

U.S. Securities and Exchange Commission

**National Exam Analytic Tool (NEAT)
PRIVACY IMPACT ASSESSMENT (PIA)**



July 29, 2022

Division of Examinations

Privacy Impact Assessment

National Exam Analytic Tool (NEAT)

Section 1: System Overview

1.1 Name of Project or System

National Exam Analytic Tool (NEAT)

1.2 Is the system internally or externally hosted?

- Internally Hosted (SEC) Division of Examinations (EXAMS)
- Externally Hosted (Contractor or other agency/organization)

1.3 Reason for completing PIA

- New project or system
- This is an existing system undergoing an update
- First 6/26/2015
developed:
- Last updated: 08/31/2021
- Description The update adds new and updated reports.
of update:

1.4 Does the system or program employ any of the following technologies?

- Electronic Data Warehouse (EDW)
- Social Media
- Mobile Application (or GPS)
- Cloud Computing Services
- Web Portal
- None of the Above

Section 2: Authority and Purpose of Collection

2.1 Describe the project and its purpose or function in the SEC's IT environment

The EXAMS National Exam Program (NEP) conducts examinations of regulated entities to promote compliance, prevent fraud, identify risk, and inform policy. NEAT, in conjunction with the NEP's examination process, supports the NEP National Priorities objective of "Using our evolving ability to analyze data to identify and examine registrants that may be engaged in illegal activity."

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Examiners import registrant trade blotters and account/client information into the NEAT, which helps the examiner to transform, normalize, validate, and analyze the data for possible security violations and money laundering.

NEP Examinations consist of reviewing registrants' trade blotter activity for security regulations violations and movements of funds for possible money laundering. NEAT provides SEC examiners with a big data tool to facilitate data analysis for examinations, increases the depth, breadth and consistency of data analysis in examinations, and facilitates the examiner's ability to analyze large registrant trade blotters as follows:

- Transformation & normalization of large, disparate data; up to 25 million transactions
- Match-up and validation of registrant-provided data against historical market data
- Aggregations, summaries and visuals to gain more insight from the data
- Identification and reports on the data for possible security violations

NEAT does not look for money laundering targeting a specific person but looks through thousands or millions of transactions from a registrant to see if there is an adequate anti-money laundering (AML) program set up. NEAT reports include all the registrant's transactions and account information. Report data is aggregated and filtered for specific money laundering scenarios, to evaluate the effectiveness of the registrant's anti-money laundering compliance program.

2.2 What specific legal authorities, arrangements, and/or agreements allow the information to be collected?

NEAT does not collect information directly from individuals. However, the underlying legal authorities for the collection of the source data sets are the Securities Exchange Act of 1934, 15 U.S.C. 78a et seq., The Investment Company Act of 1940, 80a-1 et seq., and The Investment Advisers Act of 1940, 80b-1 et seq.

2.3 Does the project use, collect, or maintain Social Security numbers (SSNs)? *This includes truncated SSNs.*

- No
 Yes

If yes, provide the purpose of collection:

Information is collected pursuant to SEC's examination authorities outlined under the various securities laws, 15 U.S.C. 78a et seq., 80a-1 et seq., and 80b-1 et seq. SSN may be contained in client lists, client account statements or trade blotters that are routinely reviewed as part of an exam. The Securities Exchange Act of 1934, 15 U.S.C. 78a et seq., The Investment Company Act of 1940, 80a-1 et seq., and The Investment Advisers Act of 1940, 80b-1 et seq.

If yes, provide the legal authority:

2.4 Do you retrieve data in the system by using a personal identifier?

- No
 Yes, a SORN is in progress
 Yes, there is an existing SORN

2.5 Is the information covered by the Paperwork Reduction Act of 1995 (PRA)?

- No
 Yes

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2.6 Considering the purpose of the collection, what privacy risks were identified and how were those risks mitigated?

NEAT is an analysis tool only and not a source system for collecting PII. PII is only used in NEAT when money laundering analysis performed. Therefore, the risk to privacy is minimal because only authorized EXAMS users have access to NEAT money laundering analysis.

Section 3: Data Collection, Minimization, and Retention

3.1 What information is collected, maintained, used, or disseminated about individuals? *Check all that apply.*

The system does not collect, maintain, use, or disseminate information about individuals.

Identifying Numbers

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Social Security Number | <input type="checkbox"/> Alien Registration | <input type="checkbox"/> Financial Accounts |
| <input checked="" type="checkbox"/> Taxpayer ID | <input type="checkbox"/> Driver's License Number | <input checked="" type="checkbox"/> Financial Transactions |
| <input type="checkbox"/> Employee ID | <input type="checkbox"/> Passport Information | <input type="checkbox"/> Vehicle Identifiers |
| <input type="checkbox"/> File/Case ID | <input type="checkbox"/> Credit Card Number | <input type="checkbox"/> Employer ID |
| <input type="checkbox"/> Other: | | |

General Personal Data

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Name | <input checked="" type="checkbox"/> Date of Birth | <input type="checkbox"/> Marriage Records |
| <input type="checkbox"/> Maiden Name | <input type="checkbox"/> Place of Birth | <input checked="" type="checkbox"/> Financial Information |
| <input checked="" type="checkbox"/> Alias | <input checked="" type="checkbox"/> Home Address | <input type="checkbox"/> Medical Information |
| <input checked="" type="checkbox"/> Gender | <input checked="" type="checkbox"/> Telephone Number | <input type="checkbox"/> Military Service |
| <input checked="" type="checkbox"/> Age | <input type="checkbox"/> Email Address | <input type="checkbox"/> Mother's Maiden Name |
| <input type="checkbox"/> Race/Ethnicity | <input type="checkbox"/> Education Records | <input type="checkbox"/> Health Plan Numbers |
| <input type="checkbox"/> Civil or Criminal History | <input checked="" type="checkbox"/> Zip Code | |
| <input type="checkbox"/> Other: | | |

Work-Related Data

- | | | |
|---|---|--|
| <input type="checkbox"/> Occupation | <input type="checkbox"/> Telephone Number | <input checked="" type="checkbox"/> Salary |
| <input type="checkbox"/> Job Title | <input type="checkbox"/> Email Address | <input type="checkbox"/> Work History |
| <input type="checkbox"/> Work Address | <input type="checkbox"/> Certificate/License Number | <input type="checkbox"/> Business Associates |
| <input type="checkbox"/> PIV Card Information | <input type="checkbox"/> Fax Number | |
| <input type="checkbox"/> Other: | | |

Distinguishing Features/Biometrics

- | | | |
|--|---|--|
| <input type="checkbox"/> Fingerprints | <input type="checkbox"/> Photographs | <input type="checkbox"/> Genetic Information |
| <input type="checkbox"/> Voice Recording | <input type="checkbox"/> Video Recordings | <input type="checkbox"/> Voice Signature |
| <input type="checkbox"/> Other: | | |

System Administration/Audit Data

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> User ID | <input checked="" type="checkbox"/> Date/Time of Access | <input type="checkbox"/> ID Files Accessed |
| <input checked="" type="checkbox"/> IP Address | <input checked="" type="checkbox"/> Queries Ran | <input type="checkbox"/> Contents of Files |
| <input type="checkbox"/> Other: | | |

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3.2 Why is the PII is listed in Question 3.1 collected, used, shared, or maintained by the system or project?

In general, NEAT exam analysis does not involve PII. However, PII (initially collected in TRENDS Cloud) may be used in NEAT for money laundering analysis.

3.3 Whose information may be collected, used, shared, or maintained by the system?

- SEC Employees
Purpose: System administration and audit as identified in section 3.1.
- SEC Federal Contractors
Purpose: System administration and audit as identified in section 3.1.
- Members of the Public
Purpose: Information may be used (not collected) in NEAT for money laundering analysis.

3.4 Describe the PII minimizing mechanisms and if the PII from the system is being used for testing, training, and/or research efforts.

When PII is required for NEAT analysis, a Data Request Template is used to request specific, limited data fields from the registrant. For example, the template asks for year of birth (not date of birth) so that the application can determine the age of the account holder. NEAT does not use PII or live data for testing, training, or research.

3.5 Has a retention schedule been established by the National Archives and Records Administration (NARA)?

- No.
Data stored in NEAT are not official records. The official system of record for collected registrant data is TRENDS Cloud.

3.6 What are the procedures for identification and disposition at the end of the retention period?

Not applicable.

3.7 Will the system monitor members of the public, employees, and/or contractors?

- N/A
- Members of the Public
Purpose:
- SEC Employees
Purpose:
- SEC Federal Contractors
Purpose:

3.8 Considering the type of information collected, what privacy risks were identified and how were those risks mitigated?

The majority of analysis performed using NEAT does not involve PII; the exception being money laundering analysis. Therefore the risk to privacy is minimal. Access control is used to restrict access to NEAT to only authorized EXAMS users who need to use the tool to perform their job duties.

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Section 4: Openness and Transparency

4.1 What forms of privacy notice were provided to the individuals prior to collection of data?

Check all that apply.

- Privacy Act Statement
- System of Records Notice
SORN SEC-25, Information Pertaining or Relevant to SEC Regulated Entities and Their Activities is not provided to individuals prior to collection, but is published in the Federal Register and available on the SEC's website, www.sec.gov.
85 FR 85440 (January 27, 2021)
- Privacy Impact Assessment
The NEAT PIA is not provided to individuals prior to collection, but is available on the SEC's [website, www.sec.gov](http://www.sec.gov)
Date of Last Update: December 20, 2016

4.2 Considering the method(s) of notice provided what privacy risks were identified regarding adequate notice and how were those risks mitigated?

The primary privacy risk identified is that individuals may not be aware that their information is being collected in NEAT without an opportunity for them to consent to use of their information. This risk is mitigated by the publishing 1/SORN SEC-25, which authorizes the original collection of information; 2/the PIA for the source system, i.e., TRENDS Cloud; and 3/this PIA, which provide adequate notice to individuals regarding information collection purpose and use.

Section 5: Limits on Uses and Sharing of Information

5.1 What methods are used to analyze the data?

Examiners import registrant Comma Separated Values (CSV) files into the NEAT database for analysis. The NEAT Data Analytics server retrieves market data, from third-party data source Interactive Data Corporation (IDC), into the database. An examiner generates reports against the data to analyze for financial security violations and money laundering. The analysis process does not derive new data about an individual, nor does it create new records or place data into the individual's existing records.

5.2 Will internal organizations have access to the data?

- No
- Yes
Organizations: All SEC Divisions and Offices. However, data is not shared between Divisions and Offices unless there is a business need and permission to share data is given.

5.3 Describe the risk to privacy from internal sharing and describe how the risks are mitigated.

Although NEAT is available to all SEC Divisions and Offices, risk from internal sharing is minimal because PII is generally not used in NEAT (except for analysis involving money laundering) and NEAT data is not shared between authorized users in Divisions and Offices unless there is a business need and permission has been given to share the data.

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5.4 Will external organizations have access to the data?

- No
 Yes

Organizations:

5.5 Describe the risk to privacy from external sharing and describe how the risks are mitigated.

There is no risk to privacy from external sharing because data is not shared externally.

Section 6: Data Quality and Integrity

6.1 Is the information collected directly from the individual or from another source?

- Directly from the individual.
 Other source(s): SEC registrants' trade blotters and client account lists, TRENDS Cloud, and the Interactive Data Corporation (IDC).

6.2 What methods will be used to collect the data?

NEAT does not collect data directly from individuals but uses a direct ODBC connection to a database to electronically retrieve data. Historical financial security data is pulled into NEAT via the IDC. As discussed in section 3.4, a Data Request template is used to obtain specific PII, when needed for analysis, from the registrant. The template is sent to the registrant using secure email or Accellion. The registrant uses the same transmission method to return the template with the requested information to the examiner.

6.3 How will the data collected from individuals, or derived by the system, be checked for accuracy and completeness?

Examiners check data for accuracy and completeness by validating data against registrant data and third party market activity, known as public data, to ensure activities match information provided by the registrant. Data exception reports are generated to identify incomplete, inaccurate, or conflicting data. In addition, examiners make case data normalization selections in NEAT using drop-down menus to ensure market and registrant data is mapped and interpreted correctly for analysis. This case data normalization is an automated process but gives the NEAT user the ability to override NEAT's mappings and interpretations to ensure accuracy.

6.4 Does the project or system process, or access, PII in any other SEC system?

- No
 Yes.

System(s): TRENDS Cloud (uses PII for money laundering analysis)

6.5 Consider the sources of the data and methods of collection and discuss the privacy risk for this system related to data quality and integrity? How are these risks mitigated?

The primary risk to privacy is incomplete or inaccurate information can result in incorrect decisions by regulators and reputational loss to the regulated entity. This risk is mitigated by examiner verification of data for accuracy and completeness as described in section 6.3.

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Section 7: Individual Participation

7.1 What opportunities are available for individuals to consent to uses, decline to provide information, or opt out of the project? If no opportunities are available to consent, decline or opt out, please explain.

NEAT does not collect information directly from individuals; information is obtained from the Cloud. Opportunities to consent, decline, or opt out of the collection of information in NEAT are available at the point of collection of the information and in accordance with the applicable SORN for the source systems.

7.2 What procedures are in place to allow individuals to access their information?

Individuals seeking access to their information in a source system that provides information to NEAT, may submit a request in writing to the FOIA/PA Officer, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-2736 or email request to foiapa@sec.gov.

7.3 Can individuals amend information about themselves in the system? If so, how?

Individuals seeking to amend their information in a source system that provides information to NEAT, cannot directly amend information about themselves in NEAT. However, individuals may submit a request in writing to the FOIA/PA Officer, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-2736 or email request to foiapa@sec.gov.

7.4 Discuss the privacy risks related to individual participation and redress? How were these risks mitigated?

The primary risks are lack of access to information and inability to seek redress and correction. This risk is mitigated by providing individual access or correction of the records as expressly permitted by the Privacy Act from the source system. Request may be submitted to the address in 7.2.

Section 8: Security

8.1 Can the system be accessed outside of a connected SEC network?

- No
 Yes
- If yes, is secured authentication required? No Yes Not Applicable
- Is the session encrypted? No Yes Not Applicable

8.2 Does the project or system involve an online collection of personal data?

- No
 Yes
Public
URL:

8.3 Does the site have a posted privacy notice?

- No
 Yes
 N/A

Section 9: Accountability and Auditing

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9.1 Describe what privacy training is provided to users, either general or specific to the system or project.

All SEC staff and contractors receive initial and annual privacy awareness training, which outline the roles and responsibilities for proper handling and protection of PII. SEC Rules of the Road ensure that employees and contractors are aware of their security responsibilities and how to fulfill them.

9.2 Does the system generate reports that contain information on individuals?

- No
- Yes

NEAT generates reports, which may contain information on individual securities trading and possible money laundering activities.

9.3 Do contracts for the system include Federal Acquisition Regulation (FAR) and other applicable clauses ensuring adherence to the privacy provisions and practices?

- No
- Yes
- This is not a contractor operated system

9.4 Does the system employ audit logging or event logging?

- No
- Yes

9.5 Given the sensitivity of the PII in the system, manner of use, and established safeguards, describe the expected residual risk related to access.

Residual risk to access is minimal because most exams, with the exception of those involving money laundering, do not involve PII. Role based access control limits access to authorized SEC staff and contractors. NEAT is not accessible outside of the SEC network. In addition, other security mechanisms are implemented on the SEC network to safeguard NEAT.