

MEMO# 23873

October 14, 2009

SEC Issues Strategic Plan for 2010-2015 for Public Comment

[23873]

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TO: ACCOUNTING/TREASURERS MEMBERS No. 44-09
COMPLIANCE MEMBERS No. 45-09
ETF (EXCHANGE-TRADED FUNDS) COMMITTEE No. 8-09
ETF ADVISORY COMMITTEE No. 33-09
EQUITY MARKETS ADVISORY COMMITTEE No. 42-09
FIXED-INCOME ADVISORY COMMITTEE No. 21-09
INVESTMENT ADVISER MEMBERS No. 18-09
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 41-09
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 47-09
SEC RULES MEMBERS No. 108-09
SMALL FUNDS MEMBERS No. 57-09 RE: SEC ISSUES STRATEGIC PLAN FOR 2010-2015
FOR PUBLIC COMMENT

The Securities and Exchange Commission issued for comment its strategic plan ("Plan") for 2010-2015. [\[1\]](#) The Plan identifies goals and performance measures for oversight, regulation, enforcement, international cooperation, and internal SEC matters. Comments must be submitted to the SEC by November 16, 2009.

The Plan identifies four strategic goals:

- Foster and enforce compliance with the federal securities laws;
- Establish an effective regulatory environment;
- Facilitate access to the information investors need to make informed investment

decisions; and

- Enhance the SEC's performance through effective alignment and management of human, information, and financial capital.

To achieve these goals, the Plan discusses initiatives in a variety of areas, including the following:

- **Improved Disclosure:** The Plan proposes that the SEC consider improving disclosure relating to risk management, executive compensation decisions and practices, nomination of directors, and board governance. The Plan also proposes that the SEC consider revising the disclosure requirements for specialized categories of issuers, such as target date funds and municipal securities offerings.
- **Proxy Infrastructure:** The Plan proposes that the SEC review proxy voting and shareholder-company communications, including the role of proxy advisory firms.
- **Broker-Dealer and Adviser Regulation and Oversight:** The Plan proposes that the SEC continue to review how the regulatory structures for broker-dealers and investment advisers may be harmonized to better protect investors. The Plan proposes that the SEC continue to enhance its oversight of broker-dealers and advisers through, for example, "pay to play" rules designed to prevent political contributions from influencing the selection of investment advisers. The Plan also proposes that the SEC consider whether to require investment professionals who provide advice to clients or prospective clients to provide additional disclosure regarding their business practices, conflicts of interest and backgrounds, and proposes that the SEC amend the registration forms for broker-dealers and advisers to elicit information that would be useful in selecting investment professionals.
- **Accounting Standards:** The Plan proposes that the SEC promote the establishment of high-quality accounting standards by independent standard setters in order to meet the needs of investors, including support for a single-set of global accounting standards and the promotion of the ongoing convergence initiatives between the Financial Accounting Standards Board and the International Accounting Standards Board.
- **Rule 12b1:** The Plan proposes that the SEC continue its reconsideration of Rule 12b-1 under the Investment Company Act of 1940 and the factors that fund boards must consider when approving or renewing 12b-1 fees.
- **Market Structure:** The Plan proposes that the SEC pursue initiatives that promote the goals of the national market system in the trading of securities, such as enhancing price transparency, facilitating best execution, assuring fair access to trading systems, and fostering fair competition.
- **Oversight of Derivatives:** The Plan recommends that the SEC consider ways to improve the transparency and integrity of the OTC derivatives market (including the market for credit default swaps), work with other government agencies to fill regulatory gaps in the oversight of OTC derivatives, and work with the CFTC to harmonize futures and securities laws for economically equivalent instruments.
- **Money Market Fund Regulation:** The Plan recommends that the SEC consider how money market funds can be better positioned to meet the demands of investors who redeem their shares on a short-term basis.
- **ETFs:** The Plan recommends that the SEC consider whether to permit certain ETFs to be introduced to the market without first submitting an application and receiving an

order from the SEC.

- Credit Rating Agencies: The Plan proposes that the SEC continue to enhance the program for registration and oversight of credit rating agencies registered with it as nationally recognized statistical rating organizations to increase the transparency of ratings methodologies and performance and to address conflicts of interest inherent in the credit rating industry.
- Point of Sale Disclosures: The Plan recommends that the SEC consider whether broker-dealers selling mutual funds, variable annuities, and 529 plans should provide point of sale and Internet disclosure regarding key product features and matters relating to their compensation and conflicts of interest.

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endnotes

[1] The Plan is available on the SEC's website at <http://sec.gov/about/secstratplan1015.pdf>.

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