

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: November 9, 2016

Subject: November 15, 2016, Full Committee Hearing Entitled “Examining the SEC’s Agenda, Operations, and FY 2018 Budget Request”

The Committee on Financial Services will hold a hearing entitled “Examining the SEC’s Agenda, Operations, and FY 2018 Budget Request,” at 10:00 a.m. on Tuesday, November 15, 2016, in room 2128 of the Rayburn House Office Building. The Honorable Mary Jo White, Chair of the Securities and Exchange Commission, will be the only witness.

Background

The Securities and Exchange Commission (“SEC”) has a three-part mission: to protect investors; to maintain fair, orderly and efficient markets; and to facilitate capital formation. The SEC consists of five presidentially-appointed commissioners who serve staggered five-year terms, one of whom is designated by the President to serve as Chairman. No more than three commissioners may belong to the same political party. The commissioners guide SEC policy by interpreting the Federal securities laws, proposing new rules as warranted by market developments or Congressional mandates, amending existing rules, and overseeing SEC enforcement actions. As a result of changes made to the SEC’s organization by previous Chairs and the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), the SEC now has five Divisions, 17 Offices, and 11 Regional Offices. The SEC’s Divisions and Offices are based at the SEC’s headquarters in Washington, D.C., and they report to the Chairman. This hearing will examine the SEC’s operations and the extent to which it is meeting its statutory mission, including the following matters:

FY 2016 SEC Funding and the SEC’s FY 2017 and 2018 Budget Requests

Pursuant to the Continuing Resolution, which expires on December 9, 2016, the SEC’s current appropriation is \$1.605 billion. The Administration’s FY 2017 request for the SEC is \$1.781 billion. The SEC has the authority to carry over unspent funds from the previous fiscal year. The SEC carried over approximately \$25 million in unspent funds

from FY 2016 into FY 2017. On May 13, 2016, Chair White submitted a \$2.227 billion FY 2018 budget request to Chairman Hensarling in accordance with Section 607 of the Congressional Budget and Impoundment Control Act of 1974. The FY 2018 request includes building costs associated with a new headquarters lease, currently estimated by the General Services Administration to be \$291 million, if the SEC were to relocate to a new facility.

The SEC Reserve Fund

The SEC may contribute \$50 million in any one fiscal year to the Reserve Fund established under Section 991 of the Dodd-Frank Act, provided that the balance of the Reserve Fund never exceeds \$100 million. Currently, the Reserve Fund's balance exceeds \$93 million, and the SEC has budget authority to spend \$13.5 million from the Reserve Fund. The SEC must notify the Committee on Financial Services and the Committee on Appropriations within 10 days of making a Reserve Fund obligation. Since FY 2012, the SEC has used more than \$205 million from the Reserve Fund to pay for improvements to the SEC's website and the SEC's internal information technology systems.