

SEC Releases Its Fiscal Report

November 28, 2012 | Client Update | 2-minute read

The SEC released its 151-page financial [report](#) for its fiscal year ended September 2012. The report discusses all of the different areas that the SEC is responsible for, but the governance community is likely most interested in the following in terms of historical and anticipated activities, and some of the more intriguing factual details:

- Enforcement is the headline item noted in the report. The SEC brought 734 enforcement actions, the second highest number filed in a single year (735 were filed in 2011). The report credits innovations, including priority focus on cultivating in-depth expertise in financial markets and products, flatter management structures, better use of technology and enhanced ability for using tips. 21 months is the average amount of time between opening an inquiry and commencing an enforcement action.
- Corporation Finance's Disclosure Operations focused on several key elements of pre-IPO disclosures, including the use of non-GAAP measures and disclosure of dual-class structures, non-financial metrics used by the company, stock valuations and shareholder rights. It takes an average of 25 days to issue initial comments on a filing.
- The new SEC website increased daily hits by almost 300%, to 39 million a day. 48% of public companies were reviewed in 2012.
- Nearly 4,000 people work at the SEC, and the SEC has adopted a "pay for performance" approach for its non-bargaining unit employees.

2013 initiatives cited include the Commission's intention to:

- "Propose and adopt" rules to implement the four executive compensation-related provisions of the Dodd-Frank Act, including clawback policy, pay and performance disclosure, pay ratios and employee and director hedging.
- Develop recommendations for an interpretive release addressing issues raised in the "Proxy Plumbing" concept release.
- Prepare a concept release to seek comments on modernizing 13(d) and 13(g) reporting.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Ning Chiu

+1 212 450 4908

ning.chiu@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.