

**The U.S. Securities and Exchange Commission Compliance Plan
for OMB Memorandum M-24-10
September 2024
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1. STRENGTHENING AI GOVERNANCE

A. General

- Describe any planned or current efforts within your agency to update any existing internal AI principles, guidelines, or policy to ensure consistency with M-24-10.

The U.S. Securities and Exchange Commission (SEC) plans to establish a working group to review existing internal policies and update them where appropriate to address OMB's Memorandum on Advancing Governance, Innovation, and Risk Management for Agency Use of Artificial Intelligence (M-24-10). In the interim, the SEC has provided guidance to staff related to discrete aspects of AI usage.

B. AI Use Case Inventories

- Describe your agency's process for soliciting and collecting AI use cases across all subagencies, components, or bureaus for the inventory. Please address how your agency plans to ensure your inventory is comprehensive, complete, and encompasses updates to existing use cases.

The SEC is developing templates for divisions and offices to document their AI use cases. In addition, the SEC has created a working group of senior leaders from across the agency to engage on AI-related matters. In coordination with this working group, the SEC plans to ask each division and office to certify annually to the Chief Artificial Intelligence Officer (CAIO) that its list of AI use cases is complete.

C. Reporting on AI Use Cases Not Subject to Inventory

- Describe your agency's process for soliciting and collecting AI use cases that meet the criteria for exclusion from being individually inventoried, as required by Section 3(a)(v) of M-24-10. In particular, explain the process by which your agency determines whether a use case should be excluded from being individually inventoried and the criteria involved for such a determination.

The SEC plans to ask divisions and offices to report each of their AI use cases and identify those use cases whose sharing would be inconsistent with applicable law and governmentwide policy. For any use case proposed for exclusion from reporting, the SEC plans to work with the respective division or office, the Office of the General Counsel, and any other appropriate parties to evaluate the request and determine if exclusion would be appropriate under Section 3(a)(v) of M-24-10.

- Identify how your agency plans to periodically revisit and validate these use cases. In particular, describe the criteria that your agency intends to use to determine whether an AI use case that previously met the exclusion criteria for individual inventorying should subsequently be added to the agency’s public inventory.

Annually, the SEC plans to ask divisions and offices to review any of their AI use cases that were not reported in accordance with Section 3(a)(v) of M-24-10 and validate that the determination continues to be appropriate.

2. ADVANCING RESPONSIBLE AI INNOVATION

A. Removing Barriers to the Responsible Use of AI

- Describe any barriers to the responsible use of AI that your agency has identified, as well as any steps your agency has taken (or plans to take) to mitigate or remove these identified barriers. In particular, elaborate on whether your agency is addressing access to the necessary software tools, open-source libraries, and deployment and monitoring capabilities to rapidly develop, test, and maintain AI applications.

The SEC plans to establish a working group that will be responsible for identifying any barriers to the responsible use of AI, including with respect to IT infrastructure, data practices, and cybersecurity processes. The working group plans to discuss any identified barriers and recommendations with the CAIO and other appropriate stakeholders.

- Identify whether your agency has developed (or is in the process of developing) internal guidance for the use of generative AI. In particular, elaborate on how your agency has established adequate safeguards and oversight mechanisms that allow generative AI to be used in the agency without posing undue risk.

The SEC has issued preliminary guidance to staff on the use of AI chatbots. The SEC plans to develop additional guidance on the use of generative AI. The SEC also plans to establish a working group to develop safeguards and oversight mechanisms for the agency’s use of generative AI.

B. AI Talent

- Describe any planned or in-progress initiatives from your agency to increase AI talent. Reference any hiring authorities that your agency is leveraging, describe any AI focused teams that your agency is establishing or expanding, and identify the skillsets or skill levels that your agency is looking to attract. If your agency has designated an AI Talent Lead, identify which office they are assigned to.

The SEC continues to take steps to ensure that it has the talent needed to respond to emerging needs associated with advancements in AI. As part of this effort, we have allocated staff to support the SEC’s CAIO. We have also conducted a review of the position descriptions for key occupational series where AI-related requirements may be important. We have engaged with stakeholders and assessed position descriptions established for the Information Management

Series (2210), Mathematician Series (1520), Data Science Series (1560), Operations Research Series (1515), and Statistician Series (1530).

The SEC has hired or reassigned staff to these newly established AI position descriptions. The SEC will continue to assess emerging needs for AI positions and other position specialties may be evaluated and established in the future.

The SEC is looking to attract individuals with skills or expertise in applications of predictive analytics, financial risk management, natural language processing, quantitative/qualitative analysis, and financial modeling at the mid to senior level. To help attract these individuals, the SEC has expanded its outreach efforts to establish partnerships with AI-Jobs.net and the Association for the Advancement of Artificial Intelligence, which are organizations/associations that offer job board postings, publications, professional development, and sponsors conferences, symposia, and workshops for AI educational programs. The SEC also plans to leverage new hiring authorities, such as the AI Talent Surge Authority, established by the U.S. Office of Personnel Management to target AI positions.

The SEC has designated an AI Talent Lead who is assigned to the Office of Human Resources.

- If applicable, describe your agency’s plans to provide any resources or training to develop AI talent internally and increase AI training opportunities for Federal employees. In particular, reference any role-based AI training tracks that your agency is interested in, or actively working to develop (e.g., focusing on leadership, acquisition workforce, hiring teams, software engineers, administrative personnel or others).

SEC University (SECU) collaborates with divisions and offices to assess and address AI and financial technology (FinTech) learning needs. SECU has created an AI learning channel in a third-party online learning platform, where divisions and offices can take online training classes on topics such as understanding generative AI and large language models. SECU is also conducting multiple cohorts of Python training for data scientists and programmers and is partnering with the SEC’s Strategic Hub for Innovation and Financial Technology to develop eLearning modules related to the use of FinTech within the securities industry. Additionally, the SEC plans to leverage the General Services Administration (GSA) Training Series currently being conducted by the GSA AI Community of Practice.

C. AI Sharing and Collaboration

- Describe your agency’s process for ensuring that custom-developed AI code—including models and model weights—for AI applications in active use is shared consistent with Section 4(d) of M-24-10.

The SEC plans to establish a working group to develop a process for sharing custom-developed AI code, models, and model weights for AI applications that are in active use. The SEC plans to share this information in accordance with Section 4(d) of M-24-10.

- Elaborate on your agency’s efforts to encourage or incentivize the sharing of code, models, and data with the public. Include a description of the relevant offices that are responsible for coordinating this work.

The SEC's CAIO and the staff supporting the CAIO plan to coordinate with offices and divisions to develop and implement capabilities to share code, models, and data with the public consistent with Section 4(d) of M-24-10.

D. Harmonization of Artificial Intelligence Requirements

- Explain any steps your agency has taken to document and share best practices regarding AI governance, innovation, or risk management. Identify how these resources are shared and maintained across the agency.

The SEC's CAIO has engaged with senior leaders from across the agency on AI-related matters such as governance and risk management. The SEC's CAIO will also advise on AI policy and promote AI best practices through mechanisms that may include share-outs, blog posts, featured projects, or the creation of an internal site where staff can document and share best practices regarding AI.

3. MANAGING RISKS FROM THE USE OF ARTIFICIAL INTELLIGENCE

A. Determining Which Artificial Intelligence Is Presumed to Be Safety-Impacting or Rights Impacting

- Explain the process by which your agency determines which AI use cases are rights-impacting or safety-impacting. In particular, describe how your agency is reviewing or planning to review each current and planned use of AI to assess whether it matches the definition of safety-impacting AI or rights-impacting AI, as defined in Section 6 of M-24-10. Identify whether your agency has created additional criteria for when an AI use is safety-impacting or rights-impacting and describe such supplementary criteria.

The SEC is developing a detailed AI use case template that includes questions about how the proposed AI will be used, and whether such use involves safety-impacting or rights-impacting AI as defined in Section 6 of M-24-10. The staff dedicated to supporting the CAIO plans to review each completed template and, for any use case that appears to involve safety-impacting or rights-impacting AI, discuss such use cases with the owners and review them with the SEC's CAIO. The CAIO plans to review these use cases and consult as necessary with other stakeholders, subject matter experts, and the Office of the General Counsel to determine whether the use case constitutes safety-impacting or rights-impacting AI.

- If your agency has developed its own distinct criteria to guide a decision to waive one or more of the minimum risk management practices for a particular use case, describe the criteria.

Currently, the SEC has not developed its own distinct criteria to guide its decisions on whether to waive one or more of the minimum practices for any safety-impacting or rights-impacting AI use cases.

- Describe your agency's process for issuing, denying, revoking, tracking, and certifying waivers for one or more of the minimum risk management practices.

For any safety-impacting or rights-impacting AI use cases, the SEC's CAIO, in consultation with other relevant officials, may waive one or more of the minimum practice requirements as described in M-24-10. The SEC plans to develop a process to address the issuance, denial, revoking, tracking, and certifying of any minimum practice requirement waivers.

B. Implementation of Risk Management Practices and Termination of Non-Compliant AI

- Elaborate on the controls your agency has put in place to prevent non-compliant safety impacting or rights-impacting AI from being deployed to the public.

The SEC plans to evaluate its controls and determine if updates are needed to prevent non-compliant safety-impacting or rights-impacting AI from being deployed to the public.

- Describe your agency's intended process to terminate, and effectuate that termination of, any non-compliant AI.

The SEC plans to review its existing processes for retiring systems and applications and update them if needed to address the termination of any non-compliant AI.

C. Minimum Risk Management Practices

- Identify how your agency plans to document and validate implementation of the minimum risk management practices. In addition, discuss how your agency assigns responsibility for the implementation and oversight of these requirements.

The SEC plans to develop a process to document and validate the minimum practices for any safety-impacting or rights-impacting AI use cases. The agency also plans to address the assignment of responsibility for implementing and overseeing minimum practice requirements.