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## **SEC Budget Increase Would Bolster Exams.**

WASHINGTON — The Securities and Exchange Commission’s requested fiscal year 2016 budget of \$1.722 billion would allow the commission to hire hundreds of examination staff and step up enforcement, as well as help the muni office coordinate with self-regulators.

The SEC justified its budget request this week in a lengthy document laying out goals for each of its divisions and explaining how a budget increase of 9% over the fiscal year 2015 enacted level of \$1.574 billion would help the commission reach those objectives. Topping its priorities is a big boost to National Examination Program staffing, putting more boots on the ground to ensure that entities regulated by the SEC are in compliance with the rules.

“The SEC’s responsibilities have increased significantly over the last few years across all fronts, and, at the same time, the financial markets and market participants have grown in size and complexity,” SEC chair Mary Jo White said in a statement. “Providing the SEC with the resources it needs to effectively oversee these markets and participants benefits America’s investors, businesses and our economy.”

The SEC’s budget is deficit neutral, because its expenditures are offset with fees collected from the securities industry rather than with money appropriated by Congress. Another regulator, the Commodities Futures Trading Commission, would operate under the same model under the Obama budget.

The budget request would allow the SEC to hire an additional 431 staff, the commission said, including 225 in the examination program. Many of them would be involved with examining investment advisers, though others would take part in the SEC’s initiative to examine municipal advisors. The SEC in August announced a two-year exam program focusing on MAs who are not dealer firms and members of the Financial Industry Regulatory Authority. FINRA is taking point on examining dealer-affiliated MAs.

“I am pleased that the President’s budget request would allow us to hire additional staff to enhance our enforcement and examination capabilities, provide greater oversight of our markets, add more experts to implement our expanded rulemaking responsibilities and permit the agency to continue to leverage technology to help fulfill its important mission,” said White.

The budget would also support 93 new enforcement staff, the SEC said. The budget justification document explains that the SEC is involved in more litigation now than in previous years, leading to increased costs. The budget money would also support the mission of the Office of Municipal Securities, which plays a major role in working with FINRA and the Municipal Securities Rulemaking Board to develop and approve new rules affecting the muni market.

“In FY 2016, the OMS will continue to implement the final rules for municipal advisor registration by monitoring and improving the new registration system for municipal advisors, participating in the review of these registrations, advising the Office of Compliance Inspections and Examinations regarding examinations of municipal advisors, and providing interpretive guidance,” the SEC said.

Obama's overall budget proposals have already met with a frosty reception from congressional Republicans, some of whom have declared them as dead on arrival.

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