cost compared to FY 2008.

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 and FY 2010, OIEA will continue to implement new operational practices, staff training, and replacement of its aging contact management software.

In FY 2010, the staff plans to close 81 percent of complaints and inquiries within seven days and close about 92 percent within 30 days. These levels are somewhat lower than the estimated closure rates in FY 2009, primarily due to the changeover to a new contact management system (Measure 7). Over the long term, OIEA expects the operational and software changes will result in improved tracking of and response to investor complaints and inquiries, as well as trend analysis to help the agency be proactive in addressing issues. The changes also will help OIEA maintain low abandoned call rates and further reduce call wait time for investors (Measure 8). The office also is continually evaluating and updating

its website content, providing investors a 24-hour resource for obtaining commonly requested public information.

Freedom of Information Act (FOIA): The agency also responds to requests from investors and other individuals and organizations for information under FOIA. The agency has made a concerted effort to reduce its response times to such requests, and has focused on improving work processes to reduce a backlog in requests from prior years. In FY 2010, OIEA will remain focused on FOIA program improvement efforts, including proactively releasing and posting commonly requested information to the SEC website and increasing the availability of electronic documents. The office expects fewer FOIA requests in FY 2009 and FY 2010 and expects to meet its targets for those years (Measure 9).

Goal 3: Measure 6							
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. This measure has been recast to reflect investors reached and average costs based on web visits rather than web hits, a more accurate, industry-accepted approach. Prior year data are not available.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Total number of investors reached (in millions)	N/A	N/A	5.9	N/A	9.0	14.3	14.3
Average cost per thousand investors reached	N/A	N/A	\$61	N/A	\$33	\$30	\$30

Goal 3: Measure 7							
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. However, some complaints require responses from the entities involved and may take more than 30 days to resolve.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Closed within 7 days							
Phone calls	99%	98%	98%	99%	99%	99%	99%
Other contacts	62%	63%	64%	70%	70%	70%	67%
Total	81%	81%	82%	85%	85%	85%	81%
Closed within 30 days							
Phone calls	99%	99%	99%	99%	99%	99%	99%
Other contacts	88%	88%	88%	89%	91%	95%	90%
Total	94%	94%	94%	95%	95%	97%	92%

Goal 3: Measure 8**Investor assistance and public information telephone inquiries**

Description: 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. This measure was developed in 2007 as part of the strategic planning process. Prior year data are not available.

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Investor Assistance							
Abandoned call rate	N/A	N/A	.93%	<1%	.93%	<1%	<1%
Average call wait time	N/A	N/A	12 sec.	<10 sec.	9 sec.	<8 sec.	<8 sec.
Public Information							
Abandoned call rate	N/A	N/A	5.51%	<1%	.98%	<1%	<1%
Average call wait time	N/A	N/A	33 sec.	<13 sec.	13 sec.	<8 sec.	<8 sec.

Goal 3: Measure 9**Responses to Freedom of Information Act requests**

Description: 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. A change to the methodology for how selected matters were reported in 2008 resulted from amendments to the FOIA in 2007. Figures for FY 2008 now reflect this change. Data prior to FY 2008 were not affected by this change.

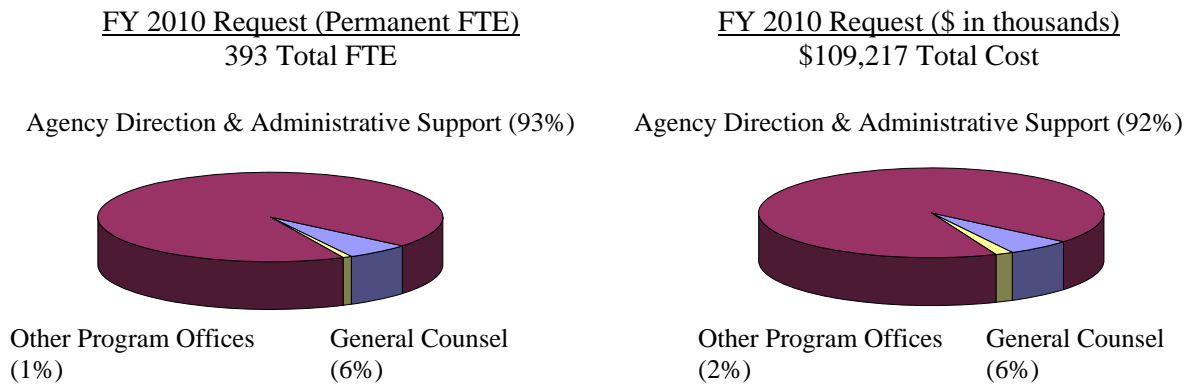
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Pending from prior FYs *	8,520	9,915	10,648	7,080	6,945	944	444
Received during FY	9,084	9,381	9,213	10,000	9,782	7,000	7,000
Processed							
From current FY	4,370	5,389	5,359		8,873		
From prior FYs	3,319	3,259	7,424		6,910		
Total	7,689	8,648	12,783	12,000	15,783	7,500	7,200

*The pending requests for this measure reflect initial requests and 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 2010, the SEC plans to devote approximately \$109 million and 393 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, and the agency works hard to attract and retain a high-quality, diverse, and results-oriented workforce. The Office of Human Resources (OHR) supports the agency’s efforts by providing organizational leadership for the strategic management of the agency’s human capital, and is working to integrate human capital systems for candidate selection, personnel performance management, and employee development. In FY 2010, OHR will continue to implement a new pay-for-performance system for all agency staff. OHR also will continue to implement policies and services to improve the SEC’s total compensation program to achieve comparability with other federal financial regulatory agencies.

These improvements should help the agency maintain high employee satisfaction and a low turnover rate over the long term. The agency intends to keep its turnover rate below eight percent in FY 2009 and FY 2010 (Measure 1). Current economic conditions will contribute to an anticipated low rate, as fewer employees are likely to choose to retire or to leave the SEC for the private sector. The agency also seeks to maintain its position as one of the top places to work in the federal government (Measure 2).

Goal 4: Measure 1
Staff turnover rate

Description: This rate is determined by dividing the number of permanent employees that leave the agency during the fiscal year by the total number of permanent employees on board at the beginning of the fiscal year. (Percentages for FY 2005-FY 2007 have been recalculated to reflect a change in methodology. Term employees are no longer included in the calculation because many of the agency’s term positions, such as Fellows, are intended to have regular turnover.)

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Percentage	8.6%	8.9%	8.8%	<8%	6.2%	<8%	<8%

Goal 4: Measure 2
Maintain a top five ranking among the Best Places to Work in Government

Description: 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.

Fiscal Year	FY 2005/FY 2006	FY 2007/FY 2008 Plan	FY 2007/FY2008 Actual	FY 2009/FY 2010
Ranking Number	Ranked #5	Top Five Ranking	Ranked #3	Top Five Ranking

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. Given the size, complexity, and rapidly changing structure of the U.S. securities markets, the agency must leverage technology to identify and address the most significant threats to investors and continuously improve its productivity.

The SEC plans to make additional investments in IT in FY 2010 in order to enhance the systems for handling tips, complaints, and referrals and improve the staff’s ability to identify emerging risks to investors. The increased funding also will allow the agency’s Office of Information Technology (OIT) to improve the case and exam management tools available to the enforcement and examination programs.

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 3 illustrates, OIT plans to maintain the highest levels of uptime and availability for the SEC’s public website and EDGAR system to ensure that the public and financial communities can access useful and time-sensitive disclosure information.

OIT also is responsible for developing and maintaining the agency’s systems and databases in ways designed to protect nonpublic and confidential financial, corporate, and legal

information the SEC receives and stores. The office will continue to respond to the ever-increasing need for strong protection of agency data and will strive to promptly implement all security-related audit recommendations. In FY 2009 and FY 2010, OIT will continue to work toward attaining its goal of implementing all security-related audit recommendations within an 18 month period (Measure 4)

Finally, OIT develops and supports the agency's IT capital planning, project management, and enterprise architecture processes to maximize the effectiveness and minimize risk for the agency's technology investments. The staff anticipates that all of the agency's major applications and systems will meet certification and accreditation targets in FY 2009 and FY 2010 (Measure 5).

Goal 4: Measure 3							
Percentage of the time that sec.gov and EDGAR are operable							
Description: 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. This measure was developed in 2007 as part of the strategic planning process. Prior year data are not available.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
sec.gov							
Percentage	N/A	N/A	100%	100%	100%	100%	100%
EDGAR							
Percentage	N/A	N/A	99%	99%	99%	99%	99%

Goal 4: Measure 4							
Number of Inspector General and Government Accountability Office (GAO) information security-related recommendations outstanding for more than 18 months							
Description: 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. This measure was developed in 2007 as part of the strategic planning process. Prior year data are not available.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
GAO Recommendations							
Number	N/A	N/A	11	2	6	0	0
OIG Recommendations							
Number	N/A	N/A	5	2	2	0	0

Goal 4: Measure 5							
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. This measure was developed in 2007 as part of the strategic planning process. Prior year data are not available.							
Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Major Systems Certified and Accredited							
Percentage	N/A	N/A	96%	100%	92%	100%	100%
Major Systems with Primary Impact Assessment Completed							
Percentage	N/A	N/A	89%	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.

In FY 2010, the Office of Financial Management (OFM) will continue to focus on strengthening internal controls, developing complete and accurate financial statements, and increasing transparency of financial and operational information. The office plans to fully integrate the agency’s financial management systems and re-engineer business processes, as needed, to improve the effectiveness and efficiency of internal controls. Planning for transition to the next generation of financial, budget, and performance measurement applications will begin in FY 2010. OFM intends to increase the availability of performance and cost accounting data and to integrate financial and performance-related information, which will enhance management decision making and strengthen the focus on performance-based budgeting.

The OFM staff strives to maintain the highest standards of financial reporting. In FY 2010, OFM will continue to evaluate and strengthen controls, and will aim to receive an unqualified audit opinion on its financial statements and have no material weaknesses or significant deficiencies (Measure 6).

Goal 4: Measure 6
Financial audit results

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 2005	FY 2006	FY 2007	FY 2008 Plan	FY 2008 Actual	FY 2009	FY 2010
Unqualified Opinion	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Material Weaknesses	4	0	1	0	0	0	0
Significant Deficiency	0	3	3	3	3	0	0

Division of Enforcement

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	410	434	452
Regions	<u>738</u>	<u>740</u>	<u>740</u>
Total	1,148	1,174	1,192
Cost: Salaries and Benefits (\$000)	\$207,847	\$220,965	\$240,166
Non-Personnel Expenses (\$000)	<u>110,139</u>	<u>109,167</u>	<u>113,280</u>
Total Costs (\$000)	\$317,986	\$330,132	\$353,446

FY 2010 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
1,192			

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: In FY 2010, the staff expects to handle about 490,000 investor complaints, tips, and forwarded e-mail spam and open about 1,330 matters under inquiry. The division also will continue improving its approaches to processing and pursuing these leads.

Investigations: The division's highest priority is responding to the current financial crisis and providing aid to harmed investors. The division plans to focus on areas most at risk for fraud or other serious violations that could harm investors, such as market manipulation through the circulation of false rumors, subprime lending, auction rate securities, hedge funds, institutional insider trading and ponzi schemes. The division plans to invest in enhanced technologies that are similar to those used by the law firms it faces during investigations and litigation. In particular, the division plans to focus an increased amount of resources on forensic analysis of data produced in the course of its investigation.

Proceedings: The division will continue to commit increased resources to protracted litigation and seek significantly more emergency relief to freeze assets and halt market manipulations and ongoing frauds.

Office of Compliance Inspections and Examinations

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: IC/IA Program			
Headquarters	44	46	48
Regions	<u>381</u>	<u>406</u>	<u>406</u>
Subtotal	<u>425</u>	<u>452</u>	<u>454</u>
BD/SRO Program			
Headquarters	89	100	104
Regions	<u>276</u>	<u>276</u>	<u>276</u>
Subtotal	<u>365</u>	<u>376</u>	<u>380</u>
Total	790	828	834
Cost: Salaries and Benefits (\$000)	\$140,961	\$153,390	\$165,192
Non-Personnel Expenses (\$000)	<u>60,387</u>	<u>57,434</u>	<u>59,421</u>
Total Costs (\$000)	\$201,348	\$210,824	\$224,613

FY 2010 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
834			

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

In FY 2010, OCIE expects to further improve its risk-based approach by enhancing risk assessment and surveillance methodologies and improving training for examiners. The staff also will devote significant resources to detecting fraud and confirming the appropriate safeguarding of customer assets. In addition to examinations of regulated entities, the staff will continue proactive efforts to encourage improved compliance practices through the Chief Compliance Officer Outreach (*CCOutreach*) program, the use of “*ComplianceAlerts*,” and other initiatives.

Division of Corporation Finance

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	441	463	463
Cost: Salaries and Benefits (\$000)	\$75,740	\$83,388	\$89,182
Non-Personnel Expenses (\$000)	<u>35,318</u>	<u>35,772</u>	<u>36,962</u>
Total Costs (\$000)	\$111,058	\$119,160	\$126,144

FY 2010 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
5	60	398	

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: The division expects to complete about 3,875 reviews of reporting companies. This 33 percent review level will help ensure that investors receive material information about emerging and novel issues and deter fraud in public securities transactions; it also will satisfy the review requirement of the Sarbanes-Oxley Act of 2002.

Rulemaking and Interpretive Advice: The division will continue recommending changes to, and monitoring compliance with, the rules relating to corporate governance issues, such as proxy access. The division will continue to address issues, and recommend action to the Commission where needed, relating to disclosure of executive compensation. It also will continue its work on interactive data required to be filed with company disclosure documents. Additional rulemaking projects will be undertaken as necessary to protect investors, facilitate capital formation, improve and simplify disclosure, and eliminate duplicative regulations.

Division of Trading and Markets

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	167	174	182
Cost: Salaries and Benefits (\$000)	\$29,868	\$33,970	\$37,881
Non-Personnel Expenses (\$000)	<u>11,970</u>	<u>11,841</u>	<u>12,640</u>
Total Costs (\$000)	\$41,838	\$45,811	\$50,521

FY 2010 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
31	98	53	

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: In FY 2010, the division will continue to work with the Financial Industry Regulatory Authority to consolidate and revise self-regulatory organization rules governing securities firms. The division will review applications by broker-dealers to use mathematical models to calculate capital requirements and continue to closely monitor the risk management function at those firms. Rulemaking efforts related to short sales of securities, manipulation, privacy, broker-dealer registration, and financial responsibility will continue, and staff will address issues relating to foreign and domestic transfer agents.

Market Supervision: The division will continue to supervise trading in the U.S. exchange and over-the-counter securities markets. In the options markets, the division will continue to evaluate and respond to market structure changes as a result of quoting certain options in pennies and the new linkage proposed by these exchanges. The division also will examine appropriate ways to address the globalization of the securities markets, and continue to work with other regulators and industry personnel to devise and implement the most effective and efficient regulatory structure to address risk in the credit default swaps market.

Division of Investment Management

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	149	153	154
Cost: Salaries and Benefits (\$000)	\$27,719	\$29,690	\$31,966
Non-Personnel Expenses (\$000)	<u>16,579</u>	<u>17,234</u>	<u>18,005</u>
Total Costs (\$000)	\$44,298	\$46,924	\$49,971

FY 2010 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
37	69	48	

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 2010 is to determine whether rule 2a-7, the rule regulating money market funds, needs revision in light of recent market events. To protect investors and prevent abusive practices in the investment management industry, the staff plans to recommend that the Commission propose and adopt revisions to the custody rule for investment advisers. The staff also will focus on implementing new rules designed to provide mutual fund investors with more reader-friendly disclosure, to improve the delivery of mutual fund information through increased use of electronic means of delivery, including the Internet, and to require mutual funds to provide risk/return summary information in interactive data format.

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 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	121	120	122
Regions	<u>11</u>	<u>11</u>	<u>11</u>
Total	132	131	133
Cost: Salaries and Benefits (\$000)	\$25,550	\$26,539	\$28,812
Non-Personnel Expenses (\$000)	<u>9,027</u>	<u>8,730</u>	<u>9,084</u>
Total Costs (\$000)	\$34,577	\$35,269	\$37,896

FY 2010 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
82	20	7	24

The General Counsel serves as the chief legal officer of the Commission, and provides independent analysis and advice to the Chairman, Commissioners, and operating divisions in all areas of the Commission's activities.

In FY 2010, the Office of the General Counsel (OGC) will play a critical role in the agency's work to focus significantly on addressing the current financial crisis and its impact on the securities markets and investor confidence. The agency's response likely will involve an increased emphasis on vigorous enforcement of the securities laws, regulations affecting the securities markets and market participants, and legislative and other initiatives to reform the current regulatory structure for the securities markets and the financial services industry. These priorities will present numerous complex and important legal and policy issues, and OGC anticipates an increase in workload in FY 2010 compared to prior fiscal years.

Other Program Offices

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters			
Office of Chief Accountant	55	54	54
Office of Investor Education and Advocacy	65	68	68
Office of International Affairs	30	32	32
Office of Economic Analysis	22	26	26
Office of Risk Assessment	3	8	10
Office of Administrative Law Judges	<u>9</u>	<u>11</u>	<u>11</u>
Total	184	199	201
Cost: Salaries and Benefits (\$000)	\$32,802	\$36,961	\$39,988
Non-Personnel Expenses (\$000)	<u>17,217</u>	<u>18,175</u>	<u>17,633</u>
Total Costs (\$000)	\$50,019	\$55,136	\$57,621

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 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	55	54	54

FY 2010 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	27	10	

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, as required by the Sarbanes-Oxley Act of 2002.

In FY 2010, OCA will continue to oversee the FASB's accounting standard setting activities, including ongoing major projects on accounting for financial instruments, revenue recognition, off-balance sheet accounting, financial statement presentation, and lease accounting. The FASB is expected to be particularly active in these projects since the ability to complete major FASB projects by 2011 will impact the Commission's proposal to move to International Financial Reporting Standards. OCA will continue to evaluate the report of the SEC's Advisory Committee on Improvements in Financial Reporting and to develop recommendations for Commission action as appropriate. OCA also will continue to monitor the FASB's implementation of a more principles-based approach to setting accounting standards.

Office of Investor Education and Advocacy

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	65	68	68

FY 2010 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
2	5	59	2

The Office of Investor Education and Advocacy (OIEA) receives and addresses questions and complaints from individual investors about the securities market and industry participants. OIEA also handles requests for public information, and carries out the SEC’s Investor Education and Freedom of Information Act (FOIA) programs. OIEA’s Office of Policy and Advocacy provides information about investor views and concerns to the Commission and other Commission staff working on the regulatory and policy agenda.

OIEA will continue to implement the SEC’s investor education program and plans to expand its reach to investors through direct mail, new media, and existing channels. These methods will aid OIEA in achieving the SEC’s goal of fostering informed investment decision-making.

Office of International Affairs

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	30	32	32

FY 2010 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
20	10	2	

The Office of International Affairs (OIA) assists the SEC in meeting its mandate by advancing cross-border supervisory and enforcement cooperation, advising the agency on developing and modernizing regulatory policy to reflect the increasingly international nature of securities activity, and providing technical assistance to emerging markets. Additionally, OIA advises the agency in promoting comprehensive transparency and disclosure in capital markets around the world, as well as developing mechanisms to coordinate the supervision of internationally-active U.S. firms.

In FY 2010, OIA expects to continue to participate in major international regulatory policy initiatives to strengthen financial markets and investor protection in light of the current market turmoil. OIA also will work with the Division of Enforcement on numerous cases with significant international components. In all, OIA expects to contribute to about 440 international initiatives to promote high regulatory standards and strengthen the global marketplace.

Office of Economic Analysis

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	22	26	26

FY 2010 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
7	15	3	1

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

In FY 2010, 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 continue to become a more integral component of the rulemaking process. The office expects to provide support for ongoing rulemaking activity in areas such as short selling, possible regulation of hedge fund advisers, corporate governance, executive compensation, international financial accounting standards and proxy solicitation and shareholder voting. The staff also expects to review about 80 Commission and Self-Regulatory Organization (SRO) rules and to conduct around 70 regulatory flexibility analyses.

OEA will continue to provide analytical support to Division of Enforcement staff, including identifying potential violations and analyzing the impact of the violations in terms of ill-gotten gains and harm to investors. The office also plans to help inspection staff develop tools to monitor broker-dealers, exchanges, and investment companies and advisers. In FY 2010, OEA will continue to generate economic analyses and accompanying statistics that help the agency enforce compliance with securities laws, 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 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	3	8	10

FY 2010 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
5	1	1	3

The Office of Risk Assessment (ORA) is responsible for identifying entities, products or practices within the financial markets that may pose risk to the agency's mission of protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation. ORA coordinates the SEC's risk management program and works closely with SEC divisions and offices on developing ways to identify, assess, and mitigate risks. In FY 2010, the office will continue its efforts to connect the agency's risk identification and assessment function more effectively with the examination of regulated entities and the enforcement of the U.S. federal securities laws.

Office of the Administrative Law Judges

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	9	11	11

FY 2010 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 and FY 2010, the administrative law judges plan to dispose of roughly 115 proceedings and issue approximately 25 initial decisions.

Agency Direction and Administrative Support

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters			
Agency Direction			
Office of Executive Staff	34	38	38
Office of Public Affairs	7	8	8
Office of the Secretary	<u>41</u>	<u>41</u>	<u>41</u>
Subtotal	<u>82</u>	<u>87</u>	<u>87</u>
Administrative Support			
Office of the Executive Director	8	11	11
Office of Financial Management	51	57	60
Office of Human Resources	59	62	62
Office of Administrative Services	86	90	90
Office of Information Technology	126	127	127
Office of Equal Emp. Opportunity	8	8	8
Office of the Inspector General	<u>11</u>	<u>16</u>	<u>16</u>
Subtotal	<u>349</u>	<u>371</u>	<u>374</u>
Total	431	458	461
Cost: Salaries and Benefits (\$000)	\$65,880	\$76,883	\$84,713
Non-Personnel Expenses (\$000)	<u>38,309</u>	<u>39,861</u>	<u>41,075</u>
Total Costs (\$000)	\$104,189	\$116,744	\$125,788

This section of the FY 2010 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 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters			
Office of Executive Staff	34	38	38
Office of Public Affairs	7	8	8
Office of the Secretary	<u>41</u>	<u>41</u>	<u>41</u>
Total	82	87	87

FY 2010 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
18	19	46	4

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, executive branch officials, state and local officials, and their staff on issues affecting the SEC. OLIA also is responsible for the timely processing of all correspondence sent to the Chairman, as well as 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 2010 the Commission anticipates holding about 65 meetings and considering about 500 calendar items and 650 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 24 congressional testimonies and handle approximately 16,000 telephone and e-mail inquiries from congressional staff. OPA expects to receive about 45,000 media inquiries and draft and distribute about 310 news releases.

Office of the Executive Director

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters			
Office of the Executive Director	8	11	11
Office of Financial Management	51	57	60
Office of Human Resources	59	62	62
Office of Administrative Services	<u>86</u>	<u>90</u>	<u>90</u>
Total	204	220	223

FY 2010 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
2	1		220

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

Financial Management: In FY 2010, OFM will continue planned efforts to fully integrate the agency's financial management systems and re-engineer business processes, as needed, to improve the effectiveness and efficiency of internal control. The office also will begin planning for transition to the next generation of financial, budget, and performance measurement applications. Finally, OFM will work to enhance management decision making by integrating financial and performance-related information and making managerial cost accounting data available agency-wide.

Human Resources: OHR will continue to integrate its human capital systems in FY 2010 to improve the coordination and information flow among the different aspects of the agency's human capital planning and align with Human Capital Assessment and Accountability Framework principles.

Administrative Services: In FY 2010, OAS will continue to focus on automating the acquisition function, implementing the newly established Real Property and Leasing Branch and the Acquisition Policy Branch, enhancing agency emergency preparedness plans, and strengthening physical security practices.

Office of Information Technology

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	126	127	127

FY 2010 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
			127

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

In FY 2010, OIT will develop or integrate new enterprise capabilities and solutions that will improve the ability of the agency to manage tips, complaints and referrals, develop risk assessment tools, while continuing to leverage investments made in previous years in case management tools and structured filings.

Enforcement and Examination Management: The office plans to implement a comprehensive system to manage tips, complaints and referrals, and improve the risk assessment tools and data analysis capabilities of the Commission.

Electronic Data Gathering, Analysis and Retrieval (EDGAR) and Disclosure Management: OIT will lead the agency’s transition to a more modernized technical architecture for the EDGAR system. The agency also expects to use interactive data to revise and simplify the filings of corporate issuers and mutual funds.

Internal Process Improvements and Employee Productivity: The office plans to extend enhancements of the agency’s financial systems and support the implementation of an automated procurement system.

Office of Equal Employment Opportunity

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	8	8	8

FY 2010 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

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 EEO staff immediately and appropriately responds to alleged violations of EEO laws and SEC EEO policies, such as reports of harassing conduct. The EEO Office also is responsible for developing and executing diversity and inclusion initiatives both internally and externally. These initiatives are aimed at fostering an inclusive work environment and culture, as well as engaging employees in outreach activities targeting the diverse investment communities.

In FY 2010, EEO will evaluate the effectiveness of its special emphasis programs and diversity and inclusion initiatives. In addition, the EEO Office will continue to collaborate with the Office of Human Resources (OHR), to implement numerous provisions of the Diversity MOU executed in January 2009 between the SEC and the National Treasury Employees Union. The office will improve its ability to monitor and report on EEO compliance activities by migrating case data from a stand-alone system to a web-based commercial off-the-shelf system.

Office of the Inspector General

Executive Summary

	FY 2008 <u>Actual</u>	FY 2009 <u>Enacted</u>	FY 2010 <u>Request</u>
FTE: Headquarters	11	16	16

FY 2010 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
			16

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). In FY 2010, the OIG will continue its focus on improving agency operations through audits and evaluations. It also will enhance staff and agency integrity by investigating allegations of employee and contractor misconduct. By conducting audits, inspections, and investigations, the OIG supports the efforts of Congress and the SEC to fulfill their responsibilities and achieve their goals and objectives with respect to oversight of the securities industry and investor protection.

