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Setting the Policy Framework for Investor Education

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SEBI-OECD International Conference on Investor Education
February 3, 2012



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Who We Are & What We Do

- ❖ The SEC was created in 1934 following the Stock Market Crash of 1929
- ❖ Primary mission:
 - ❖ Protect investors
 - ❖ Maintain integrity of the securities markets
 - ❖ Facilitate capital formation

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Why Have Investor Education at the SEC?

Our Securities Markets Today

- ❖ Many novice investors
- ❖ Increasingly complex products
- ❖ Confused investors
- ❖ Lagging investor confidence
- ❖ Individuals in charge of their financial future

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The Mission of Investor Assistance: To Serve Two Key Customers

Investors:

- Answer questions
- Handle complaints
- Educate the public

SEC Colleagues:

- Refer cases
- Track trends
- Report data

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Key Message: Protect Yourself

- ❖ Even if we catch wrongdoer, the money is often gone.
- ❖ Education can prevent fraud.
- ❖ Educated investors report suspicious activity.

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Why Investor Education Makes Sense

- ❖ Investors choose legitimate companies.
- ❖ Markets gain depth and liquidity.
- ❖ Businesses and jobs grow.
- ❖ Regulators get tips on fraud.

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The Role of the Public in Uncovering Fraud

Because complaints often serve as the first sign of fraud, we:

- ❖ review complaints for violations
- ❖ conduct preliminary research
- ❖ refer potential cases

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Why We Use Complaint Data

- ❖ Spot trends on
 - ❖ specific products
 - ❖ particular firms or sales people

Spotting problems & troublesome trends can help:

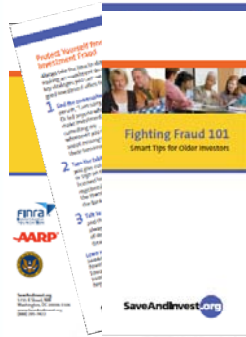
- ❖ Target enforcement resources
- ❖ Shape regulatory initiatives
- ❖ Focus on investor education efforts

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When the Securities Regulator Emphasizes Investor Education—Others Follow



❖ Seniors –
FINRA Investor
Education
Foundation

❖ Teachers –
Jump\$tart,
NYSE Euronext



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Questions?

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