

Policy Management & Administrative Support

The policy management and administrative support staff provide the Commission and operating divisions with the necessary services to accomplish the agency's mission. Their responsibilities and activities include developing and executing management policies, formulating and communicating program policy, overseeing the allocation and expenditure of agency funds, maintaining liaison with Congress, disseminating information to the press, and facilitating Commission meetings. Administrative support services include information technology, financial, space and facilities, and human resources management.

What We Did

- Held 35 Commission meetings, during which 211 matters were considered.
 - Acted on 1,036 staff recommendations by seriatim vote.
 - Completed the EDGAR system modernization and redesigned the SEC website.
 - Awarded a lease for our new headquarters facility.
 - Restored our Northeast Regional Office that was destroyed on September 11, 2001.
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Policy Management

Commission Activities

During the 35 Commission meetings held in 2001, the Commission considered 211 matters, including the proposal and adoption of Commission rules, enforcement actions, and other items that affect the nation's capital markets and the economy. The Commission also acted on 1,036 staff recommendations by seriatim vote.

Management Activities

The Office of the Executive Director continued to promote management controls and financial integrity and to manage the agency's audit follow-up system. In addition, the staff coordinated and implemented the agency's compliance to the Government Performance and Results Act of 1993. Working closely with other senior officials, the office formulated the agency's budget submissions to the Office of Management and Budget and the Congress.

Administrative Support

Financial Operations

The SEC deposited \$2.06 billion in fees in the U.S. Treasury in fiscal 2001, of which \$127.8 million was used to directly fund the agency in 2001. Of the \$2.06 billion in total fees collected, 48% were from securities registrations; 50% were from securities transactions; and 2% were from tender offer, merger, and other filings.

The fee rate for securities registrations was established in the Securities Act of 1933 at 1/50 of 1 percent. Between 1990 and 1996, Congress annually increased this fee rate to partially offset the costs of funding the agency. In October 1996, Congress

enacted Title IV of the National Securities Markets Improvement Act (NSMIA), reducing the fee rate for fiscal 1997 to 1/33 of 1 percent and providing future annual reductions in the fee rate. The rate for fiscal 2001 was 1/40 of 1 percent. When the scheduled NSMIA reductions are fully implemented in 2007, the fee rate on securities registrations will be 1/150 of 1 percent.

The transaction fee rate on exchange-based securities was established in the Securities Exchange Act of 1934 at 1/300 of 1 percent of the total dollar value of all trades. To equalize the costs of trading across markets, NSMIA extended these transaction fees to the over-the-counter market at the same rate of 1/300 of 1 percent. This rate will be reduced to 1/800 to 1 percent in 2007 for exchange listed and over-the-counter securities.

Revenue from other filings and reports includes fees for tender offers and merger filings under section 13 of the Exchange Act.

Northeast Regional Office

The Commission's Northeast Regional Office, located at 7 World Trade Center, was destroyed on September 11, 2001. A ten-year lease for new space at the Woolworth Building, 233 Broadway, was signed on September 27, 2001. In addition, we installed a new communications and information technology (IT) infrastructure, equipped the new office, and assisted employees.

Electronic Data Gathering, Analysis and Retrieval System (EDGAR)

The three-year effort to modernize the Commission's EDGAR system was substantially completed. The modernization simplified the means by which required disclosure filings are made with the Commission. The filer software was improved, the fee collection subsystem was integrated, and the public dissemination system and data format were upgraded. The modernization created an

environment that utilizes best practices for secure transactions and data management.

www.sec.gov

The agency's website provides the public with electronic access to the EDGAR database and other information of interest to the investing public. The website was redesigned with an improved search engine navigation tool that enhances accessibility. The website continues to be a popular source of information, with 196 billion pages downloaded this year.

New Investment Adviser Information Website

Last year, the SEC partnered with the National Association of Securities Dealers Regulation to develop a web-based electronic registration and filing system for investment advisers. The Investment Advisers Registration Depository system became operational in January 2001 and, when fully implemented, will contain information on over 8,000 SEC registered advisers and an additional 15,000 state registered advisers. In September 2001, a new website was launched by the SEC and the North American Securities Administrators Association (www.adviserinfo.sec.gov) that provides public access to information contained in filings made by investment advisers.

Complaint Handling, Assignment, Response, and Tracking System (CHART)

Work progressed on the CHART system that will help our Enforcement and Investor Education and Assistance programs receive and address complaints made by the public. The public will be able to submit their complaints via the SEC website using uniquely designed electronic complaint and question forms. The CHART system will automate the receipt and management of the public's complaints and questions, greatly improving handling, assignment, response, and tracking of these items.

Information Technology Security

In response to the Government Security Act of 2000, the SEC successfully deployed intrusion detection monitors, which combined with existing centralized logs and warnings, provide near real-time notification of intrusion attempts and other security events. The SEC's IT Security Group continues to conduct security awareness audits, system assessments and certifications, and penetration testing.

Information Support Services

Improvements to agency operations continued with the award of the performance-based contract for network operations maintenance, help desk, test lab, and facilities management. This consolidated contract provides 24x7 support for the SEC's IT operations. The contractor will perform all backups and disaster recovery on a continuous basis. The contract consolidated management of operational support services and implemented service-level agreements and a measurement program to achieve specific performance targets. The contract supports all SEC locations nationwide for a seven-year period.

Space and Facilities Management

During the year, the SEC:

- Awarded to Louis Dreyfus Properties, LCC the lease for SEC's headquarters facility that will house all SEC personnel located in the District of Columbia. The lease is for 650,000 square feet commencing on December 31, 2003 in a new building located adjacent to Union Station.
- Executed or began the process for new ten-year leases or long-term lease extensions for our other ten regional and district offices.