

MEMORANDUM

From: Caryn Kauffman *Caryn Kauffman*
Chief Financial Officer, U.S. Securities and Exchange Commission

Subject: U.S. Securities and Exchange Commission's (SEC) FY2018 Conference Report

Date: January 30, 2019

Office of Management and Budget (OMB) memorandum M-12-12, as amended by memorandum M-17-08, requires federal agencies to issue an annual report related to its conference-related expenditures for the previous fiscal year. This document constitutes the SEC's report for Fiscal Year (FY) 2018.

The SEC has put in place policies and procedures governing the approval and use of agency funds for conference expenses, to ensure that such spending is legal, reasonable, and in furtherance of the agency's mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. At a high level, the major steps in this process are as follows:

1. All SEC division/office requests to spend money on hosting a conference must be approved by the division/office head or his/her designee. Divisions and offices are required to use SEC facilities for such events whenever possible, to minimize space rental and equipment costs. In order to limit expenses for meals or refreshments, the SEC uses per diem rates established for the federal government as the ceiling for any such costs, except when higher rates are unavoidable or otherwise justified. The acquisition of any goods, services, or meeting space is subject to the applicable policies and regulations which govern these areas.
2. When a request for funds is necessary and has received approval from the division/office head, it is reviewed by staff in the Office of Financial Management (OFM) to ensure the expenses are permissible under the applicable policies and regulations. OFM has implemented an automated system for the submission, review, and approval of all SEC conference requests that enables OFM to monitor and control conference spending, as well as record actual conference spending after a conference has been held.
3. Each request must receive final approval from designated officials according to the total projected cost. These designations comply with OMB Memorandum 12-12.
4. The SEC is reporting conferences which meet thresholds defined in P.L. 115-141 Division E, Title VII, Sections 739 (a), (b), and (c), to the SEC's Office of Inspector General via separate correspondence.

For FY 2018, the SEC authorized 97 conferences (including training conferences) with costs totaling \$884,759.

Conferences over \$100,000:

In FY 2018, the SEC authorized two conferences costing greater than \$100,000, which are described below:

A. 2018 Chief Enforcement Conference (CEC), SEC Headquarters, Washington DC, September 25-26, 2018

- Cost incurred¹: \$165,194
- Number of attendees: 209 (207 SEC attendees and 2 non-SEC attendees)

The Enforcement Division (Enforcement) conducts investigations into potential violations of the federal securities laws, litigates actions, negotiates settlements, and coordinates with the Commission and other SEC divisions and offices regarding the national enforcement program. Because Enforcement staff are located in Washington, DC and 11 regional offices, periodic gatherings of Enforcement leaders help to ensure an efficient, well-coordinated national program. The 2018 Chief Enforcement Conference (CEC) was held at SEC Headquarters in Washington, D.C. on September 25 and 26, 2018. CEC served as a strategic planning and training session for Enforcement’s senior managers and provided an important opportunity for attendees to discuss relevant enforcement topics with the Chairman and participating Commissioners.

B. 2018 Leadership Conference, SEC Headquarters, Washington, DC, July 26-27, 2018

- Cost incurred¹: \$219,658
- Number of attendees: 261 attendees (261 SEC employees)

The Office of Compliance Inspections and Examinations (OCIE) conducts the National Examination Program and focuses on improving compliance with the federal securities laws, preventing fraud, informing policy, and monitoring risk. Because examination program staff are located in Washington, DC and 11 regional offices, periodic gatherings of examination program leaders help to ensure an efficient, well-coordinated national program. On July 26 and 27, 2018, OCIE held its leadership conference at SEC Headquarters in Washington DC, which focused on initiatives to increase OCIE’s capabilities. The conference gathered SEC managers from across the National Examination Program to collaborate on strategic planning and to provide training. It included presentations and discussions on risk assessment tools and procedures, implementation of new requirements, and increasing OCIE’s collaboration with other Commission offices and divisions.

¹ Figures reported in whole dollars.