

**SECURITIES AND EXCHANGE COMMISSION**

**17 CFR Part 200**

**[Release No. 33-11366; 34-102552; IA-6862; IC-35492]**

**Delegation of Authority to Director of the Division of Enforcement**

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Final rule.

**SUMMARY:** The Securities and Exchange Commission (“Commission”) is amending its regulations with respect to the delegations of authority to the Director of the Division of Enforcement (“Director”) to eliminate the delegation of authority to issue formal orders of investigation. Formal orders designate the enforcement staff authorized to issue subpoenas in connection with investigations under the Federal securities laws. This amendment is the result of the Commission’s experience with its nonpublic investigations. The amendment is intended to increase effectiveness by more closely aligning the Commission’s use of its investigative resources with Commission priorities.

**EFFECTIVE DATE:** [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER IN ALL CAPS].

**FOR FURTHER INFORMATION CONTACT:** Charlotte Buford, Deputy Chief Counsel, at (202) 551-4843, Division of Enforcement, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-6553.

**SUPPLEMENTAL INFORMATION:**

Background

As a result of its experience with its nonpublic investigations, the Commission is amending its delegations of authority to the Director to eliminate the delegation of authority to issue formal

orders of investigation.<sup>1</sup> The Commission is authorized to conduct investigations concerning possible violations of the Federal securities laws, which provide that “any member of the Commission or any officer designated by it is empowered to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records which the Commission deems relevant or material to the inquiry.” Section 21(b) of the Securities Exchange Act of 1934, 15 U.S.C. 78u(b). *See also* Section 19(c) of the Securities Act of 1933, 15 U.S.C. 77s(c); Section 42(b) of the Investment Company Act of 1940, 15 U.S.C. 80a-41(b); and Section 209(b) of the Investment Advisers Act of 1940, 15 U.S.C. 80b-9(b). The Commission issues formal orders of investigation that authorize specifically-designated enforcement staff to exercise the Commission’s statutory power to subpoena witnesses and take the other actions authorized by the relevant cited provisions.

The Commission delegated authority to issue formal orders of investigation to the Director on August 11, 2009. “Delegation of Authority to Director of Division of Enforcement,” 74 FR 40068-01 (Aug. 11, 2009). The delegation was made effective for a one-year period, ending on August 11, 2010, to allow Commission review of the Division’s exercise of formal order authority. On August 16, 2010, the Commission amended its rules to extend the Director’s delegated authority to issue formal orders of investigation beyond the one-year period. “Delegation of Authority to the Director of Its Division of Enforcement,” 75 FR 49820-01 (Aug. 16, 2010); *see also* 17 CFR 200.30-4(a)(13). The amendment will delete this delegation provision, 17 CFR

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<sup>1</sup> *See* 17 CFR 200.30-4(a)(13). Congress has authorized such delegation by Public Law No. 87-592, 76 Stat. 394, 15 U.S.C. 78d-1(a), which provides that the Commission “shall have the authority to delegate, by published order or rule, any of its functions to . . . an employee or employee board, including functions with respect to hearing, determining, ordering, certifying, reporting, or otherwise acting as to any work, business or matter.”

200.30-4(a)(13), to more closely align the Commission's use of its investigative resources with Commission priorities.

#### Administrative Law Matters

The Commission finds, in accordance with the Administrative Procedure Act ("APA"), that this amendment relates solely to agency organization, procedure, or practice. 5 U.S.C. 553(b)(A). Accordingly, the APA's provisions regarding notice of rulemaking and opportunity for public comment are not applicable. In accord with the APA, we find that there is good cause to establish an effective date less than 30 days after publication of this amendment. 5 U.S.C. 553(d). This amendment does not substantially affect the rights or obligations of non-agency parties and pertains to increasing efficiency of internal Commission operations. This amendment is therefore effective on [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER IN ALL CAPS]. For the same reasons, the provisions of the Small Business Regulatory Enforcement Fairness Act are not applicable. *See* 5 U.S.C. 804(3)(C) (the term "rule" does not include "any rule of agency organization, procedure, or practice that does not substantially affect the rights or obligations of non-agency parties"). Additionally, the provisions of the Regulatory Flexibility Act, 5 U.S.C. 60 *et seq.*, which apply only when notice and comment are required by the APA or other law, are not applicable. *See* 5 U.S.C. 601(2). This amendment does not contain any collection of information requirements as defined by the Paperwork Reduction Act of 1995. *See* 5 CFR 1320.3(c). Further, because this amendment imposes no new burdens on private parties, the Commission does not believe that the amendment will have any impact on competition for purposes of Section 23(a)(2) of the Securities Exchange Act of 1934. 15 U.S.C. 78w(a)(2).

#### Statutory Authority

The amendment contained in this release is being adopted pursuant to statutory authority granted to the Commission, including Section 19 of the Securities Act of 1933, 15 U.S.C. 77s;

Sections 4A, 4B, and 23 of the Securities Exchange Act of 1934, 15 U.S.C. 78d-1, 78d-2, and 78w; Section 38 of the Investment Company Act, 15 U.S.C. 80a-37; Section 211 of the Investment Advisers Act, 15 U.S.C. 80b-11; and Section 3 of the Sarbanes-Oxley Act, 15 U.S.C. 7202.

### **List of Subjects in 17 CFR Part 200**

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

### **Text of Amendment**

For the reasons set out in the preamble, the Commission is amending 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, continues to read in part as follows:

**Authority:** 5 U.S.C. 552, 552a, 552b, and 557; 11 U.S.C. 901 and 1109(a); 15 U.S.C. 77c, 77e, 77f, 77g, 77h, 77j, 77o, 77q, 77s, 77u, 77z-3, 77ggg(a), 77hhh, 77sss, 77uuu, 78b, 78c(b), 78d, 78d-1, 78d-2, 78e, 78f, 78g, 78h, 78i, 78k, 78k-1, 78l, 78m, 78n, 78o, 78o-4, 78q, 78q-1, 78w, 78t-1, 78u, 78w, 78ll(d), 78mm, 78eee, 80a-8, 80a-20, 80a-24, 80a-29, 80a-37, 80a-41, 80a-44(a), 80a-44(b), 80b-3, 80b-4, 80b-5, 80b-9, 80b-10(a), 80b-11, 7202, and 7211 *et seq.*; 29 U.S.C. 794; 44 U.S.C. 3506 and 3507; Reorganization Plan No. 10 of 1950 (15 U.S.C. 78d nt); sec. 8G, Pub. L. 95-452, 92 Stat. 1101 (5 U.S.C. App.); sec. 913, Pub. L. 111-203, 124 Stat. 1376, 1827; sec. 3(a), Pub. L. 114-185, 130 Stat. 538; E.O. 11222, 30 FR 6469, 3 CFR, 1964-1965 Comp., p. 36; E.O.

12356, 47 FR 14874, 3 CFR, 1982 Comp., p. 166; E.O. 12600, 52 FR 23781, 3 CFR, 1987 Comp., p. 235; Information Security Oversight Office Directive No. 1, 47 FR 27836; and 5 CFR 735.104 and 5 CFR parts 2634 and 2635, unless otherwise noted.

2. Section 200.30-4 is amended by removing and reserving paragraph (a)(13).

By the Commission.

Dated: March 10, 2025.

**Vanessa A. Countryman,**  
*Secretary.*