U.S. Securities and Exchange Commission

Summary of Performance and Financial Information

Fiscal Year 2014

The Securities and Exchange Commission at a Glance

Introduction: The SEC publishes a Summary of Performance and Financial Information (SPFI), which is a brief overview of financial and performance information, that is electronically available at *www.sec.gov/about/secreports.shtml*. The SEC also produces the Agency Financial Report (AFR), which has a primary focus on financial results, and an Annual Performance Report (APR), which focuses on strategic goals and performance results. The fiscal year (FY) 2014 APR will be included in the SEC FY 2016 Congressional Budget Justification in February 2015. The AFR is electronically available at *http://www.sec.gov/about/secafr2014.shtml*. To comment on the AFR, email SECAFR@sec.gov.

Mission

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

Vision

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

- Transparent disclosure to investors of the risks of particular investments;
- Oversight of key market participants, including exchanges, brokers and dealers, investment advisers, and others;
- Focus on strengthening market structure and systems;
- Promotion of disclosure of market-related information;
- Protection against fraud and abuse; and
- Evaluation, development and maintenance of appropriate rules and regulations.

Values

Integrity	Excellence	Accountability
Effectiveness	Teamwork	Fairness

About the SEC

The U.S. Securities and Exchange Commission is an independent Federal agency established pursuant to the Securities Exchange Act of 1934. The SEC is headed by a bipartisan five-member Commission, comprised of the Chair and four Commissioners who are appointed by the President and confirmed by the Senate.

The SEC is responsible for overseeing the nation's securities markets and certain key participants, including broker-dealers, investment companies, investment advisers, clearing agencies, transfer agents, credit rating agencies, and securities exchanges, as well as organizations such as the Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), and Public Company Accounting Oversight Board (PCAOB). It also seeks to ensure that investors are provided with the material information needed to make investment decisions.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the agency's jurisdiction was expanded to include certain participants in the derivatives markets, private fund advisers, and municipal advisors, among other changes.

The agency's responsibilities are organized into five divisions and 23 offices, each of which is headquartered in Washington, DC. The SEC also has 11 regional offices which are comprised primarily of staff from the enforcement and examination programs. The SEC employs over 4,100 people.

Fiscal Year 2014 Performance Highlights

Under the leadership of Chair Mary Jo White, FY 2014 marked a year of significant achievement across the SEC. With accomplishments ranging from robust and effective rulemaking that strengthened our markets and increased protection for America's investors, to aggressive enforcement that employed new investigative techniques and the innovative use of data to bring actions that spanned the securities industry and comprehensive examination of regulated entities designed to promote compliance and prevent and detect fraud, this past year has been a high water mark for the Commission.

A Focused Rulemaking Agenda

- With the significant efforts of the last fiscal year, the Commission has now completed most of its mandatory rulemaking in six of the eight significant areas targeted for SEC action by the Dodd-Frank Act.
- In December 2013, the Commission joined the Federal banking agencies and the Commodity Futures Trading Commission (CFTC) in adopting a final rule implementing Section 619 of the Dodd-Frank Act, known as the "Volcker Rule." This rule generally restricts financial institutions affiliated with banks – including broker-dealers and investment advisers – from engaging in proprietary trading, sponsoring hedge funds and private equity funds, or investing in such funds.
- The Commission adopted fundamental reforms to money market funds.
- The Commission worked to improve the supervision of clearing agencies and adopted significant rules to enhance the governance of credit rating agencies.
- The Commission adopted critical overhauls to the asset-backed securities market.
- The Commission proposed rules in December 2013 intended to increase access to capital for smaller companies under a Jumpstart Our Business Startups (JOBS) Act mandate. The proposal built on Regulation A, an existing exemption from Securities Act registration for securities offerings up to $5 million within a 12-month period. The updated exemption, commonly referred to as "Regulation A+," would enable companies to offer and sell up to $50 million of securities within a 12-month period.

Aggressive Enforcement

- The SEC ended FY 2014 with 755 enforcement actions and obtained orders for $4.16 billion in penalties and disgorgement which was a record year.
- Some of the notable actions Enforcement brought include actions against: exchanges, investment advisers and broker-dealers, issuers, auditors and others who serve as gatekeepers to our financial system, large international corporations, municipal issuers for disclosure failures, and an array of insider trading violations.
- Enforcement saw several "firsts," such as charging violations of the market access rule, the first enforcement action to halt a fraudulent municipal bond offering, the largest ever penalty for net capital rule violations, and the first case applying Dodd-Frank Act whistleblower anti-retaliation authority.
- During FY 2014, Enforcement amplified its focus on market structure issues and filed a number of actions against market participants who pose a risk to the markets by failing to operate within the rules.
- The SEC brought 52 insider trading actions, which sent a strong deterrent message to would be-violators.
- Enforcement took proactive steps to combat microcap fraud by more frequently suspending trading in securities that are the objects of pump and dumps, targeting repeat players who help facilitate these schemes, and building on the SEC's relationships with its regulatory and law enforcement counterparts. Efforts in this area included suspending trading in 255 dormant shell companies.
- SEC continued its focus on the municipal securities market, bringing significant, novel actions charging the full spectrum of market participants. Areas of focus this year included conflicts of interest, pay-to-play schemes, and a new initiative to encourage self-reporting of certain securities law violations by municipal issuers and underwriters.
- Investment advisers and the funds they manage remained a key focus of Enforcement during FY 2014.
- In coordination with the SEC's Office of International Affairs (OIA), Enforcement continued to expand its international enforcement efforts.

Enhanced Review Program

- The Office of Compliance Inspections and Examinations (OCIE) continued to promote compliance through a multi-level outreach program, and to detect and prevent fraud through an increasingly sophisticated examination process.
- OCIE engaged registrants through a wide variety of channels ranging from its second annual public statement of examination priorities to meetings with senior management, heads of control functions and independent directors.
- It significantly expanded the scope of its data collection and analysis program.
- In FY 2014, OCIE conducted more than 1,850 formal examinations of registrants, an increase over each of the prior four fiscal years.
- In FY 2014, OCIE made more than 200 referrals, many of which resulted in enforcement investigations and/or actions.

Increased Outreach to Investors

- The SEC appointed its first Investor Advocate in the agency's newly-formed Office of the Investor Advocate.
- The Commission continued to provide educational programs and materials, coordinate with foreign counterparts, and scrutinize disclosures to ensure that investors are getting appropriate information.
- SEC's staff are creating and embracing new tools and technology, deploying new and innovative strategies to protect investors, keep markets safe and encourage capital formation – more effectively than ever before.
- The Office of Investor Education and Advocacy (OIEA) posted educational content to Investor.gov. A record number of 28 investor alerts and bulletins warning investors of possible fraudulent schemes, including affinity fraud and schemes involving virtual currencies, and educating them on investment-related matters were published.

Strategic Goals and Costs

The SEC's performance data provides a foundation for both programmatic and organizational decision-making and is critical for gauging the agency's success in meeting its objectives. The SEC is committed to using performance management best practices to promote greater accountability. The SEC's FY 2014 APR will be issued with the agency's FY 2016 Congressional Budget Justification, and will provide a complete discussion of all of the agency's strategic goals, including a description of performance goals and objectives, data sources, performance results and trends, and information about internal reviews and evaluations. A summary of the SEC's verification and validation of all performance data also will be included in the APR. The SEC's APR is expected to be available in February 2015 at *www.sec.gov/about/secreports.shtml*.

Strategic Goal 1: Establish and maintain an effective regulatory environment

- Strategic Objective 1.1: The SEC establishes and maintains a regulatory environment that promotes high-quality disclosure, financial reporting and governance, and that prevents abusive practices by registrants, financial intermediaries and other market participants.
- Strategic Objective 1.2: The SEC promotes capital markets that operate in a fair, efficient, transparent and competitive manner, fostering capital formation and useful innovation.
- Strategic Objective 1.3: The SEC adopts and administers regulations and rules that are informed by robust economic analysis and public comment and that enable market participants to understand clearly their obligations under the securities laws.
- Strategic Objective 1.4: The SEC engages with a multitude of stakeholders to inform and enhance regulatory activities domestically and internationally.

Strategic Goal 2: Foster and enforce compliance with the Federal securities laws

- Strategic Objective 2.1: The SEC fosters compliance with the Federal securities laws.
- Strategic Objective 2.2: The SEC promptly detects and deters violations of the Federal securities laws.
- Strategic Objective 2.3: The SEC prosecutes violations of Federal securities laws and holds violators accountable through appropriate sanctions and remedies.

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

- Strategic Objective 3.1: The SEC works to ensure that investors have access to high-quality disclosure materials that facilitate informed investment decision-making.
- Strategic Objective 3.2: The SEC works to understand investor needs and educate investors so they are better prepared to make informed investment decisions.

Strategic Goal 4: Enhance the Commission's performance through effective alignment and management of human, information, and financial capital

- Strategic Objective 4.1: The SEC promotes a results-oriented work environment that attracts, engages, and retains a technically proficient and diverse workforce, including leaders who provide motivation and strategic direction.
- Strategic Objective 4.2: The SEC encourages a collaborative environment across divisions and offices and leverages technology and data to fulfill its mission more effectively and efficiently.
- Strategic Objective 4.3: The SEC maximizes the use of agency resources by continually improving agency operations and bolstering internal controls.

Performance Achievements

The SEC seeks to encourage a strong culture of compliance among organizations, to foster ethical behavior and decision-making. As part of its efforts to promote compliance within the industry, OCIE exceeded its target by conducting 63 outreach and education programs during the year, including Compliance Outreach seminars, targeted sessions with never before examined advisers, and various other outreach initiatives with registrants and regulators (Performance Goal 2.1.1). Further, the National Examination Program issued two National Risk Alerts and participated in a number of other outreach efforts, including speaking at more than 240 industry conferences and other related engagements that are not reflected in the numbers below. The program will continue to expand and improve on these efforts during FY 2015 and FY 2016 as these are critical elements in fostering and promoting compliance with Federal securities laws.

PERFORMANCE GOAL 2.1.1
Number of industry outreach and education programs targeted to areas identified as raising particular compliance risks

Description: Targeted communication with industry participants on topics shaping the examination program is intended to enhance compliance practices and prevent violations before they occur. This metric identifies the number of major outreach efforts conducted including the SEC's national and regional compliance outreach events, published risk alerts, and other educational programs and initiatives.

Fiscal Year	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 Plan	FY 2014 Actual	FY 2014 Results
Number of major outreach efforts	N/A	6	5	12	15	16	63	Exceeded

Responsible Division/Office: Office of Compliance Inspections and Examinations

Data Source: Internal tracking, although the events noted above are referenced on the SEC'S Website at *www.sec.gov/ocie*.

While the agency did not meet its targets for the percentage of investment companies examined during the year, the agency did exceed its targets for percentage of investment advisers and broker dealers examined during the year (Performance Goal 2.2.1). In addition, examination resources in FY 2014 were allocated to other efforts intended to improve long-term performance, including industry outreach initiatives, rulemaking efforts and other program improvements.

PERFORMANCE GOAL 2.2.1 Percentage of investment advisers, investment companies, and broker-dealers examined during the year								
Description: This metric indicates the number of registrants examined by the SEC or an SRO as a percentage of the total number of registrants. This metric includes all types of examinations: risk priority examinations, cause inspections to follow up on tips and complaints, limited-scope special inspections to probe emerging risk areas, and oversight examinations of broker-dealers to test compliance and the quality of examinations by FINRA.								
Fiscal Year	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014 Plan**	**FY 2014 Actual**	**FY 2014 Results**
Investment advisers	10%	9%	8%	8%	9%	9%	10%	Exceeded
Investment companies	29%	10%	13%	12%	11%	12%	10%	Not Met
Broker-Dealers (exams by SEC and SROs)	54%	44%	58%	49%	46%	48%	49%	Exceeded
Responsible Division/Office: Office of Compliance Inspections and Examinations								
Data Source: Tracking and Reporting Exam National Documentation System (TRENDS), Commission Filings, and SRO Databases (BD SRO Data)								
Plan for Improving Program Performance: During FY 2015, staff will continue to implement improved processes and procedures that have been identified as part of OCIE's ongoing improvement process. Significant improvement initiatives in the areas of strategy, people, processes, and technology have been completed in the last few years or are currently underway. The agency expects that these improvements, which include enhancements to the exam program's risk assessment processes, will lead to more effective coverage of registered entities. Furthermore, certain targeted initiatives aimed at high risk firms and activities have already been implemented and it is anticipated that these efforts will result in improved coverage levels in FY 2015.								

Filing enforcement actions in a timely manner is an important measure of the Division of Enforcement's (Enforcement) effectiveness. In FY 2014, the average months between opening a matter under inquiry (MUI) or investigation and commencing an enforcement action was 21 months, which is the same as the prior fiscal years (Performance Goal 2.3.3). Timely actions have an increased deterrent impact. However, many of Enforcement's cases are complex and can take extended periods of time to develop successfully, which will negatively impact the timeliness of actions.

PERFORMANCE GOAL 2.3.3 Average months between opening a matter under inquiry or an investigation and commencing an enforcement action								
Description: This metric captures the average number of months between the opening of an investigation and the filing of the first enforcement action arising out of that investigation. If the investigation was preceded by a matter under inquiry, the metric draws on the date of opening of the matter under inquiry. In conducting investigations, the enforcement program continually strives to balance the need for complete, effective, and fair investigation with the need to file enforcement actions in as timely a manner as possible. While not all investigations result in the filing of enforcement actions, this metric provides information concerning the pace of investigations that do lead to such actions.								
Fiscal Year	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014 Plan**	**FY 2014 Actual**	**FY 2014 Results**
Months	N/A	N/A	22	21	21	20	21	Not met
Responsible Division/Office: Division of Enforcement								
Data Source: HUB case management and tracking system for the Division of Enforcement								
Plan for Improving Program Performance: To achieve its goal of 20 months on this metric, Enforcement will continue to look for ways to manage investigations effectively in order to promote speed and efficiency while maintaining an appropriate degree of thoroughness and completeness. Enforcement will strive to improve through effective management of cases, as well as by leveraging various processes and initiatives designed to promote efficiencies in investigations, such as technology, training, and regular case assessments. Enforcement leadership also will encourage appropriate use of tools such as subpoena enforcement actions in order to ensure that investigations proceed on an appropriate timeframe.								

Providing investors with the information they need to avoid securities fraud and make informed investment decisions remained a high priority for the agency in FY 2014. The SEC's Office of Investor Education and Advocacy (OIEA) continued to support the agency's investor protection mission through the Investor.gov website, which provides key information for citizens to inform their investment decisions. Investor.gov attracted over one million new visitors due in part to its growing digital and social media presence, and the website's high customer satisfaction scores significantly exceeded the Federal Government benchmark (Performance Goal 3.2.3).

PERFORMANCE GOAL 3.2.3 Customer satisfaction rating of OIEA’s online investor education resources								
Description: This metric gauges the effectiveness, helpfulness, and usability of OIEA’s online investor education resources.								
Fiscal Year	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014 Plan**	**FY 2014 Actual**	**FY 2014 Results**
Satisfaction index	Prior-year data not available				81	73	83	Exceeded
Responsible Division/Office: Office of Investor Education and Advocacy								
Data Source: ForeSee results online portal								

Management Assurances

In FY 2014, the SEC demonstrated its continued commitment to maintaining strong internal controls. Internal control is an integral component of effective agency management, providing reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with laws and regulations.

Assurance Statement On Internal Control Over Operations: The SEC management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers’ Financial Integrity Act of 1982 (FMFIA). In accordance with OMB Circular A-123, the SEC conducted its annual assessment of the effectiveness of internal controls. Based on the results of the assessment for the period ending September 30, 2014, the SEC is able to provide an unqualified statement of assurance that the internal controls and financial systems, both for the agency as a whole and for the Investor Protection Fund, meet the objectives of the FMFIA. No material weaknesses were found in the design or operation of the internal controls for the fiscal year ended September 30, 2014.

Assurance Statement On Internal Control Over Financial Reporting (ICFR): In accordance with Appendix A of OMB Circular A-123, the SEC conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations. Based on the results of the assessment, the SEC is able to provide reasonable assurance that internal control over financial reporting, both for the agency as a whole and for the Investor Protection Fund, met the objectives of FMFIA and were operating effectively as of September 30, 2014. No material weaknesses were found in the design or operation of controls.

SEC also conducted reviews of its financial management systems in accordance with OMB Circular A-123 Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA)*. Based on the results of these reviews, SEC can provide reasonable assurance that its financial management systems substantially comply with the requirements of the FFMIA as of September 30, 2014.

Summary of Financial Statement Audit

Audit Opinion: Unmodified

Restatement: No

INDEPENDENT AUDITOR’S INTERNAL CONTROL FINDINGS

Category	FY 2014 Audit Finding
Material Weaknesses	None
Significant Deficiency	Accounting for Disgorgement and Penalties

For FY 2014, our independent auditor, the U.S. Government Accountability Office (GAO), has issued an unmodified opinion on our financial statements and internal controls. In addition, the SEC successfully downgraded the severity of the one significant deficiency from FY 2013 related to internal controls over information technology security. However for FY 2014, the SEC had one significant deficiency in the area of accounting for disgorgements and penalties. We found that judgments and orders were not always getting recorded into the accounting records on a timely basis. Therefore, the SEC enhanced the controls in this area late in the fiscal year to address the timely recording of transactions. The Office of Financial Management has begun working more regularly with the agency’s case management specialists, who have deep institutional knowledge with respect to individual cases. We expect the ongoing communication to help ensure proper recording of judgments and orders. This will continue to be an area of focus for us in FY 2015.

Looking Forward FY 2015

In FY 2015, the SEC will continue to promote policies and programs to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The agency will continue to build upon its robust enforcement and examination programs using innovative data analysis and cutting-edge technology. The SEC will also continue to make progress on important rulemakings – both those mandated by Congress and those that cover other mission-critical areas – and will push forward on initiatives to strengthen the resiliency and operational integrity of our securities markets. In FY 2015, the SEC will also strive to enhance its operations, bolster its investor outreach and use sophisticated data analytics to improve its efficiency and effectiveness.

In the coming fiscal year, the Commission will seek to complete the remaining major rulemakings required by the Dodd-Frank and JOBS Acts. The SEC will also continue to focus on discretionary rulemaking in areas of critical importance for investors and other market participants, including equity and fixed income market structure, asset management, and financial infrastructure.

With over 90 percent of the required rules proposed or adopted, the Commission is nearing the completion of its Dodd-Frank rulemaking in many key areas. In FY 2015, the SEC will strive to advance the final rules by:

- Continuing to implement the comprehensive regulatory framework for over-the-counter derivatives market called for by the Dodd-Frank Act;
- Accelerating the implementation of the provisions of the Dodd-Frank Act related to executive compensation;
- Seeking to adopt final rules to implement exemptions under the Securities Act for securities-based crowdfunding offerings and offerings conducted pursuant to "Regulation A+";
- Considering final amendments to enhance the Commission's ability to evaluate the development of market practices in Rule 506 offerings and to address concerns that may arise in connection with permitting issuers to engage in general solicitation and general advertising in such offerings;
- Continuing to work to implement the changes to the thresholds for registration and deregistration under Section 12(g) of the Exchange Act, which were effective immediately upon enactment of the JOBS Act; and
- Continuing to provide interpretive guidance to issuers and their advisers on the implementation and application of the JOBS Act, and review emerging practices in the securities market following the implementation of JOBS Act rules.

Beyond these statutory mandates, the SEC will continue to develop rules for a dynamic economy that seek to facilitate capital formation while protecting investors and maintaining fair, orderly, and efficient markets. In particular, in the coming fiscal year, the SEC will:

- Continue to comprehensively review the structure of the equity markets to optimize their functioning, including through rulemaking;
- Consider significant enhancements to the risk management practices of the asset management industry; and
- Continue to work toward a stronger financial responsibility framework for broker-dealers.

Enforcement and OCIE will continue to build on their very strong results from FY 2014 by focusing on current and emerging high-priority areas, and on enhancing their use of cutting-edge technology and analytics. Enforcement's priorities for the coming year include a continued focus on complex financial products, gatekeepers, financial reporting, market structure, insider trading, investment advisers and private funds, and municipal securities. OCIE will continue to invest in and use data analytics that enable preemptive detection of risk throughout entire industries and more effective identification of fraud in examinations.

In FY 2015, the SEC will continue to look for new and innovative ways to educate investors including:

- Increasing investor education outreach to target audiences, including seniors, millennials, affinity groups, and the military to convey key investor education messages, including, among others, understanding fees, and identifying fraud;

- Using research to inform and enhance investor education initiatives, including feedback from Investor.gov's customer satisfaction survey; and
- Educating individuals about the importance of checking the registration status of an investment professional before investing.

Since FY 2013, the SEC has been working on a multi-year technology transformation plan called "Working Smarter." Under the Working Smarter initiative, the agency has worked to standardize enterprise-wide platforms, modernize SEC.gov and the EDGAR filer system, develop advanced search and discovery capabilities, and build complex, predictive analytical capabilities. In FY 2015, the agency will continue to build on this initiative in an effort to lower costs, deliver better services to both employees and the public, and increase accountability, transparency, and security.

The SEC is committed to further improving its financial systems, processes, and controls. The agency is building a financial data mart, as part of a broader SEC-wide Electronic Data Warehouse initiative. This data mart is designed to integrate data from a variety of SEC systems, facilitating financial decision-making by providing comprehensive management and financial reporting on a regular basis. The SEC also will continue to participate in the Federal government-wide deployment of a new travel system, work to replace the system supporting budget execution and formulation, and focus on reforming the systems related to filing fees and disgorgements and penalties.

The agency will continue to promote its strategic values of integrity, accountability, effectiveness, teamwork, fairness and a commitment to excellence through improving collaboration and coordination among its divisions and offices, employing new technology, and supporting the more than 4,000 talented men and women who work tirelessly to fulfill the agency's important mission.

Inspector General's Statement on Management and Performance Challenges

The Reports Consolidation Act of 2000 requires the SEC's Office of Inspector General (OIG) to identify and report annually on the most serious management challenges that the SEC faces.

The FY 2014 management challenges are:

- Regulatory Oversight
- Information Security
- Acquisition Management
- Financial Management
- Human Capital Management

The SEC remains committed to enhancing the financial and operational effectiveness of the agency and appreciates the OIG's role in the effort. The SEC has actions—taken and planned to be taken—to address each of the challenges identified by the OIG.

Fiscal Year 2014 Financial Highlights

SELECTED FINANCIAL DATA FOR FY 2014 AND FY 2013

(DOLLARS IN MILLIONS)	FY 2014	FY 2013
Total Assets	$ 10,590	$ 9,953
Total Liabilities	$ 2,900	$ 2,298
Net Position	$ 7,690	$ 7,655
Annual Net Position Change	0%	1%
Total Program Costs	$ 1,441	$ 1,331
Revenues	$ 1,906	$ 1,764
Net (Income) Cost from Operations	$ (465)	$ (433)
Total Budgetary Resources	$ 1,551	$ 1,402
Actual FTEs at Fiscal Year End	4,150	4,023

Sequestration Order for FY 2014

On March 1, 2013, the President issued the Sequestration Order for FY 2013 which reduced FY 2013 budget authority. As determined by the Office of Management and Budget (OMB), for FY 2014, the sequestration order was applicable to mandatory appropriations and spending authority from offsetting collections, which included the Reserve Fund and the Investor Protection Fund, of the SEC as follows:

Reserve Fund

The budget authority of $75 million was reduced by 7.2 percent or $5.4 million.

Investor Protection Fund

The budget authority of $90 million was reduced by 7.2 percent or $6 million.

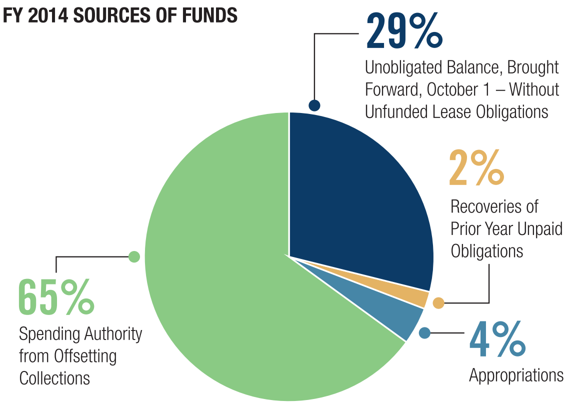
Reserve Fund

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

For the fiscal year ended September 30, 2014, filing fee revenues were $580 million. Fifty million dollars was deposited into the Reserve Fund, of which $25 million was rescinded and $5.4 million was sequestered. The excess of $530 million was earned on behalf of the U.S. Treasury General Fund.

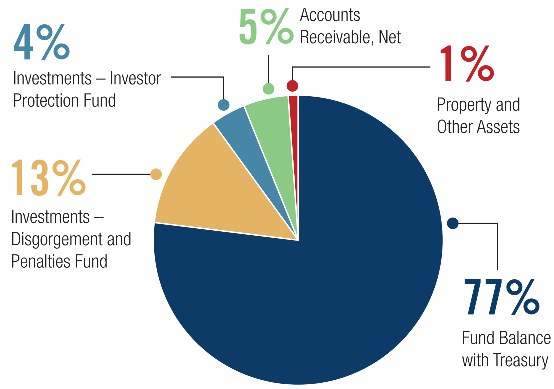
Filing fees deposited to the Reserve Fund can be used to fund the SEC's operations, create budgetary authority, and are reported as a component of Appropriations (Discretionary and Mandatory) on the SEC's Statement of Budgetary Resources. Filing fees deposited to the U.S. Treasury General Fund cannot be used to fund the SEC's operations. These amounts do not create budgetary authority, and are reported as a component of *Other Financing Sources: Other* on the SEC's Statement of Changes in Net Position.

FY 2014 SOURCES OF FUNDS

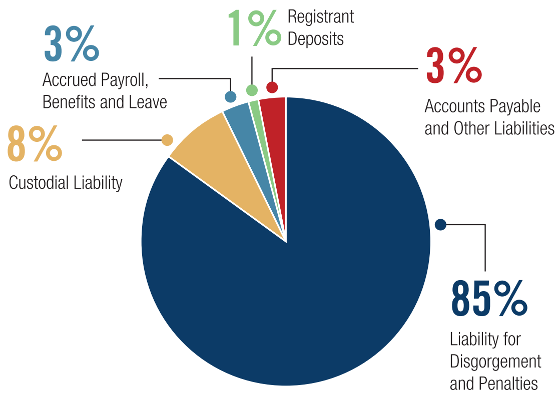


Percentages do not include the Unobligated Balance Brought Forward, October 1 – Interpretation for Lease Obligations

FY 2014 ASSETS BY TYPE



FY 2014 LIABILITIES BY TYPE

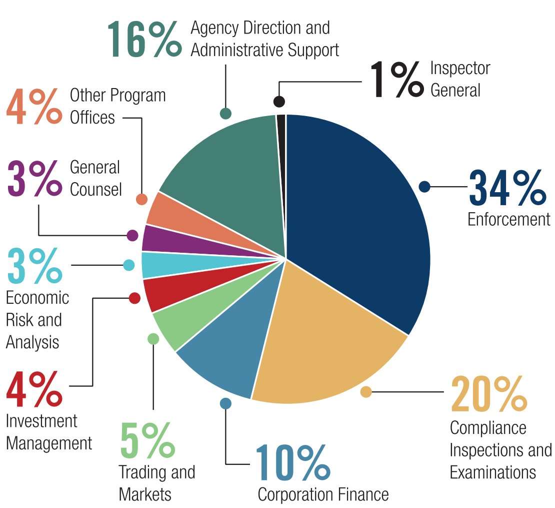


FY 2014 Program Costs

Total Program Costs were $1.4 billion for the year ended September 30, 2014, an increase of $110 million or eight percent when compared to the prior year. Salary and Benefit Expenses increased more than $91 million, because the SEC had higher expenses in the areas of Pay and Benefits as the result of increased staffing and compensation. Other Expenses remained stable when comparing FY 2014 to FY 2013, with the exception of accrued Whistleblower payments from the SEC's Investor Protection Fund, which totaled more than $25 million.

The SEC had increased expenses in the areas of personnel compensation and benefits which correlates to an increase of 127 full-time equivalent employees; information technology service contracts and licensing; capitalized and noncapitalized information systems software and hardware; and whistleblower award payments.

FY 2014 PROGRAM COSTS



Investor Protection Fund

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

INVESTOR PROTECTION FUND ACTIVITY
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

(DOLLARS IN THOUSANDS)	FY 2014	FY 2013
Balance of Fund at beginning of fiscal year, October 1	$439,197	$453,429
Amount of earnings on investments during the fiscal year	579	651
Amount paid from the Fund during the fiscal year to whistleblowers	(25,069)	(14,832)
Amount paid from the Fund during the fiscal year for expenses incurred by Employee Suggestion Program	(47)	(51)
Balance of the Fund at the end of the reporting period	**$ 414,660**	**$ 439,197**

Note: Table presented as "Dollars in Thousands" in order to detail Investor Protection Fund Activity.

U.S. SECURITIES AND EXCHANGE COMMISSION

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This report and other agency reports are available at *www.sec.gov/about/secreports.shtml*.
Please send your comments to SECAFR@sec.gov.