

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: November 13, 2015

Subject: November 18, 2015, Full Committee Hearing Entitled “Examining the SEC’s Agenda, Operations, and FY 2017 Budget Request”

The Committee on Financial Services will hold a hearing entitled “Examining the SEC’s Agenda, Operations, and FY 2017 Budget Request,” at 10:00 a.m. on Wednesday, November 18, 2015, 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 U.S. 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 2017 SEC Budget Request

The SEC has submitted a \$1.882 billion FY 2017 budget request to the Office of Management and Budget. The Administration’s FY 2016 request for the SEC was \$1.722 billion. The SEC has the authority to carry over unspent funds from the previous fiscal year. The SEC carried over approximately \$51 million in unspent funds from FY 2015 into

FY 2016. Coupled with the SEC's ability to spend up to \$14.8 million from its Reserve Fund created by Section 991 of the Dodd-Frank Act, the SEC's current budget authority for FY 2016 is \$1.566 billion.

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, Reserve Fund's balance exceeds \$93 million, and the SEC has budget authority to spend \$14.8 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 \$172 million from the Reserve Fund to pay for improvements to the SEC's website and the SEC's internal information technology systems.