

FY 2008 Performance Budget

In accordance with Section 220 of Office of Management and Budget Circular A-11, the SEC has crafted the following *Performance Budget for FY 2008*. This document aligns the goals and measures developed for the SEC's *Strategic Plan for Fiscal 2004-2009* with the SEC's budget request; it aims to improve the linkages between the SEC's resource needs, effectiveness, and outcomes. Separately, the SEC's Division of Investment Management was scored by OMB's Performance Assessment and Rating Tool (PART). The results of these assessments are included in the President's budget request for FY 2008.

Goals and Outcomes

As established in the SEC's strategic plan, the agency's four goals are to:

- Enforce compliance with federal securities laws;
- Promote healthy capital markets through an effective and flexible regulatory environment;
- Foster informed investment decision making; and
- Maximize the use of SEC resources.

The SEC works to meet these goals by, among other things, detecting violations and potential problems or issues in the securities markets and ensuring that the violations are addressed; crafting regulations that strengthen corporate and fund governance; providing investors with timely access to accurate, adequate, and useful disclosure materials that can be easily understood and analyzed across companies, industries, or funds; and ensuring that the agency's human capital strategies, information technology initiatives, and resources are appropriately aligned to achieve the agency's mission, goals, and outcomes.

Like other federal regulatory and law enforcement agencies, the SEC has found it challenging to develop measures that accurately depict the outcomes of its activities. In many cases, the effects of the SEC's efforts can only be indirectly assessed. The SEC continues to explore alternatives for measuring outcomes that help the public gauge its progress in achieving its mission.

The indicators included at the end of this section are useful in understanding the SEC's activities, but should not be considered performance measures and do not include targets that the agency will strive to reach in future years. In most cases, the SEC chose not to include targets for these indicators because they gauge the number of violations or "significant" deficiencies uncovered, and it would be inappropriate for the agency to conduct these activities with an eye towards hitting predetermined numerical targets rather than evaluating the evidence as presented.

Goal One: Enforce Compliance with Federal Securities Laws

Performance Measure 1						
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.						
FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
62%	69%	65%	66%	64%	66%	66%
FY 2008 Request: The SEC anticipates maintaining a high percentage rate of the number of first enforcement cases filed within two years. However, this statistic is dependent on the types of cases brought or emphasized in a specific year, as well as completing staff priorities such as litigation actions already filed and the availability of litigation and investigation resources.						

Performance Measure 2					
Percentage of Enforcement Cases Successfully Resolved					
Description: A case is considered “successfully resolved” if it results in a favorable judgment for the SEC, 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.					
FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
98%	99%	85%	99%	85%	85%
FY 2008 Request: A continued high success ratio depends on numerous factors, including the complexity of cases, the extent to which parties contest actions, and the availability of litigation and investigation resources.					

Performance Measure 3**Number of Requests to and from Foreign Regulators for Enforcement Assistance**

Description: Each year, the SEC makes hundreds of requests to foreign regulators for enforcement assistance, while responding to hundreds of requests from other nations. To facilitate this type of assistance, and encourage other countries to enact laws necessary to allow regulators to cooperate with their foreign counterparts, the SEC has entered into more than 30 bilateral information-sharing agreements, as well as the International Organization of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding. These agreements create a framework for information sharing and expedite international cooperation among regulators.

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
Requests to foreign regulators	448	309	380	438	460	561	460	483
Requests from foreign regulators	353	344	372	315	330	353	371	389

FY 2008 Request: The number of requests between regulators is expected to rise gradually through FY 2008. The FY 2007 estimate for requests to foreign regulators includes a reduction of over 100 requests largely attributable to the SEC's debt collection project, which is not expected to continue beyond FY 2006.

Performance Measure 4**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. This measure evaluates whether the Commission maintains an effective distribution of cases so that no category exceeds 40 percent of the total.

Percentage of Cases

	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
Core Enforcement Program Areas							
Financial Disclosure	29%	28%	29%	<40%	24%	<40%	<40%
Investment Advisers and Investment Companies	11%	14%	16%	<40%	16%	<40%	<40%
Broker-Dealers	20%	22%	15%	<40%	13%	<40%	<40%
Securities Offerings	16%	15%	9%	<40%	11%	<40%	<40%
Insider Trading	7%	7%	8%	<40%	8%	<40%	<40%
Market Manipulation	5%	6%	7%	<40%	5%	<40%	<40%
Delinquent Filings					16%	<40%	<40%
Other	12%	8%	16%	<40%	7%	<40%	<40%
Total	100%	100%	100%	100%	100%	100%	100%

FY 2008 Request: The agency will continue to maintain a presence in all program areas with no category exceeding 40 percent of the total amount of cases brought in any one year. The exact percentage may vary depending on the circumstances and priorities unique to that year.

Performance Measure 5**Investment Advisers and Investment Companies Examined**

Description: To conduct oversight of investment companies and advisers, the staff conducts a risk-based program of routine examinations, cause inspections to follow up on tips and complaints, and perform special inspections to probe emerging risk areas. Rapid growth in the industry, coupled with serious compliance violations, led to changes in the SEC's oversight methodologies for investment companies and advisers in 2003-2004. These changes included significantly greater attention to identifying and evaluating the severity of risks present at investment companies and advisers, as well as adapting exam policies and procedures to address the most serious of these risks.

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
Investment Advisers Examined	1,570	1,556	1,543	1,530	1,500	1,346	1,300	1,300
Investment Companies Examined	304	318	783	582	350	344	250	250

FY 2008 Request: The figures for FY 2006 and expectations for FYs 2007 and 2008 are lower than in previous years, for a variety of reasons. These include: an increase in the complexity of registrants' operations, including the need to review the activities of private funds in conjunction with examination of the funds' advisers (e.g., in FY 2006, more than 750 private funds were also reviewed); a substantial increase in the time needed during each routine examination to evaluate the effectiveness of the compliance programs that advisers and funds were required to maintain beginning in FY 2005; an increase in exam scope in order to review advisers' and funds' compliance with other new regulatory requirements; a decrease in the number of targeted special examinations conducted (which are generally of shorter duration than routine exams); a dedication of staff resources to new proactive compliance initiatives designed to improve compliance, including *CCOutreach* and monitoring large advisory groups; and a decrease in resources.

Goal Two: Promote Healthy Capital Markets
Through an Effective and Flexible Regulatory Environment

Performance Measure 1					
Percentage of Responses to Exemptive, No-Action Letter, and Interpretive Requests Issued Within Six Months					
Description: Corporate Finance, Market Regulation, and Investment Management staffs respond to inquiries from individuals or companies about whether an activity undertaken in a specified manner would violate the securities laws. The inquiries take the form of written requests that the staff not recommend enforcement or other action to the Commission if the activity is completed as specified. The staff also responds to requests to interpret specific provisions of the securities rules and reviews applications for exemptions from the securities laws.					
FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
84%	89%	85%	85%	85%	85%
FY 2008 Request: The SEC will continue striving to meet or exceed the goal of completing 85 percent of these requests within six months. However, the agency's success in achieving this goal is somewhat dependent upon the complexity of the requests received in a given year.					

Performance Measure 2						
Percentage of SRO Rule Filings Closed in Less Than 60 Days						
Description: SRO rule changes are reviewed for consistency with investor protection and market operation and structure rules that govern the operation of registered national securities exchanges, clearing agencies, the NASD, and the Municipal Securities Rulemaking Board. The figures below represent the percentage of proposed SRO rules changes reviewed (<i>i.e.</i> , approved or disapproved) within 60 days from receipt of the last amendment filed by the SRO.						
FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
74%	78%	80%	75%	84%	75%	75%
FY 2008 Request: The Division of Market Regulation anticipates responding to 75 percent of SRO rule filings in less than 60 days. However, agency success in achieving this goal is somewhat dependent upon the complexity of the proposed rule changes submitted in a given year.						

Performance Measure 3**Global Access to US Markets: Number of New Foreign Private Issuers Registering Securities with the SEC and the Dollar Amount of Securities Registered by Foreign Private Issuers**

Description: The number of foreign companies registering securities in the United States and the dollar value of those registrations can be viewed as an indicator of the integrity, liquidity, and fairness of the US markets.

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
Companies	70	50	63	74	50	60	70	70
Dollar Value (in billions)	\$147	\$163	\$146	\$250	\$250	\$109	\$150	\$150

FY 2008 Request: It is expected that the number of new foreign companies registering their securities under the 1933 and 1934 Acts and the dollar value of securities registered under the 1933 Act will increase as the US economy improves and more foreign companies adopt International Financial Reporting Standards (IFRS).

Performance Measure 4**Milestones for International Regulatory Cooperation**

Description: In order to sustain an effective and flexible regulatory environment in the face of increasingly global financial markets, the SEC works with many securities regulators and international organizations, including the International Organization of Securities Commissions (IOSCO), to improve global transparency and disclosure, strengthen the supervision of global firms and markets, reinforce regulatory standards, and enhance cross-border enforcement cooperation. SEC staff also engaged in bilateral regulatory dialogues with foreign authorities in order to explore common approaches for regulating market participants that operate on a cross-border basis.

Initiative: Eliminating the Generally Accepted Accounting Principles (GAAP) reconciliation requirement for foreign issuers using International Financial Reporting Standards (IFRS)

FY 2005	“Road map” published by SEC staff.
FY 2006 Plan	Begin reviewing the consistency of foreign private issuers’ FY 2005 IFRS financial statements and accompanying reconciliations; agree to cooperate closely with the Committee of European Securities Regulators (CESR) with respect to the application by internationally active companies of IFRS and GAAP in the United States and the European Union.
FY 2006 Actual	Began reviewing the consistency of foreign private issuers’ FY 2005 IFRS financial statements and accompanying reconciliations; agreed to cooperate with the Committee of European Securities Regulators (CESR) with respect to the application by internationally active companies of IFRS and GAAP in the United States and the European Union.

FY 2007	Discuss implications of review with public constituencies; continue reviewing the faithfulness and consistency of foreign private issuers' IFRS financial statements and accompanying reconciliations; identify changes to SEC rules that will be necessary upon elimination of reconciliation requirements; continue to closely cooperate with CESR and IOSCO members on issues including the development of high quality accounting standards, consistent application of IFRS, full consideration of international counterparts' positions regarding application and enforcement, and the avoidance of conflicting regulatory decisions on the application of IFRS and US GAAP; and meet with CESR at least semi-annually.
FY 2008	Continue reviewing the integrity and consistency of foreign private issuers' IFRS financial statements and accompanying reconciliations; continue to closely cooperate with CESR and IOSCO members on issues including the development of high quality accounting standards, consistent application of IFRS, full consideration of international counterparts' positions regarding application and enforcement, and the avoidance of conflicting regulatory decisions on the application of IFRS and US GAAP; and meet with CESR at least semi-annually.
Initiative: Bilateral regulatory dialogues with the Korea Financial Supervisory Commission, China Securities Regulatory Commission, Japan Financial Services Agency and the European Commission and CESR	
FY 2005	Launched dialogues with the China Securities Regulatory Commission and Japan Financial Services Agency; ongoing dialogues with the European Commission and CESR.
FY 2006 Plan	Launch a dialogue with the Korea Financial Supervisory Commission; ongoing dialogues with the China Securities Regulatory Commission, Japan Financial Services Agency, and the European Commission and CESR (including the adoption of a joint work plan focusing on consistent application of IFRS, modernization of disclosure technology, and regulatory platforms for risk management).
FY 2006 Actual	Launched a dialogue with the Korea Financial Supervisory Commission; adopted the joint work plan with CESR focusing on consistent application of IFRS, modernization of disclosure technology, and regulatory platforms for risk management.
FY 2007	Ongoing.
FY 2008	Ongoing.
Initiative: All IOSCO jurisdictions to be accepted as signatories or to express a commitment to seek legal authority to become signatories to the Multilateral Memorandum of Understanding on Enforcement Cooperation and Information-Sharing	
FY 2005	Total of 28 jurisdictions accepted as signatories; agreed on target date of 2010 for 80 more jurisdictions.

FY 2006 Plan	Total of 34 jurisdictions accepted as signatories.
FY 2006 Actual	Total of 34 jurisdictions accepted as signatories.
FY 2007	Additional jurisdictions accepted, with progress towards goal of adding 74 more jurisdictions by 2010.
FY 2008	Additional jurisdictions accepted, with progress towards goal of adding 74 more jurisdictions by 2010.
Initiative: IOSCO initiative to raise standards of cross-border cooperation among securities regulators in furtherance of the Action Plan to Strengthen Global Capital Markets Against Financial Fraud	
FY 2005	Identified and established dialogue with regulators in priority jurisdictions to develop a mutual understanding of their willingness and ability to share information.
FY 2006 Plan	Ongoing dialogue with regulators in priority jurisdictions; work on identifying a second group of priority jurisdictions.
FY 2006 Actual	Ongoing dialogue with regulators in priority jurisdictions; worked on identifying a second group of priority jurisdictions.
FY 2007	To be determined upon receipt and analysis of commitments from priority jurisdictions; continue work on identifying a second group of priority jurisdictions.
FY 2008	To be determined upon receipt and analysis of commitments from priority jurisdictions.
Initiative: IOSCO initiative on preservation and repatriation of property in cross-border cases	
FY 2005	Analyzed powers available to regulators and other authorities within a jurisdiction to freeze and repatriate assets.
FY 2006 Plan	Support a resolution adopted by IOSCO calling for jurisdictions to examine their legal frameworks and strive to develop mechanisms, including legislative reform, to freeze assets on behalf of a foreign regulator.
FY 2006 Actual	Supported a resolution by IOSCO calling for jurisdictions to examine their legal frameworks and strive to develop mechanisms, including legislative reform, to freeze assets on behalf of a foreign regulator; contributed to guidance for IOSCO members on procedural and substantive issues related to implementation.

FY 2007	Issue guidance concerning areas that may affect the design and implementation of regulators' and other authorities' mechanisms to freeze assets on behalf of a foreign regulator.
FY 2008	To be determined.
Initiative: IOSCO initiative on issuer internal control requirements in furtherance of the Action Plan to Strengthen Global Capital Markets Against Financial Fraud	
FY 2005	Undertook study of issuer internal control requirements in specified jurisdictions.
FY 2006 Plan	Contribute to a fact-finding report regarding issuer internal control requirements in specified jurisdictions.
FY 2006 Actual	Contributed to fact-finding report regarding issuer internal control requirements in specified jurisdictions.
FY 2007	Continue implementation of recommendations contained in the report and consider further work, as appropriate.
FY 2008	To be determined.
Initiative: IOSCO initiative on bond market transparency in furtherance of the Action Plan to Strengthen Global Capital Markets Against Financial Fraud	
FY 2005	Identified best practices for improving bond market transparency.
FY 2006 Plan	Undertake a study of bond market practices and arrive at a preliminary assessment of areas for improvement.
FY 2006 Actual	Undertook a study of bond market practices and arrived at a preliminary assessment of areas for improvement.
FY 2007	Contribute to a report on best practices for improving bond market transparency.
FY 2008	Continue implementation of recommendations contained in the report and consider further work, as appropriate.
Initiative: IOSCO initiative on the role of market intermediaries in furtherance of the Action Plan to Strengthen Global Capital Markets Against Financial Fraud	
FY 2005	Reviewed the role played by market intermediaries in recent financial scandals.
FY 2006 Plan	Complete review of the role played by market intermediaries in recent financial scandals; initiate additional work on the topic of information management in the context of conflict; and contribute to a discussion paper on addressing conflicts of interest.

FY 2006 Actual	Completed review of the role played by market intermediaries in recent financial scandals; initiated additional work on the topic of information management in the context of conflict; and contributed to a discussion paper on addressing conflicts of interest.
FY 2007	Continue work on a discussion paper on addressing conflicts of interest.
FY 2008	Consider further work, as appropriate.
<p>FY 2008 Request: In FY 2008, The Commission and staff will continue pursuing a number of far-reaching objectives with other regulators designed to improve investor protection and strengthen global capital markets. These objectives include continuing bilateral regulatory dialogues with the Korea Financial Supervisory Commission, the China Securities Regulatory Commission, Japan Financial Services Agency, and the European Commission and CESR; closely cooperating with CESR and IOSCO members on the development of high quality accounting standards, consistent application of IFRS, and the avoidance of conflicting regulatory decisions on the application of IFRS and US GAAP; and encouraging IOSCO members to develop mechanisms to assist foreign counterparts in freezing assets derived from illegal activity. In addition, OIA will continue a dialogue, through IOSCO, with securities regulators in priority jurisdictions to raise standards of cross-border enforcement cooperation. Continued progress is expected to be made by the 74 IOSCO members that agreed to complete this process by 2010.</p>	

Performance Measure 5**Percentage of US Households Owning Mutual Funds**

Description: Near record numbers of Americans continue to invest in the US securities markets through the purchase and sale of stocks, bonds, and mutual funds. In particular, the number and percentage of US households that own mutual funds grew dramatically during the 1990s as stock and bond mutual funds became a key repository for US savings dollars. The percentage of households that own mutual fund shares may reflect, among other things, the extent to which the regulatory regime allows for 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. It is not the goal of the investment management program to promote the sale of fund shares. The SEC's strategic goals focus on promoting legal compliance, flexible regulation, and informed investors. With these goals in mind, the investment management program monitors significant changes in this metric and considers whether such changes may signal the need for action to better attain one or more strategic goals. The source of these data is the Investment Company Institute.

FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
49.6%	47.9%	48.1%	47.5%	47.1%	48.0%	48.2%	48.6%

FY 2008 Request: 52 percent of households owned funds in May 2001--a cyclical peak that reflected in part the extraordinary stock market gains of the late 1990s. Absent a universal mandate of a defined contribution retirement plan for all workers, a realistic market penetration limit may be 60 percent of households. For example, the 2004 Federal Reserve Board Survey of Consumer Finances found that only 56 percent of US households reported any savings during the preceding year. The proportion of households owning mutual funds held steady in FY 2006 relative to the previous three years. The targets for 2007 and 2008 are derived from a rolling ten-year average of this statistic.

Performance Measure 6**Mutual Fund Share of Total Retirement Assets**

Description: The share of total retirement assets held by mutual funds more than tripled during the 1990s. Mutual fund share of total retirement assets may indicate investor confidence in mutual funds and a flexible regulatory scheme that allows funds to successfully compete in the market with other financial institutions. In addition to the factors identified for Performance Measure 5 (Percentage of US Households Owning Mutual Funds), other factors that may influence short and long term changes in this metric include 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. It is not the goal of the investment management program to promote the sale of fund shares. The SEC's strategic goals focus on promoting legal compliance, flexible regulation and informed investors. With these goals in mind, the investment management program monitors significant changes in the mutual fund share of total retirement assets metric and considers whether such changes may signal the need for action to better attain one or more strategic goals. The source of these data is the Investment Company Institute, and the results for each fiscal year reflect data as of December 31 of the previous calendar year.

FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
20.9%	20.2%	21.8%	22.6%	20.3%	23.7%	21.2%	21.9%

FY 2008 Request: In FY 2006, the percentage of retirement assets held by mutual funds reached another new high. The targets for 2007 and 2008 are calculated using a rolling ten-year average of this statistic. For FY 2008, the target is 21.9 percent, which is an increase of 4.8 percent from FY 2002.

Performance Measure 7**Equity Portfolio Holdings of US Investment Companies as a Percentage of Total US Stock Market Capitalization**

Description: Investment company holdings of common and preferred stock have accounted for an increasing proportion of total US stock market capitalization in recent years. Investment company equity holdings now exceed the equity holdings of pension funds. The equity portfolio holdings of US investment companies as a percentage of total US stock market capitalization may reflect the effectiveness of investment companies as a vehicle for capital formation. The source of these data is the US Federal Reserve Flow of Funds 1945-2005 from March 9, 2006 (Chart L.213), and the results for each fiscal year reflect data as of December 31 of the previous calendar year.

FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
19.3%	19.5%	20.8%	23.0%	19.1%	25.1%	20.1%	21.1%

FY 2008 Request: Investment company equity holdings as a percentage of US stock market capitalization again increased significantly in FY 2006. The FY 2007 and 2008 targets are derived from a rolling ten year average of this statistic. The target for FY 2008 is 21.1 percent, which represents an increase of 9.3 percent from FY 2002.

Goal Three: Foster Informed Investment Decision Making

Performance Measure 1							
Percentage of Reporting Corporations and Investment Companies with Disclosures Reviewed by the SEC							
Description: The Sarbanes-Oxley Act requires that the SEC review the disclosures of all reporting companies and investment company portfolios at least once every three years. These reviews help improve the information available to investors and can uncover serious violations of the securities laws.							
	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
Corporations	23%	22%	50%	47%	33%	33%	33%
Investment Company Portfolios	10%	54%	37%	33%	36%	33%	33%
FY 2008 Request: The Division of Corporation Finance will meet the requirements of the Sarbanes-Oxley mandate by reviewing all current reporting issuers that were not reviewed in the prior two fiscal years. This review level is expected to deter fraud in public securities transactions and should help ensure that investors receive material information about emerging and novel issues. However, the reduced staffing level will result in fewer reviews of transactional filings. In addition, review times on filings related to initial public offerings (IPOs) may increase if the volume of these filings increases above projected levels. Also, the Division of Investment Management anticipates that it will successfully comply with the Sarbanes-Oxley Act by reviewing one-third of investment company portfolios in FY 2008.							

Performance Measure 2							
Percentage of Investment Adviser and Investment Company Transactional Reviews Completed Within Timeliness Goals							
Description: For initial registration statements, the SEC's goal is to comment within 30 days after they are filed (60 days for registration statements of insurance product separate accounts). The SEC also aims to comment on post-effective amendments within 45 days and preliminary proxy statements within 10 days after they are filed.							
	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
Initial Registration Statements	81%	88%	90%	85%	88%	85%	85%
Post-Effective Amendments	86%	98%	97%	90%	96%	90%	90%
Preliminary Proxy Statements	100%	100%	100%	99%	99%	99%	99%
FY 2008 Request: As a benchmark, the staff aims under normal circumstances to provide comments within timeliness goals for at least 85 percent of registration statements, 90 percent of post-effective amendments, and 99 percent of preliminary proxy statements.							

Performance Measure 3						
Average Time to Issue Initial Comments on Securities Act Filings.						
Description: The target of 30 days has become a <i>de facto</i> industry standard for the maximum time to receive SEC comments; companies often build this timeframe into their plans. The 30-day timeframe is considered aggressive given the other mandatory reviews the agency conducts and the fluctuation in filing volume that impacts workload plans.						
FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
27.7 days	27.8 days	26.1 days	<30 days	26.2 days	<30 days	<30 days
FY 2008 Request: The Division of Corporation Finance will continue to issue initial comments on 1933 and 1934 Act registration statements and transactional filings within its target goal of 30 days of filing. The Division also will continue to monitor the average time between receiving a response to initial comments and final resolution and will endeavor to maintain the time attributed to staff review.						

Performance Measure 4							
Annual Number of Online Searches for EDGAR Filings							
Description: Greater availability of market-sensitive information through the SEC's EDGAR system provides investors with the ability to make better-informed investment decisions. This measure gauges the demand for EDGAR data through the SEC's website (in millions).							
FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
97	142	289	379	480	528	678	764
FY 2008 Request: The SEC anticipates that demand for the disclosure data from EDGAR will increase as the interactive data, EDGAR ticker, and full text search initiatives improve the system, making the information more user-friendly for investors.							

Performance Measure 5**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. The agency is redesigning its form filing capabilities to rely on more structured formats (e.g., information is captured in a comma delimited, XML, XBRL, or other format). This measure 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. In addition, this measure identifies the overall percentage of forms that are in electronic format and the overall percentage of resulting filings that are received electronically by the SEC.

	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
Forms							
Structured format	4%	4%	5%	7%	8%	9%	13%
Another electronic format	68%	68%	67%	67%	62%	67%	67%
Total % in electronic format	72%	72%	72%	74%	70%	76%	80%
Filings Received							
Structured format	21%	36%	35%	36%	35%	36%	36%
Another electronic format	55%	52%	54%	54%	55%	54%	54%
Total % in electronic format	76%	88%	89%	90%	90%	90%	90%

FY 2008 Request: The percentage of the forms that are electronic declined slightly in FY 2006; however, that was due to consolidation or elimination of a small number of electronic forms rather than an increase in paper forms. Meanwhile, the overall number of electronic filings versus paper filings continued to increase. The proportion of forms filed with the SEC that are in structured formats such as XBRL increased in FY 2006. However, the overall number of structured filings declined slightly in FY 2005 and 2006, due to various market dynamics that resulted in fewer being filed in those years. In coming years, the SEC will continue to work towards its goal of substantially increasing the percentage of forms and submissions in structured format, as well as converting 100 percent of all filings and submissions into electronic format.

Performance Measure 6**Number and Percentage of Investor Complaints, Questions, and Requests Completed by the Office of Investor Education (OIEA) Within Seven Calendar Days**

Description: OIEA serves the tens of thousands of investors who contact the SEC each year with investment-related complaints and questions. A substantial portion of the complaints received require input from the entities involved and cannot be resolved in less than 30 to 60 days. Nevertheless, the staff aims to close out as many new matters as possible within seven calendar days.

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
Contacts Received	82,337	70,574	73,481	76,221	76,000	77,274	77,000	77,000
Unique Files Opened	81,748	71,373	73,415	71,737	71,000	69,628	70,000	70,000
Unique Files Closed	n/a	n/a	n/a	71,879	71,000	69,507	69,000	69,000
Closed within 7 Calendar Days	64,818	58,133	60,688	58,443	58,000	56,268	56,500	57,000
Percentage	79%	81%	83%	81%	82%	81%	82%	83%

FY 2008 Request: During FY 2006, OIEA continued its transition to a new correspondence management system that no longer records each investor contact as a unique file. As a result, the number of new unique files fell despite a slight increase in the volume of investor contacts. The percentage of matters closed within seven days remained at 81 percent. The staff anticipates that proposed enhancements to the new system will increase staff efficiency in FYs 2007 and 2008.

Performance Measure 7**OIEA Publications Distributed by the GSA**

Description: 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. In addition to posting these materials on the SEC's website, OIEA publishes a dozen hard-copy educational brochures. The General Services Administration's (GSA) Federal Citizen Information Center (FCIC) serves as one of the most important distribution channels for the SEC's most popular English and Spanish publications.

FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
81,917	89,095	300,530	476,095	325,000	300,136	300,000	300,000

FY 2008 Request: OIEA will continue striving to increase the demand for the SEC's educational materials and work closely with GSA's FCIC to distribute hard copies of the materials at lower costs. However, the agency's success in achieving this goal is somewhat dependent upon use of the SEC's online resources.

Goal Four: Maximize Use of SEC Resources

Performance Measure 1							
Staff Turnover Rate							
Description: This measure is determined by dividing the number of employees that leave the agency during the fiscal year by the total number of permanent and term employees on board at the beginning of the fiscal year.							
FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
5.8%	5.9%	6.3%	7.5%	<8%	9.1%	<7%	<7%
FY 2008 Request: The SEC intends to keep its turnover rate at or below 7 percent in FY 2008, consistent with the expected turnover level in FY 2007. The increase in the turnover rate in 2006 is largely due to a high number of retirements occurring three years after the implementation of the SEC's pay parity authority. The agency is monitoring turnover very closely and will work to maintain and build upon its status as one of the top five places to work in the federal government (according to the Partnership for Public Service and <i>U.S. News & World Report</i>).							

Performance Measure 2	
Milestones Achieved on Major Human Capital Initiatives	
Description: The SEC has begun to implement 13 initiatives to support integration of human capital systems and improve Human Resources policy development and oversight. This measure identifies the range of initiatives and the projects' major milestones.	
Integrated Human Capital Systems: Competency-based performance management system	
FY 2006 Plan	n/a
FY 2006 Actual	Implemented
FY 2007	Implement, evaluate, and revise
FY 2008	Revise and expand
Integrated Human Capital Systems: Pay for performance and performance improvement planning	
FY 2004	Implemented
FY 2005	Evaluated and expanded
FY 2006 Plan	Evaluate, revise and expand
FY 2006 Actual	Evaluated and revised
FY 2007	Implement, evaluate, and revise
FY 2008	Revise and expand
Integrated Human Capital Systems: Negotiate a new collective bargaining agreement	
FY 2006 Plan	Negotiate and implement
FY 2006 Actual	Negotiated
FY 2007	Negotiate and Implement
FY 2008	Evaluate

Integrated Human Capital Systems: SEC University (classroom and online courses)	
FY 2004	Implemented
FY 2005	Expanded
FY 2006 Plan	Evaluate and expand
FY 2006 Actual	Evaluated, revised, and expanded
FY 2007	Expand, evaluate, and revise
FY 2008	Evaluate and expand
Integrated Human Capital Systems: Leadership and management development system	
FY 2006 Actual	Developed
FY 2007	Develop, implement, and evaluate
FY 2008	Revise and expand
Integrated Human Capital Systems: Improve the Office of Human Resources (OHR) human capital readiness	
FY 2006 Actual	Implemented
FY 2007	Implement and evaluate
FY 2008	Evaluate, revise, and expand
Integrated Human Capital Systems: Knowledge management framework	
FY 2006 Actual	Developed
FY 2007	Continue development
FY 2008	Implement and evaluate
Integrated Human Capital Systems: Marketing of OHR programs	
FY 2006 Actual	Developed
FY 2007	Implement and evaluate
FY 2008	Revise and expand
Integrated Human Capital Systems: Workforce planning system	
FY 2006 Actual	Developed
FY 2007	Continue development and implement
FY 2008	Evaluate, revise, and expand
Integrated Human Capital Systems: Human capital measurement model	
FY 2006 Actual	Developed
FY 2007	Implement
FY 2008	Evaluate and revise
Integrated Human Capital Systems: National recruitment plan	
FY 2006 Actual	Developed
FY 2007	Continue development and implement
FY 2008	Evaluate and revise

HR Policy Development and Oversight: Optimize the use of AVUE	
FY 2004	Implemented
FY 2005	Evaluated
FY 2006 Plan	Evaluate
FY 2006 Actual	Evaluated and expanded
FY 2007	Expand and evaluate
FY 2008	Evaluate and revise
HR Policy Development and Oversight: Employee Benefits Information System (EBIS)	
FY 2006 Actual	Implemented
FY 2007	Evaluate
FY 2008	Revise and expand
HR Policy Development and Oversight: Pay and benefits revision	
FY 2004	Implemented
FY 2005	Evaluated
FY 2006 Plan	Expand
FY 2006 Actual	Evaluated and expanded
FY 2007	Evaluate and expand
FY 2008	Evaluate
HR Policy Development and Oversight: Administrative Officers' professional development	
FY 2006 Actual	Implemented
FY 2007	Continue implementation and expand
FY 2008	Evaluate and revise
HR Policy Development and Oversight: Enterprise telework program	
FY 2004	Implemented
FY 2005	Evaluated
FY 2006 Plan	Expand
FY 2006 Actual	Expanded
FY 2007	Expand and evaluate
FY 2008	Expand and evaluate
HR Policy Development and Oversight: Intranet program guidance	
FY 2006 Actual	Developed
FY 2007	Implement, evaluate, and revise
FY 2008	Expand and revise

HR Policy Development and Oversight: Process improvement and quality control system	
FY 2006 Actual	Developed
FY 2007	Implement and evaluate
FY 2008	Revise and expand
FY 2008 Request: The SEC will continue to evaluate, revise, and expand its human capital initiatives in FY 2008, building on results from FYs 2006 and 2007 to refine the programs and services as needed.	

Performance Measure 3					
Percentage of IT Projects that Adhere to the SEC's Capital Planning and Investment Committee (CPIC) Process					
Description: The SEC has information technology capital planning committees designed to ensure that IT projects are appropriately evaluated and considered. A corresponding CPIC process is being refined to ensure that IT projects are effectively managed, completed on time, and within budget. This measure identifies the percentage of IT projects that adhere to the agency's CPIC process.					
FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
100%	90%	100%	97%	90%	95%
FY 2008 Request: The SEC will continue to vigorously manage its portfolio of IT investments in accordance with the SEC's CPIC process. Strengthened CPIC process controls have resulted in better oversight and management of the SEC's IT investment portfolio.					

Performance Measure 4					
Milestones Achieved on Major IT Projects					
Description: The SEC is focusing its IT investments in five primary areas to enhance program effectiveness and operational efficiencies. A variety of projects are being planned or implemented in these areas that range in complexity and duration (e.g., some may be completed in a single fiscal year while others span multiple fiscal years). This measure identifies the range of initiatives and the projects' major milestones.					
Project	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
EDGAR/Disclosure:					
Modify EDGAR to accommodate interactive data in XBRL format for financial reports	Initiated	In Progress	In Progress	Implement	Ongoing Enhancement
Transition EDGAR system management to new contract	Initiated	Complete	In Progress	Complete	
Enhance SEC.gov to improve EDGAR data searches and accessibility for investors	Initiated	In Progress	In Progress	Implement	Ongoing Enhancement
Enforcement/Examination Activities:					
Image backlog of paper-based discovery documents	In Progress	Complete	In Progress	Complete	
Provide fully automated processing of options trade records in support of enforcement investigations	In Progress	Complete	Completed		
Redesign the enforcement case management system to improve management of penalties and disgorgements	Initiated	In Progress	In Progress	Complete	
Upgrade analytical tools available to examiners	Initiated	In Progress	In Progress	Complete	
Internal Productivity:					
Implement new systems to support expansion of telework	In Progress	Complete	Completed		
Implement new procurement and budgeting/performance management systems	Initiated	In Progress	In Progress	Implement	Complete
Security/Disaster Recovery:					

Certify and accredit major systems for information security risk	In Progress	Complete	Completed		
Implement Homeland Security Presidential Directive 12 for personnel identity verification and access control	Initiated	In Progress	In Progress	In Progress	Complete
E-Gov/Enterprise Architecture and Capital Planning Investment Control:					
Redesign capital planning and project management processes	In Progress	Complete	Completed		
Institute enterprise architecture (EA) program	In Progress	Initiate	In Progress	Implement	Complete
Upgrade core financial management capabilities and systems		Initiate	Initiated	In Progress	Implement
FY 2008 Request: The SEC expects to continue to make marked progress in all five areas to enhance program effectiveness and operational efficiencies, recognizing that the agency's IT priorities for the coming years will continue to evolve over time.					

Performance Measure 5						
Receive an Unqualified Audit Opinion on the SEC's Audited Financial Statements with No Material Weaknesses Noted in Internal Controls over Financial Reporting						
Description: Under the Accountability of Taxpayer Dollars Act of 2002, the Commission is required to meet all proprietary accounting guidelines for federal agencies and to undergo annual audits. The SEC completed its first audit in FY 2004, conducted by the Government Accountability Office.						
	FY 2004	FY 2005	FY 2006 Plan	FY 2006 Actual	FY 2007	FY 2008
Unqualified Opinion	Yes	Yes	Yes	Yes	Yes	Yes
Material Weaknesses	3	4	0	0	0	0
FY 2008 Request: SEC aims to continue issuing timely financial statements with unqualified opinions from the agency's auditors. Efforts in FY 2008 will focus on making improvements in systems and management processes to enhance efficiency and reduce the need for heroic efforts to achieve these goals.						

Other Indicators Related to SEC Activities

Indicator 1		
Number and Percentage of Examinations Finding “Significant” Deficiencies		
<p>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 have caused harm to customers or clients of a firm, had a high potential to cause harm, reflect recidivist misconduct, or a serious emerging compliance risk. These latter deficiencies are among those categorized by the staff as “significant.” This measure was first implemented in FY 2005 and data is not available for prior years. The staff expects to continue to refine the factors that are used to measure the significance of examination findings.</p>		
	FY 2005	FY 2006
Fund/Adviser Exams		
Number	769	648
Percent	37%	39%
Broker/Dealer Exams		
Number	351	297
Percent	48%	40%
<p>Discussion: Examiners continued to use risk-assessment techniques to focus examinations on areas most likely to reveal significant compliance issues. Examples of significant findings include situations in which examinations found violations that were the same as those found in a previous exam, which resulted in a referral to an SRO or the Division of Enforcement for investigation or which resulted in corrective action by the firm, such as funds being reimbursed to affected investors.</p>		

Indicator 2**Referrals to the Division of Enforcement from the Office of Compliance Inspections and Examinations or the Division of Corporation Finance**

Description: The Office of Compliance Inspections and Examinations' examination staff and the Division of Corporation Finance's disclosure review program strive to uncover serious potential violations of the federal securities laws, among other objectives. When indicators of serious violations are found, they are referred to the Division of Enforcement for further investigation. This indicator measures the number of enforcement referrals from the examination staff and the disclosure review program each fiscal year.

	FY 2003	FY 2004	FY 2005	FY 2006
Examination Staff	171	482	399	223
Corporation Finance	231	415	640	537

Discussion: In general, the examination program and the Division of Corporation Finance uncovered fewer potential violations that warranted further investigation by the enforcement program. For the Division of Corporation Finance, the number of referrals in FY 2005 was unusually high because the Division identified a large number of issuers that failed to file required reports. For the Office of Compliance Inspections and Examinations, many referrals in FYs 2004 and 2005 concerned market timing and late trading.

Indicator 3**Monetary Disgorgement and Penalties Ordered and the Amounts and Percentage Collected by the SEC**

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. Funds not returned to investors are sent to the US Treasury; neither disgorgement nor penalties go to the SEC. This chart lists disgorgement and penalties ordered as a result of SEC cases and the amounts collected by the agency.

	FY 2003	FY 2004	FY 2005	FY 2006
Ordered (in billions)	\$.35	\$ 1.7	\$ 1.9	\$ 1.2
Collected (in billions)	\$.14	\$ 1.4	\$ 1.8	\$.99
Percentage	40%	86%	96%	82%

Discussion: The amount of penalties and disgorgement may vary widely from year to year, and the collection success rates depend on numerous variables, including the financial status and size of the parties sued.

Indicator 4**Assets Frozen Abroad as a Result of SEC 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 to locate ill-gotten proceeds that have been transferred overseas and freeze the accounts in which they are located. Violators are detected and their assets are seized so that they cannot benefit from this activity.

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

Discussion: The SEC cannot project future estimates for this indicator because it is impossible to predict the extent to which violators will move their ill-gotten proceeds to foreign jurisdictions. The SEC does anticipate that its efforts to freeze assets abroad will increase as international cooperation on enforcement matters develops around the globe.