



# Regulatory Alert

Financial Services Regulatory Insight Center



November 2018

## SEC releases new strategic four-year plan

### Key points

- The SEC released its new four-year strategic plan, as required by the Government Performance and Results Modernization Act of 2010.
- The plan covers FY2018 through FY2022 and highlights the SEC's goals and initiatives to further integrate and automate its operations, including data management practices and data and risk analytics. These efforts are intended to enhance the agency's efficiency, allocation of resources, and sensitivity to data security.
- The SEC outlines areas where it plans to expand examination coverage – inclusive of cybersecurity, penny stock trading, securities custody, market monitoring analysis, and market operations. Recognizing that cybersecurity risks have increased dramatically, the SEC expects public companies to oversee and manage their cyber risks and “appropriately” inform investors and market participants of these risks and incidents.

### Summary

The SEC released its new four-year strategic plan as required by the Government Performance and Results Modernization Act of 2010. The plan, which covers the SEC's FY2018 through FY2022, emphasizes data management, data analytics, and data privacy to provide better information to investors and enhance the agency's response to market developments. It is based around the following three goals:

#### Goal 1 – Focus on the long-term interests of

**Main Street investors:** This goal includes clarifying the distinction between investment professionals who sell securities and those who provide investment advice to help investors understand the standards of conduct that govern the investment professionals. The SEC outlined five initiatives under this goal:

- Enhance the agency's understanding of the channels retail and institutional investors use to access capital markets
- Enhance outreach, education, and consultation efforts
- Focus enforcement and examination initiatives on the misconduct that impacts retail investors, notably in securities custody and penny stock trading
- Modernize the design, delivery, and content of disclosure to allow investors access to readable, useful, and timely information
- Identify how to increase long-term, cost-effective investment options for retail investors.



**Goal 2 – Recognize significant developments and trends in the evolving capital markets and adjust SEC efforts to ensure we are effectively allocating resources:**

The four initiatives under this goal are to:

- Expand market knowledge and oversight capabilities to identify, understand, analyze, and respond to market developments and risks
- Identify and address outdated SEC rules and approaches
- Examine strategies to address cyber and other system and infrastructure risks (including examining companies for cyber management and for “appropriately” informing investors and market participants of risks and incidences)
- Promote agency preparedness and emergency response capabilities.

**Goal 3 – Elevate SEC performance by enhancing the agency’s analytical capabilities and human capital development:**

The SEC plans to both invest in data and technology and recruit and retain a diverse workforce with a wide range of skills and expertise. The five initiatives under this goal are to:

- Increase workforce capabilities, leverage shared commitment to investors, and promote diversity, inclusion, and equality of opportunity among staff
- Expand use of risk and data analytics to inform how the agency sets regulatory priorities and focuses staff resources
- Enhance data analytics to prevent, detect, and prosecute improper behavior
- Enhance internal control and risk management capabilities, including those for dealing with threats to the SEC’s systems and sensitive data (e.g., cybersecurity); the SEC plans to create a new Chief Risk Officer (CRO) position to lead this effort
- Promote collaboration within and across SEC offices to ensure effective communication across the agency.

The new focus on technology, data management and analytics, and cybersecurity represents a shift in emphasis from the SEC’s [FY2014-FY2018](#) plan.

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