



July 23, 2018

Ms. Nicole Puccio, Branch Chief
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-2521

RE: Draft Strategic Plan 2018-2022

Dear Ms. Puccio:

SAS, the largest privately held software company in the world, appreciates the opportunity to provide comments on the U.S. Securities and Exchange Commission's (SEC) draft Strategic Plan for Fiscal Years 2018-2022 ("Draft Plan"). Strategic planning is an important part in managing the priorities of any large organization, and we applaud the SEC for highlighting several objectives and goals that acknowledge how data analytics can be integrated into the agency's core functions. As an industry leader in data management and business analytics since 1976, SAS has extensive expertise on this issue as well as in derivative fields such as machine learning, data visualization and predictive analytics. This comment letter highlights areas we believe the SEC should consider as it finalizes its Draft Plan.

Data analytics have helped organizations better understand their business drivers and create answers to complex problems for more than 40 years. For most of that time, many organizations relied heavily on data scientists to parse, clean, and develop static models using historical data, providing retrospective insight into events that had already occurred. For many decades, the SEC has used a similar approach to integrating data analytics into its work, from analyzing historic events such as the flash crash of 2010, to conducting forensic analyses of potential fraudulent activity.

Today, new analytic tools and technologies are available that can turn data into real-time business intelligence available to every user within an organization. For example, using predictive modeling, an organization can use historical data to help identify risky or fraudulent behavior before it occurs. For organizations that are overwhelmed with data, machine learning and text analytic tools can be used to quickly comb through vast quantities of data to identify events that meet user-defined criteria—helping to identify the proverbial needle in a haystack. Taken together, these new tools can help government agencies make more informed decisions, better leverage existing resources, and identify potential sources of risk and fraud.

As such, we commend the SEC for recognizing that improved data analytics can further enhance its mission. As the Draft Plan notes, "the SEC must find ways to use data and technology to uncover risks to the markets and investors, as well as to conduct activities more efficiently." However, data analytics can also play a critical role in attaining the following additional goals identified in the Draft Plan:

- 1.1 Enhance our understanding of the channels retail and institutional investors use to access our capital markets to more effectively tailor our policy initiatives;

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- 1.3 Pursue enforcement and examination initiatives focused on identifying and addressing misconduct that impacts retail investors; and,
- 2.1 Expand market knowledge and oversight capabilities to identify, understand and respond effectively to market developments and risks.

We recommend that the SEC consider integrating data analytics as part of each of these goals and include those considerations in the final version of the strategic plan. Specific examples might include how data analytics and predictive modeling can play a role in monitoring the \$82 trillion in securities trading annually on U.S. equities markets, the role of data analytics in studying the impacts of the evolving nature of U.S. market structure and technology shifts such as high-speed trading, and ways in which data analytics can improve the enforcement of misconduct and fraud.

We also note that the Draft Plan highlights the need for the SEC to both “effectively deploy” and “stretch [your] resources further for the benefit of [your] mission.” We recommend that the final version of the strategic plan specifically consider ways in which visual text analytics and data management can improve the effectiveness of the SEC’s operations. For example, as the Draft Plan notes, the SEC must be selective in which of the disclosures and financial statements of approximately 4,300 exchange-listed public companies that it reviews. While we expect that the SEC already has a rigorous process in place for conducting its work, an enhanced role of sophisticated visual text analytics may further improve the ability of the SEC to identify those disclosures most appropriate for review, with fewer human capital resources.

We appreciate this opportunity to submit comments on the Draft Plan and would be happy to submit any further information that you may find relevant regarding these comments.

Sincerely,

Tatanya Szeliga
Federal Affairs

About SAS

Headquartered in Cary, North Carolina, SAS is the largest privately held software company in the world. Committed to providing cutting edge analytics solutions to its customers, SAS invests an unparalleled 26% of revenue back into R&D. Our mission is to deliver superior software and services that give people the power to make the right decisions. For over 40 years, SAS has established itself as one of the leaders in advanced analytics and data management, a standard that has been repeatedly recognized by independent third-party researchers, including Gartner and Forrester Research.¹

¹ See https://www.sas.com/en_us/news/analyst-viewpoints/forrester-names-sas-leader-in-ai-based-text-analytics-platforms.html and https://www.sas.com/en_us/news/analyst-viewpoints/gartner-magic-quadrant-for-data-science-platforms.html.