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SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 200

[Release No. 34-66355]

Reporting Line for the Commission's Inspector General

AGENCY: Securities and Exchange Commission.

ACTION: Final rule.

SUMMARY: The Securities and Exchange Commission ("Commission") is amending its rules to conform them to amendments made to the Inspector General Act of 1978 that require the Commission's Inspector General to report to and be under the general supervision of the full Commission.

EFFECTIVE DATE: [Insert date of publication in the Federal Register]

FOR FURTHER INFORMATION CONTACT: Mary Beth Sullivan, Counsel, Office of the Inspector General, at (202) 551-6039, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION

I. Discussion

Section 8G(d)(1) of the Inspector General Act of 1978 ("IG Act")[1] provides: "Each Inspector General shall report to and be under the general supervision of the head of the designated Federal entity, but shall not report to, or be subject to supervision by, any other officer or employee of such designated Federal entity." Prior to the Dodd-

[1] Pub. L. 95-452; 92 Stat. 1101 (1978), as amended.

Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"),[2] section 8G(a)(4) of the IG Act defined the "head of the designated Federal entity" to mean, unless specifically designated by statute, the chief policymaking officer or board of the designated Federal entity as identified in a list published annually by the Director of the Office of Management and Budget ("OMB"). OMB's annual lists identified the "Chairperson" as the head of the SEC. Section 989B of the Dodd-Frank Act amended the IG Act to provide that the "head of the designated Federal entity" with a board or commission (such as the SEC) means "the board or commission of the designated Federal entity . . . ." Accordingly, the Inspector General must now report to, and be under the general supervision of, the full Commission.

These amendments conform the Commission's rules that address the reporting line of the Commission's Inspector General to the amendments made by the Dodd-Frank Act to the IG Act by replacing references to the "Chairman" in these rules with references to the "Commission".

II. Related Matters

A. Administrative Procedure Act and Other Administrative Laws

The Commission has determined that these amendments to its rules relate solely to the agency's organization, procedure, or practice. Accordingly, the provisions of the Administrative Procedure Act regarding notice of proposed rulemaking and opportunity for public participation are not applicable.[3] The Regulatory Flexibility Act, therefore,

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[2] Pub. L. 111-203; 124 Stat. 1376 (2010).

[3] 5 U.S.C. 553(b).

does not apply.[4] Because these rules relate solely to the agency's organization, procedure, or practice and do not substantially affect the rights or obligations of non-agency parties, they are not subject to the Small Business Regulatory Enforcement Fairness Act.[5] Finally, these amendments do not contain any collection of information requirements as defined by the Paperwork Reduction Act of 1995, as amended.[6]

B. Cost-Benefit Analysis

The Commission is sensitive to the costs and benefits imposed by its rules. The amendments adopted today are procedural in nature and will produce the benefit of conforming the Commission's rules to amendments made to the IG Act that require the Commission's Inspector General to report to and be under the general supervision of the full Commission. The Commission also believes that these amendments will not impose any costs on non-agency parties, or that if there are any such costs, they are negligible.

C. Consideration of Burden on Competition

Section 23(a)(2) of the Exchange Act requires the Commission, in making rules pursuant to any provision of the Exchange Act, to consider among other matters the impact any such rule would have on competition. The Commission does not believe that the amendments that the Commission is adopting today will have any impact on competition.

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[4] 5 U.S.C. 601 - 612.

[5] 5 U.S.C. 804.

[6] 44 U.S.C. 3501 - 3520.

STATUTORY AUTHORITY

The amendments to the Commission's rules are adopted pursuant to 15 U.S.C. 77s, 78d, 78d-1, 78d-2, 78w, 78mm, 80a-37, 80b-11, and 7202; 5 U.S.C. App. (Inspector General Act of 1978) § 8G; and § 989B of Pub. L. No. 111-203 (2010).

List of Subjects in 17 CFR Part 200

Administrative practice and procedure, Authority delegations (Government agencies), Organization and functions (Government agencies).

TEXT OF AMENDMENTS

In accordance with the preamble, the Commission hereby amends Title 17, Chapter II of the Code of Federal Regulations as follows:

PART 200 – ORGANIZATION; CONDUCT AND ETHICS; AND INFORMATION AND REQUESTS

SUBPART A – ORGANIZATION AND PROGRAM MANAGEMENT

1. The authority citation for Part 200, Subpart A, is amended by adding the following citation, in numerical order, to read as follows:

Authority: 15 U.S.C. 77o, 77s, 77sss, 78d, 78d-1, 78d-2, 78w, 78ll(d), 78mm, 80a-37, 80b-11, and 7202, unless otherwise noted.

Section 200.16a is also issued under Sec. 989B of Pub. L. 111-203 (2010), 124 Stat. 1376; and 5 U.S.C. App. (Inspector General Act of 1978) Sec. 8G.

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2. § 200.16a is amended by removing the word “Chairman” and adding in its place the word “Commission” in paragraphs (b) and (c) wherever it appears.

By the Commission.

Elizabeth M. Murphy
Secretary

Dated: February 8, 2012

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