



Customer Profile

Solution Summary

Industry
Government

Challenge
Lower infrastructure costs and simplify the electronic filing process by allowing public companies to submit required financial documents over the Internet.

Solution
A managed Public Key Infrastructure (PKI) that employs digital certificates to authenticate identity, protect private information, and enable users to sign forms electronically

U.S. Securities and Exchange Commission

Managed Certificate Services Allow the SEC to Securely Accept Financial Forms over the Internet

Every day, investors make decisions based on information that public companies are required to file with the U.S. Securities and Exchange Commission (SEC). Collecting, storing, and distributing these documents to the public is the job of EDGAR, the SEC's Electronic Data Gathering, Analysis, and Retrieval system. EDGAR's purpose is to assist the SEC in increasing the efficiency and fairness of the securities market for investors, corporations, and the economy.

In 2000, the SEC enhanced EDGAR by replacing its legacy midframe-based, dial-up network for filing documents with a server-based system allowing access over the Internet, for lower costs and greater convenience. To authenticate users and ensure that documents could be transmitted over the Internet securely, the SEC turned to VeriSign managed Public Key Infrastructure (PKI) services for registration and issuance of digital certificates, which are electronic credentials that verify identity online and protect electronic transactions.

FROM DIAL-UP TO INTERNET

EDGAR serves four categories of users. Approximately 110,000 filers, representing 28,000 companies, use the system to submit financial disclosure documents. SEC reviewers study the documents to ensure that disclosures are accurate. Level-one subscribers—which are commercial data warehouses—purchase the data, add additional information, and resell it to the final type of user, the investing public.

The SEC devised a two-part plan to replace its legacy system. First, documents would be accepted in HTML format as well as legacy ASCII, enabling filers to convert them from the authoring program with a simple Save As command. Second, in addition to a dialup capability, the SEC modernized EDGAR to allow filings to be transmitted via the Internet. "Moving to an Internet-based submission system would enable us to reduce infrastructure costs at the same time we increased convenience for filers," says Rick Heroux, SEC EDGAR program manager.

AUTHENTICATION AND DATA INTEGRITY

The conversion to an Internet-based EDGAR system created new security concerns for the SEC. "The old dial-up line was difficult to seek out and tap," says Heroux. "With the Internet, a shared-transport mechanism, we had to be extra diligent to secure documents in transit."

"With the PKI that VeriSign provided, we can use the Internet and HTML to make the filing process not just easier, but less expensive for taxpayers and the companies required to file with us."

Rick Heroux
SEC EDGAR Program Manager

In fact, the new EDGAR system requires two types of security. One is authentication, to validate that the people filing documents are authorized for this activity. The other was data integrity, to ensure that documents intercepted in transit over the Internet cannot be read or altered in any way.

THE SOLUTION

“We chose VeriSign for the EDGAR project on the recommendation of the SEC security staff, and because it’s an industry leader,” says Heroux. “VeriSign made the investment in an advanced PKI; we can leverage it inexpensively with VeriSign managed services.” VeriSign handles issuance and management of digital certificates. Using VeriSign digital certificates, filers can sign electronic forms, ensuring that they cannot be altered in transit without being detected.

VeriSign implemented managed PKI services for the EDGAR program in just three months. “VeriSign manages all certificate-related processes for the EDGAR program,” says Heroux. “They notify users when their certificates are about to expire and maintain a help desk for our users who have certificate-related questions. They distribute and revoke certificates, provide server certificates to the SEC, accept online payment, and even provide a telephone service to accept credit card information for users who don’t want to pay their filing fees over the Internet. The net result is that we can devote our resources to our core competency instead of the certificate process.”

To participate, a filer first sends a letter to the SEC requesting a certificate. After verifying the authorization of the filer, the SEC sends the filer a letter containing a passcode, which it also sends to VeriSign via a secure workstation. After receiving the passcode, the filer visits the VeriSign managed services’ Web site and enters the appropriate information, including the passcode. VeriSign immediately transmits a unique digital certificate, which is integrated into the filer’s Web browser. Thereafter, the filer can submit documents securely by visiting the EDGAR filer Web site. The EDGAR Web server, equipped with a VeriSign server certificate, uses the filer’s digital certificate to authenticate the filer’s identity. It also encrypts the information flowing between it and the filer’s Web browser via standard 128-bit Secure Sockets Layer (SSL) encryption, the world’s strongest.

REDUCED TAXPAYER COSTS

The SEC anticipates receiving an average of 6,000 VeriSign-encrypted documents daily, and Heroux expects the modernization effort to reduce costs by \$150,000 a month. “With an annual volume of 350,000 filings a year (up to 2,000 an hour and 10,000 a day), EDGAR is one of the largest electronic commerce initiatives using VeriSign encryption. By integrating VeriSign managed digital certificate services with the SEC EDGAR system, U.S. public companies of all sizes can now safely conduct routine, legally valid filings over the Internet.”

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SEC EDGAR Program Manager*

