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# The US Securities and Exchange Commission



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## The Mission

# The SEC's Mission:

- Protect Investors
- Maintain Fair, Orderly, & Efficient Markets, and
- Facilitate Capital Formation



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Who We Are and What We do

Created in 1934

Independent Agency of the  
Executive Branch

3800 Employees



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## Who We Are and What We do

- Administer Federal Securities Laws
- Oversee Brokerage Firms and other Investment Providers
- Review Filings by most Public Companies



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## Who We Are and What We do

### Five Commissioners

#### Five Divisions:

- Division of Corporation Finance
- Division of Enforcement
- Division of Investment Management
- Division of Trading and Markets
- Division of Economic and Risk Analysis



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## Division of Corporation Finance

Oversees Corporate Disclosure of information to investing public

- Newly-offered Securities
- 10-K and 10-Q (annual and quarterly filings)
- Proxy Materials
- Mergers & Acquisitions





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## Division of Corporation Finance

- Gives informal advice on whether a security needs to be registered
- No-action letters



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## Division of Enforcement

SEC is a law enforcement agency

- Investigates violations of securities laws
- Recommends Commission action
- Negotiates settlements
- Trading suspensions
- Temporary restraining orders
- Barring officers and directors



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# Division of Investment Management

## Regulates:

- Investment Companies
- Mutual Funds and ETFs
- Variable insurance products
- Money Market Funds
- Federally registered investment advisers



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# Division of Investment Management

- Reviews disclosure to determine whether information provided to investors is useful
- Examples:
  - Mutual Fund, Proxy Voting Summary Prospectus*



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## Division of Trading and Markets

Establishes and maintains standards for fair, orderly, and efficient markets

- Securities Exchanges
- Securities Firms
- Self-regulatory Organizations (FINRA)
- Clearing Agencies
- Transfer Agents
- Credit Rating Agencies





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## Division of Trading and Markets

### Oversees Securities Investor Protection Corporation (SIPC)

- Private – Non-profit
- Insures Securities and Cash in customer accounts of member brokerage firms against failure of firm
- Does not cover market declines or fraud



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## Division of Division of Economic and Risk Analysis

Identifies developing risks and trends in the financial markets, responsibilities:

- Risk and Economic Analysis
- Strategic Research
- Financial Innovation



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## Division of Division of Economic and Risk Analysis

### The Division's Functions:

- Strategic and long-term analysis
- Identify trends and systemic risk
- Recommendations on how the trends affect regulatory activities
- Conduct research
- Provide training on new developments and trends



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## SEC Offices

- ❖ General Counsel
- ❖ Office of the Chief Accountant
- ❖ Office of Compliance Inspections and Examinations
- ❖ Office of International Affairs
- ❖ Office of Investor Education and Advocacy



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## SEC Offices

- ❖ Office of Information Technology
- ❖ Office of Legislative Affairs and Intergovernmental Relations
- ❖ Office of Public Affairs





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# Tips to Help Avoid Investment Fraud

- ❖ Look out for “Red Flags”  
(Persuasion Tactics)
- ❖ Be Wary of Unsolicited Offers
- ❖ Look out for “Affinity Fraud”
- ❖ Be Thoughtful about Privacy and Security Settings
- ❖ Ask and Check



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# Who is Victimized?

- ✓ Male
- ✓ Married
- ✓ 55-65 years old
- ✓ More financially literate
- ✓ College-educated
- ✓ Self-reliant
- ✓ Recent change in financial or health status
- ✓ Risk-takers



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## A Few Common Investment Scams using Social Media and the Internet

- ❖ “Pump-and-Dumps” and Market Manipulations
- ❖ Fraud Using “Research Opinions,” online Investment Newsletters and Spam Blasts

*Some companies pay online newsletters to “tout” or recommend their stock*



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# Where to Check

## Check Out Brokers and Investment Advisers

- ❖ State Regulators
  - [www.nasaa.org](http://www.nasaa.org)
- ❖ U.S. SEC (800) 732-0330
  - [www.investor.gov](http://www.investor.gov)
  - [www.sec.gov](http://www.sec.gov)
- ❖ FINRA BrokerCheck (888) 295-7422
  - [www.saveandinvest.org](http://www.saveandinvest.org)



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## SEC contact information

Website:

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