Commodity Futures Trading Commission

Protecting Commodity Futures, Option and Swaps Markets

President's Budget

Fiscal Year

2016

Prepared for the Committee on Appropriations, February 2015

U.S. Commodity Futures Trading Commission
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Chairman's Transmittal Letter

February 2, 2015

The Honorable Thad Cochran
Chairman
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Hal Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

The Honorable Barbara A. Mikulski
Ranking Member
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Nita M. Lowey
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

Dear Chairman Cochran, Senator Mikulski, Chairman Rogers and Representative Lowey:

I am pleased to transmit the Commodity Futures Trading Commission (CFTC or Commission) Budget Estimate for fiscal year (FY) 2016. This budget request will substantially enhance the Commission's ability to fulfill its responsibilities to oversee our nation's futures, options and swaps markets.

The Commission and its predecessor agencies have overseen the derivatives markets since the 1920s, and in these markets, the Commission seeks to protect market participants from fraud, manipulation and abusive practices, and to protect the public and our economy from systemic risk related to derivatives. To fulfill these roles, the Commission requires adequate funding to oversee futures exchanges (referred to as designated contract markets, or DCMs), swap execution facilities (SEFs), derivatives clearing organizations (DCOs), swap dealers (SDs), swap data repositories (SDRs), futures commission merchants (FCMs) and other intermediaries.

The Commission's responsibilities were substantially increased by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). This gave the Commission primary responsibility for oversight of the over-the-counter (OTC) swaps market, an over $400 trillion market in the United States, measured by notional amount. While the Commission's budget has increased somewhat since that time, the increases have not been commensurate with the vast expansion of the Commission's responsibilities and the increased challenges in light of market developments. Funding levels received in prior years have limited the Commission's ability to fulfill its new responsibilities with respect to the swaps market while at the same time continuing to meet its traditional responsibilities for the futures and options markets.

In addition, the markets that the Commission has traditionally overseen have grown in technological sophistication and complexity. Trading is increasingly conducted in an automated, electronic fashion, and cybersecurity represents a major new threat to the integrity and smooth functioning of the critical market infrastructure that the Commission regulates. The Commission must substantially increase its own capabilities in order to fulfill its responsibilities.

In order to advance the goals and priorities of the Commission in FY 2016, the Commission is requesting a budget of $322 million and 895 full-time equivalents (FTE). This is an increase of $72 million and 149 FTE over the FY 2015 enacted level.

Approximately 39 percent of the requested $72 million increase is required for information technology investments that will enhance all of the Commission's activities, including in particular, market surveillance, financial and risk surveillance, data collection and analysis, and enforcement. The other 61 percent of the funding request supports an increase in staffing and related support, specifically targeting highly critical areas such as enforcement, registration, economic and legal analysis, and examinations.

This request will enable the Commission to engage in the following activities, among others, in support of its mission:

- Enhance surveillance capabilities to keep pace with the increasing technological sophistication of the markets—in particular, the increasing use of automated trading—as well as the fact that the markets it oversees have expanded, and engage in the necessary level of surveillance and oversight to detect excessive risk, fraud, abusive practices, and manipulation.

- Increase its enforcement capabilities in light of the expanded markets now under the Commission's authority, as well as the increasing complexity of all derivatives markets, so that the Commission is able to investigate and punish fraud, abusive practices and manipulation in all areas.

- Substantially expand its capabilities with respect to cybersecurity, which is probably the single most important threat to financial stability today. The Commission needs to conduct more frequent and comprehensive cybersecurity and business continuity examinations, particularly of critical market infrastructure such as clearinghouses, and be better equipped to deal with this increasingly dangerous threat.

- Examine the many new market participants under its jurisdiction, such as SDs and SEFs, as well as traditional market participants on a regular basis for compliance with the Commodity Exchange Act (CEA) and Commission regulations. This is of particular concern when it comes to monitoring critical infrastructure such as clearinghouses and exchanges, as well as FCMs and SDs, which the Commission seeks to review for adequacy of risk management, financial and operational resources, cybersecurity preparedness, business continuity and disaster recovery planning, compliance with customer protection rules, and other important issues.

- Ensure timely review of requests for rule approvals, requests for rule certifications, requests for new product approvals, and submissions for swap clearing and trading mandates.

- Provide a timely response to concerns of the public and users of the derivatives markets. Responding to such concerns is an important part of making sure the markets work efficiently and effectively to facilitate price discovery and allow the hedging of risk.

- Provide additional economists and other staff to perform critical analysis of market structure and developments and provide robust assistance in considering the costs and benefits of the Commission's regulatory activities.

- Engage with international regulators to harmonize rules and supervision as much as possible and work together on enforcement matters. The task of harmonizing new rules to regulate the swaps market is a particular challenge that requires substantial resources. In addition, the increasing globalization of the markets means that in all areas of its work, the Commission must work with regulators in many other jurisdictions.

- Maintain and improve critically important information technology systems and resources that are vital to enforcement and oversight. This includes the ability to receive, store and analyze vast new quantities of data related to the swaps market, as well as enabling the review of rules based on changes in market technology. The Commission must substantially enhance its capabilities in order to increase its effectiveness.

The Commission has made much progress, but there are many other activities that the Commission must be able to perform regularly to oversee the markets under its jurisdiction. This budget request will help the Commission fulfill its statutory responsibility to protect the integrity of the markets and safeguard the American public.

Sincerely,

Timothy M Massad

cc:

The Honorable John Boozman
Chairman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Christopher A. Coons
Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Robert B. Aderholt
Chairman
Subcommittee on Agriculture, Rural
Development, Food and Drug
Administration, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

The Honorable Sam Farr
Ranking Member
Subcommittee on Agriculture, Rural
Development, Food and Drug
Administration, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

The FY 2016 President's Budget

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Executive Summary

The CFTC oversees our nation's futures, options and swaps markets. The Commission's mission is to foster transparent, open, competitive and financially sound derivatives markets. The Commission seeks to protect market participants from fraud, manipulation and abusive practices, and to protect the public and our economy from systemic risk related to derivatives. To fulfill these roles, the Commission oversees DCMs, SEFs, DCOs, FCMs, SDs, SDRs, and other intermediaries.

Although few Americans participate directly in the markets overseen by the Commission, they profoundly affect our economy and the prices American families pay for food, energy, transportation and most other goods and services bought each day. A wide variety of businesses—such as manufacturers, retailers, farmers and ranchers—use these markets to manage their routine commercial risk. For example, derivatives enable farmers to lock in a price for their crops, and utility companies or airlines to hedge the costs of fuel. They enable exporters and importers to manage fluctuations in foreign currency exchange rates, and businesses of all types to lock in their borrowing costs. In the simplest terms, derivatives markets enable businesses of all kinds to manage risk.

In order for the Commission to fulfill its responsibilities to oversee these vital markets in FY 2016, it is requesting $322 million and 895 FTE. This is an increase of $72 million and 149 FTE over the FY 2015 enacted level, and is consistent with the Commission's post-Dodd-Frank Act steady-state funding level, which was estimated in the FY 2012 Budget Appendix to be $340 million.

The Commission's responsibilities were substantially increased by the Dodd-Frank Act. This gave the Commission primary responsibility for oversight of the OTC swaps market, a $700 trillion market globally, measured by notional amount. The Commission was directed to implement four basic goals: 1) clearing of standardized swaps through central counterparties (CCPs); 2) trading of swaps on transparent, regulated platforms; 3) oversight of SDs and major swap participants (MSPs); and 4) reporting of data on the swaps market to facilitate greater transparency and enhance regulatory efforts.

Prior to the enactment of the Dodd-Frank Act, the swaps market was unregulated across the globe, and excessive risk related to swaps was one of the causes of the 2008 financial crisis. That crisis—the worst the nation has experienced since the Great Depression—exacted a heavy toll on American families and our economy. We must never forget the true cost of that crisis: eight million jobs lost, millions of foreclosed homes, countless retirements and college educations deferred, and businesses shuttered.

The reform efforts are designed to bring the swaps market out of the shadows and prevent such excessive risk from recurring. The specific goals of the Dodd-Frank Act are consistent with those agreed to by all the G-20 nations to reform this market.

Although the CFTC's budget has been increased since the passage of Dodd-Frank Act, the increase has not been commensurate with the vast expansion in the Commission's responsibilities. Funding levels have limited the Commission's ability to fulfill its new responsibilities with respect to the swaps market while at the same time continuing to meet its traditional responsibilities for the futures and options markets. In addition, the funding level has not enabled the Commission to keep pace with the increased technological complexity and globalization of the markets overseen by the Commission. The Commission's resources continue to be stretched far too thinly over many important responsibilities. As a result, for example:

- The Commission needs to substantially expand its capacity to keep pace with the increasing technological sophistication of market participants and to address cybersecurity issues, the single most important threat to financial stability today. The Commission needs to conduct more frequent and comprehensive cybersecurity and business continuity examinations, particularly of critical market infrastructure, such as clearing houses.

- The Commission does not have the resources to examine FCMs, SDs, MSPs, DCOs, CCPs, SEFs, foreign boards of trade (FBOTs) and other market participants on a regular basis for compliance with the law and regulations. This is of particular concern when it comes to monitoring FCMs and SDs, as well as, critical infrastructure such as clearinghouses and exchanges, where the Commission seeks to review for adequacy of risk management, financial and operational resources, cybersecurity, business continuity recovery, compliance with customer protection rules, and other important issues.

- The Commission cannot engage in the necessary level of market surveillance, risk oversight and enforcement efforts, resulting in the risk that fraud, abusive practices and manipulation will go undetected and unpunished, and that customers, our markets and our economy generally may be exposed to excessive risk.

- The Commission does not have adequate resources to make sure that market participants registered with the Commission comply with its rules and fulfill their obligations to their customers.

- The Commission cannot respond in a timely and thorough manner to the concerns of the public and users of the derivatives markets. Responding to such concerns is an important part of making sure the markets work efficiently and effectively to facilitate price discovery and allow the hedging of risk.

- The Commission will not have enough economists to perform critical analysis of market developments and provide robust assistance in considering the relative costs and benefits of the Commission's regulatory activities.

- The Commission cannot maintain and improve information technology systems and resources that are vital to its mission, including in particular its ability to receive, store and analyze vast new quantities of data related to the swaps market.

Approximately 39 percent of the requested $72 million increase is required for information technology investments that will enhance all of the Commission's activities, including in particular market surveillance, financial and risk surveillance, data collection and analysis, and enforcement. The other 61 percent of the funding request supports an increase in staffing and related support, specifically targeting highly critical areas such as enforcement, economic and legal analysis, and examinations.

More entities, more markets and more products (including more complex products) are subject to CFTC regulation than ever before. The markets have increased substantially in technological complexity and sophistication, and are increasingly global. The industry is responding quickly to the competitive opportunities engendered by the shifting regulatory landscape—the introduction of futures contracts by DCMs that are economically equivalent to standardized swaps is one such example. Innovation in the industry, which is likely to increase in pace with the addition of new entrants, such as SEFs, will continue to add complexity in ways that are yet to become apparent. While these changes will impact all of the CFTC mission activities, the near-term impacts will fall most heavily on the registration, product reviews, examinations, enforcement and economic analysis mission critical activities.

The Commission is grateful for the increases it has received and will continue to carry out its responsibilities as best it can with the resources it has. But it simply cannot fulfill all of its new duties and continue to meet its traditional ones in the timely and thorough manner that the American people deserve with the current level of funding. In short, without additional resources, our markets cannot be well supervised, participants cannot be adequately protected, and market transparency and efficiency cannot be fully achieved.

2016 Increases by Mission Activity

Registration and Compliance

The Commission requests $17.8 million and 63 FTE for registration and compliance activities, an increase of $1.0 million and 3 FTE over the FY 2015 enacted level. The Commission performs a thorough review of the applications of all entities seeking to be registered or designated as DCMs, SEFs, FBOTs, DCOs, and SDRs, as well as oversight of the National Futures Association (NFA) and the registration of SDs, MSPs, FCMs, CPOs, and other intermediaries. The Commission expects to see continued increases in the trading of swaps on SEFs and DCMs, and the clearing of swaps on DCOs, which will further strain the Commission's resources with respect to registration of market participants and the review of rule certifications and requests for rule approvals by DCOs, SEFs, and DCMs. Further, upon completion of an entity's initial registration process, the CFTC continues to monitor the entity's activities for compliance and may provide policy direction and legal interpretative guidance on an as-needed basis. Compliance oversight includes addressing both registrant-initiated and staff-initiated matters. Continued innovation will require continued evaluation of registrants (and the rules they implement) for compliance with the statutorily-mandated requirements and core principles. The Commission must ensure it has subject matter experts who can respond to rapid changes in the marketplace. The lack of adequate funding would prevent the Commission from fulfilling its mission in a timely and effective manner, and can result in delayed registrations, ineffective customer protection, regulatory uncertainty, poor compliance and risk management by registrants, higher legal and compliance costs for registrants, ineffective compliance oversight by self-regulatory organizations (SROs), and international disharmony.

Product Reviews

The Commission requests $6.4 million and 23 FTE for product reviews, an increase of $0.9 million and one FTE from the FY 2015 enacted level. The Commission conducts due diligence reviews of new contract filings to ensure that the contracts are not readily susceptible to manipulation or price distortion, and that the contracts are subject to appropriate position limits or position accountability. The Commission also analyzes amendments to contract terms and conditions to ensure that the amendments do not render the contracts readily susceptible to manipulation and do not otherwise affect the value of existing positions. In addition, new swaps products are reviewed to determine whether they should be required to be cleared pursuant to a Commission clearing mandate. Proliferation of products by industry—which has increased in recent years—and the inherently greater complexity of swaps contracts will demand that we keep pace with industry's innovations while maintaining existing capabilities.

Surveillance

The Commission requests $62.4 million and 163 FTE for market surveillance, an increase of $5.9 million and 42 FTE over the FY 2015 enacted level. During FY 2014, CFTC reviewed its highest priority sourcing requirements and determined a significant investment in technology is required to support this mission area. The increase in funding will also support information technology requirements to further develop the automated surveillance tools and data visualization. The CFTC continues to face a number of challenges with its new jurisdiction related to swaps; the types of data required by the Commission, the number of data sources providing data, the complexity of the data, and the volume of the data have each expanded significantly. The Commission monitors trading and positions of market participants on an on-going basis. Commission staff screen for potential market manipulations and disruptive trading practices, as well as trade practice violations. Such market surveillance is dependent on the ability to acquire large volumes of data and the development of sophisticated analytics to identify trends and/or outlying events that warrant further investigation, which can only be achieved through investment in technology and expert staff to process, analyze, and interpret the information. Without adequate funding, the Commission will be significantly impaired in its ability to analyze both traditional and new sources of market data, and will possess a limited ability to develop deep expertise over a broad spectrum of derivative instruments. The Commission also will be limited in its ability to surveil DCOs in a comprehensive and robust manner, which is critical to minimizing systemic risk.

Examinations

The Commission requests $35.4 million and 135 FTE for examinations, an increase of $6.7 million and 21 FTE over the FY 2015 enacted level. Examinations are formal, structured assessments of regulated entities' operations or oversight programs designed to assess on-going compliance with statutory and regulatory requirements. Regular examinations are the most effective method of ensuring that the entities are complying with the core principles established in the CEA and the Commission's rules. This level of funding is critical to maintaining a robust and effective examination program.

Examinations of market intermediaries, including FCMs and SDs, for compliance with applicable capital, segregation, risk management, and financial reporting requirements help ensure that funds belonging to customers are protected from loss. The complexity of examinations has increased in light of the increasing number and complexity of products and increasing technological sophistication of the markets.

Across the markets, oversight of the financial surveillance and compliance programs of designated self-regulatory organizations (DSROs) is designed to ensure that the DSROs are effectively monitoring the financial integrity of market intermediaries and protecting customer funds. Reviews of DSROs, DCMs, and SEFs focus on the structural sufficiency of their self-regulatory and compliance programs.

While Commission staff believes that it is important to perform routine annual examinations of the largest DCOs, DCMs and SEFs, with reviews of the smaller entities every two to three years, sufficient resources for such examinations will not be available without increased funding. Indeed, the Commission is required under Title VIII of the Dodd-Frank Act to examine, at least annually, DCOs that have been designated as "systemically important." Examinations of systemically-important DCOs are a priority, and examinations of other DCOs are relegated to less frequent examinations, as resources permit.

Further, targeted examinations, such as the System Safeguards Examinations, focus on compliance and risk management by FCMs, SDs, DCMs, SEFs, SDRs, and DCOs with cybersecurity, automated system safeguards, and business continuity requirements. Given significant increases in the threat of cybersecurity attacks and other incidents in the financial markets, this oversight is critical.

Examinations are conducted by multi-disciplinary teams of auditors, attorneys, accountants, industry economists, risk analysts, trade practice analysts, systems risk analysts, and risk management specialists. The Commission currently is hampered from performing these examinations in sufficient depth and frequency without an increase in funding.

Enforcement

The Commission requests $70.0 million and 212 FTE for enforcement activities, an increase of $20.7 million and 48 FTE over the FY 2015 enacted level. Market integrity will continue to be one of the Commission's key priorities. A strong compliance and enforcement function is vital to maintaining public confidence in the financial markets. This is critical to the participation of many Americans who depend on the futures and swaps marketplace—whether they are farmers, oil producers or exporters.

The Commission's enforcement efforts can help rebuild and maintain public confidence and trust in the financial markets. The Commission has the authority to: 1) Shut down fraudulent operations and immediately preserve customer assets through asset freeze and receivership orders; 2) Terminate manipulative and disruptive schemes; 3) Bar defendants from trading and being registered in its markets; and 4) Seek restitution, disgorgement, and monetary penalties up to the greater of three times the amount of a defendant's gain or a fixed statutory amount.

The Commission anticipates more time-intensive and inherently complex investigations due to innovative products and practices within the industry, including the use of automated and high frequency trading. Cases have been strengthened by recent amendments to the law, but the

Commission cannot take full advantage of this authority at the current funding levels. In order to investigate and litigate market-wide violations, as well as those less complex but equally important retail fraud cases, additional funding is requested for increased specialized enforcement experts.

The Commission foresees an increase in multi-jurisdictional and multi-national investigations given the global nature of the swaps marketplace and the challenges associated with substitute compliance. The Commission is also experiencing an increase in international enforcement investigations in its traditional markets (the most significant being the international benchmark rate rigging cases). These cases are inherently more resource intensive due to increased costs for travel, translations and coordination.

Economic and Legal

The Commission requests $27.9 million and 94 FTE for economic and legal support activities in FY 2016, an increase of $5.8 million and 11 FTE over the FY 2015 enacted level.

Economic analysis plays an integral role in the development, implementation, and review of financial regulations to ensure that regulations are economically sound and have undergone a rigorous consideration of potential costs and benefits. The Commission is committed to integrating robust economic analysis into its regulatory activities. While Commission staff has established a network of well-renowned researchers and academics in quantitative financial methods, applied mathematics, econometrics, and statistics to augment resources, the Commission's capacity should be enhanced to ensure that a high quality of economic analysis can be performed throughout the Commission.

The Commission's Office of the General Counsel represents the Commission in Federal courts and before administrative bodies in litigation, including appeals of enforcement actions, challenges to agency actions, derivatives industry bankruptcies, employment lawsuits and other administrative matters. It also is responsible for reviews of proposed rules and staff interpretive and no-action letters to ensure consistency and compliance with the requirements of the CEA, a function that has been slowed by the current lack of resources.

The lack of adequate economic staff in the divisions, as well as adequate staff for the Office of General Counsel, has significantly impaired the ability of Commission staff to respond promptly to requests for relief or interpretations from regulated entities and market participants, such as end users. The increased funding would significantly improve the ability of staff to respond in a timely and appropriate manner.

International Policy

The Commission requests $4.9 million and 16 FTE for international support activities, an increase of $0.4 million over the FY 2015 enacted level. The global nature of the futures and swaps markets, including the presence of a growing number of foreign-based DCOs that are registered in both the United States and their home country, makes it imperative that the United States consult and coordinate with international authorities. The Commission is actively communicating internationally to avoid conflicting requirements and to engage in cooperative supervision, wherever possible. The Commission will work with leaders of authorities with responsibility for the regulation of the swaps markets in major market jurisdictions to support the adoption and enforcement of robust and consistent standards in and across jurisdictions and to develop concrete and practical solutions to conflicting application of rules, identify inconsistent or duplicative requirements and attempt to reduce the regulatory burdens associated with such requirements and identify gaps that could lead to regulatory arbitrage.

Data and Technology Support

Information technology costs, including information technology (IT) investments (*e.g*., hardware, software, and contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity as described below. A full breakout of the Commission's IT Portfolio is located in Appendix 2.

The Commission requests $63.1 million and 59 FTE for enterprise-wide data and technology support activities, an increase of $26.9 million and 15 FTE over the FY 2015 enacted level. This mission activity supports the cross-agency data and technology infrastructure needs of the Commission. Data, and the ability to analyze and report data, are more important than ever in the derivatives markets and in CFTC's ability to oversee those markets; therefore, data understanding and ingestion is the priority for the Commission's resources. The CFTC has an imperative to aggregate various types of data from multiple industry sources, such as DCMs, SEFs, SDRs, and DCOs across multiple markets (*e.g.*, futures, exchange-traded swaps, and off-exchange swaps). Under the Volcker Rule provisions of the Dodd-Frank Act, the CFTC must now also take in and analyze a whole new set of metrics data from its registrants. The new swaps data is an order of magnitude more complex than futures. The increasing complexity, volume, and interrelations of the data set will require significantly more powerful hardware such as high performance computing systems to support business analytics. Without the requested level of funds, the Commission will not have sufficient infrastructure to deploy mission systems to fulfill the critical mandates of the agency, directly impacting the Commission's ability to protect market participants from fraud, manipulation and abusive practices, and to protect the public and the U.S. economy from systemic risk.

Overview of the FY 2016 Budget

FY 2016 Budget Request by Program[1] [2]

	FY14 Actual[3] $ (000)	FY15 Estimate $ (000)	FY16 Request $ (000)
Salaries and Expenses	$181,171	$198,900	$243,000
Information Technology	35,000	51,100	79,000
Total	**$216,171**	**$250,000**	**$322,000**

Table 1: Summary of FY 2014 to 2016 by Program

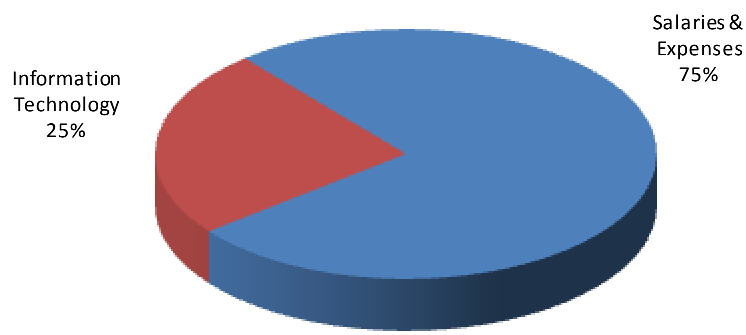


Figure 1: $322.0 Million Budget Request by Program

[1] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). All other budget displays by Mission Activity, Division or any other depiction are for informational purposes only.

[2] Salaries and Expenses: The Salaries and Expenses program provides funding for all CEA-related activities. This includes funding for Federal staff salaries and benefits, leasing of facilities, travel, training, and general operations of the Commission. Information Technology: The Information Technology program provides funding for information technology investments. This includes hardware, software, contractor support, and other related information technology requirements.

[3] Costs include expenditures from all funds.

FY 2016 Budget Request by Mission Activity[1]

	FY14 Actual[2]		FY15 Estimate		FY16 Request	
	FTE	$ (000)	FTE	$ (000)	FTE	$ (000)
Registration and Compliance	43	$11,202	60	$16,794	63	$17,807
Product Reviews	22	5,574	22	5,460	23	6,388
Surveillance	113	35,938	121	56,502	163	62,429
Examinations	93	24,213	114	28,676	135	35,365
Enforcement	148	50,515	164	49,332	212	69,993
Economic and Legal Analysis	73	20,134	83	22,102	94	27,949
International Policy	16	4,505	16	4,523	16	4,914
Data and Technology Support[3]	34	36,012	44	36,216	59	63,134
Agency Direction and Management	105	28,078	122	30,395	130	34,021
Total	**647**	**$216,171**	**746**	**$250,000**	**895**	**$322,000**

Table 2: Summary of FY 2014 to 2016 by Mission Activity

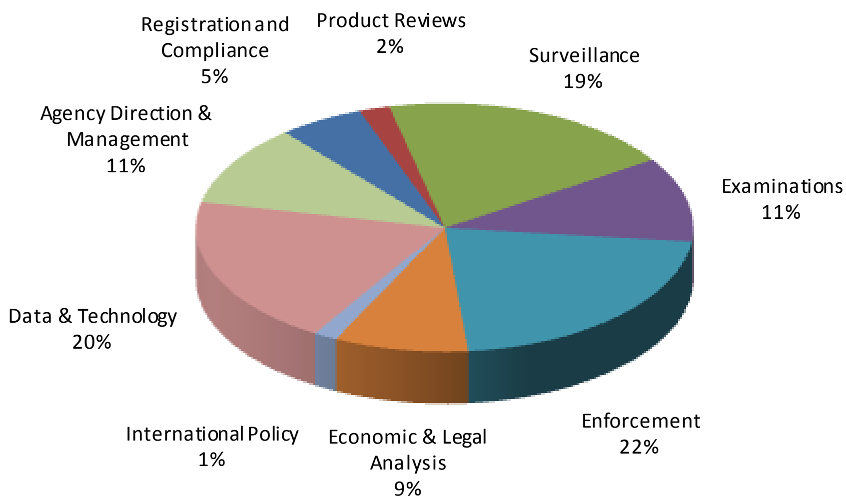


Figure 2: $322.0 Million Budget Request by Mission Activity

[1] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). All other budget displays by Mission Activity, Division or any other depiction are for informational purposes only.
[2] Costs include expenditures from all funds.
[3] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity. Refer to Appendix 2 for a full breakout of IT funds.

FY 2016 Budget Request by Division[1]

	FY14 Actual[2]		FY15 Estimate		FY16 Request	
	FTE	$ (000)	FTE	$ (000)	FTE	$ (000)
Agency Direction[3]	22	$6,268	33	$8,515	35	$9,340
Administrative Management & Support	77	19,128	82	19,260	86	20,726
Chief Economist	9	2,380	12	2,911	18	5,164
Clearing & Risk	56	15,380	66	17,089	85	22,675
Data & Technology[4]	77	59,147	98	80,664	111	108,428
Enforcement	149	47,247	169	48,060	217	66,152
General Counsel	48	13,151	52	14,277	58	16,365
International Affairs	12	3,360	12	3,445	12	3,573
Inspector General	6	1,504	7	2,620	9	2,790
Market Oversight	110	27,412	121	29,649	153	38,253
Swap Dealer & Intermediary Oversight	81	21,194	94	23,510	111	28,534
Total	**647**	**$216,171**	**746**	**$250,000**	**895**	**$322,000**

Table 3: Summary of FY 2014 to 2016 by Division

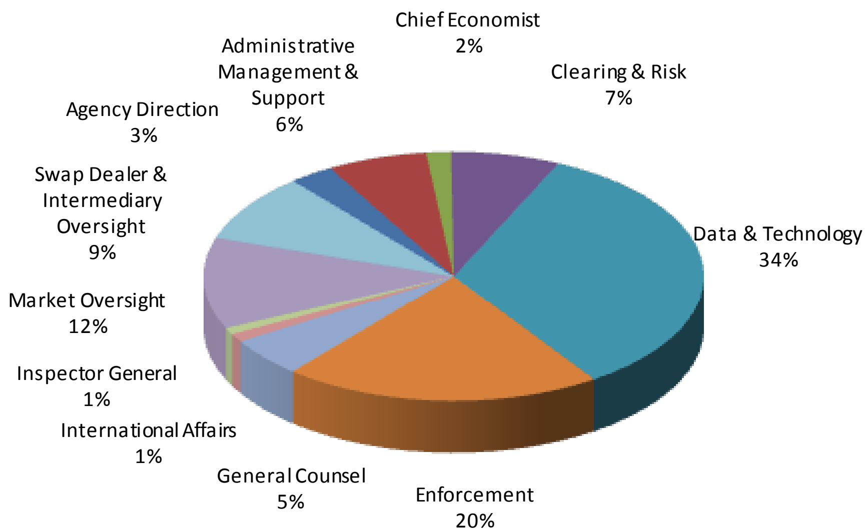


Figure 3: $322.0 Million Budget Request by Division

[1] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). All other budget displays by Mission Activity, Division or any other depiction are for informational purposes only.
[2] Costs include expenditures from all funds.
[3] Transition of the Chairman, three Commissioners and related staff resulted in a lower FTE utilization in FY 2014.
[4] Data & Technology amounts include all costs funded by the Information Technology program, including FTE and indirect costs funded by the Salaries and Expenses program.

FY 2016 Budget Request by Object Class

	FY14 Actual[1] $ (000)	FY15 Estimate $ (000)	FY16 Request $ (000)
11.0 Personnel Compensation	$97,237	$116,483	$145,723
12.0 Personnel Benefits: Civilian	29,058	34,712	43,425
13.0 Benefits for Former Personnel	0	0	0
21.0 Travel & Transportation of Persons	1,361	1,600	2,908
22.0 Transportation of Things	36	69	75
23.2 Rental Payments to Others	21,761	21,700	22,935
23.3 Communication, Utilities & Misc.	4,035	4,629	3,840
24.0 Printing & Reproduction	739	703	708
25.0 Other Services	54,915	61,207	81,857
26.0 Supplies & Materials	1,488	1,297	1,470
31.0 Equipment	5,541	7,600	19,044
32.0 Building & Fixed Equipment	0	0	15
Total	**$216,171**	**$250,000**	**$322,000**

Table 4: Summary of FY 2014 to 2016 by Object Class

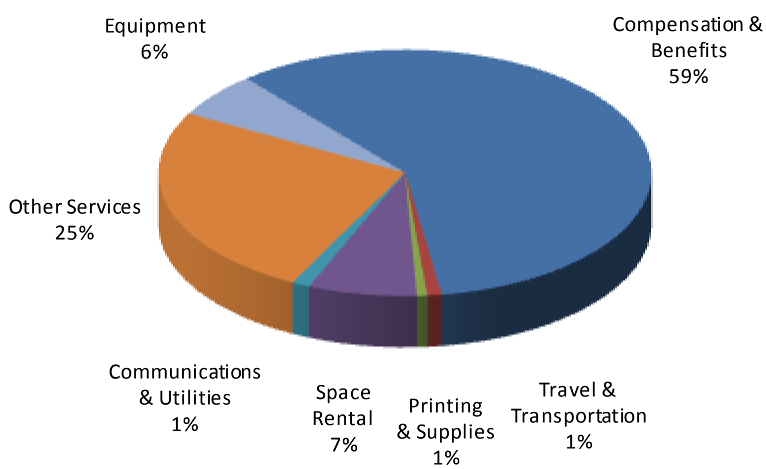


Figure 4: $322.0 Million Budget Request by Object Class

[1] Costs include expenditures from all funds.

Crosswalk from FY 2015 to FY 2016

	FY 2015 Estimate	FY 2016 Request	Change
Budget Authority ($000)	$250,000	$322,000	$72,000
Full-Time Equivalents (FTEs)	746	895	+149

Explanation of Change	**FTE**	**Dollars ($000)**
Current Services Increases: (Adjustments to FY 2015 Base)		
To provide for changes in personnel compensation & benefits:		$6,464
To provide for the following changes in non-personnel costs:		$446
--Space Rental/Communications/Utilities ($446)		
Program Increase: (Adjustments to FY 2016 Current Services)	149	$65,090
--Addition of 149 FTE ($31,489)		
-Travel/Transportation ($1,314)		
--Other Services ($20,650)		
--Supplies/Printing ($178)		
--Equipment ($11,459)		
Total Change	**+149**	**$72,000**

Table 5: Crosswalk from FY 2015 to FY 2016

Justification of the FY 2016 Budget by Mission Activity

Registration and Compliance

Resource Overview

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Change
BUDGET	$11,201,577	$16,794,031	$17,806,731	+$1,012,700
FTE	43	60	63	+3

Mission Activity Description

The Commission reviews the registration applications of all entities seeking to be registered as DCMs, DCOs, SEFs and SDRs. Review teams comprised of attorneys, industry economists, trade practice analysts and risk analysts ensure that the Commission undertakes a thorough analysis of such applications to assess compliance with the applicable statutory core principles and Commission regulations. Important to the application process is a site visit to the applicant, enabling Commission staff to fully evaluate the operational and managerial resources that will support regulatory compliance once the applicant is registered. For SDs, MSPs, FCMs, and other intermediaries, where registration responsibility has been delegated to the NFA, an SRO, the Commission provides registration regulatory guidance to the NFA and to provisional registrants and generally oversees the registration process. This oversight includes sample testing of NFA's application reviews and periodic targeted reviews of the SRO registration procedures. Site visits may be required to validate needed technical and self-regulatory capabilities.

Upon completion of an entity's initial registration process, the CFTC continues to monitor the entity's activities for legal compliance and may provide policy direction and legal interpretative guidance to SROs and registrants on an as-needed basis. Compliance oversight includes addressing both registrant initiated and staff initiated activities in connection with registration issues and ongoing compliance following registration. Registrants often contact Commission staff to request interpretive guidance or no action relief for registration purposes or ongoing compliance and have the option to self-report compliance concerns or failures and seek staff assistance in remediating these issues. Furthermore, staff initiates compliance oversight activities such as reviews of registrant reports, horizontal registrant inquiries on specific compliance topics, and conducts on-site visits with registrants to observe compliance activities.

Industry Trends and Emerging Issues

Over the next year, the Commission expects trading in swaps on SEFs and DCMs to increase. Likewise, consistent with market trends in recent years, the Commission expects the number of rule certifications and requests for rule approvals by SEFs and DCMs to increase. At the same time, the Commission expects the number of market participants that are subject to Commission jurisdiction to increase as they become a member of, or trade products on, a registered DCM or SEF. The Commission also must complete its review of the 22 SEFs that are currently or temporarily registered in order for them to become fully registered, and complete its evaluation of the two applications for DCM registration that currently are pending before the Commission. In addition, the Commission has 21 pending applications for FBOT registration, to date. The Commission has been limited in its ability to review these rule certifications and rule approval requests, as well as these SEF, DCM and FBOT applications for registration and make timely recommendations to the Commission on each.

Over the next year, the Commission expects to receive two to three new applications for SEF registration and/or DCM designation.

As the Commission has worked to implement the Dodd-Frank Act's clearing requirement for swaps, more foreign-based CCPs have expressed interest in clearing swaps for U.S. persons. In the past year, the Commission issued no-action letters to six foreign-based CCPs, permitting them to clear the proprietary swap transactions of U.S. persons for a limited time or until the CCP becomes either registered or exempt from registration as a DCO. In FY 2016, the Commission expects these and other foreign-based CCPs to either apply for registration with the Commission as a DCO or to petition the Commission for an exemption from registration. As with the review of applications for SEF, DCM and FBOT registration, the Commission has been historically limited in its ability to review these applications for DCO registration or petitions for exemption and make timely recommendations to the Commission.

At present, over 100 entities have provisionally registered as SDs or MSPs. Completing the review of these entities for permanent registration in a timely manner is also difficult with current resources. In addition to requiring that such entities register with the CFTC, the Dodd-Frank Act also requires that such entities comply on an ongoing basis with regulations governing business conduct standards, reporting and recordkeeping, risk management, conflicts of interest, and customer protections, among other requirements, but resources limit the ability of staff to conduct reviews of compliance. The Dodd-Frank Act requirements promote best practices for customer interaction, corporate governance, and recordkeeping, strengthening efficiencies while also promoting robust risk management capabilities. As the Commission has implemented these Dodd-Frank Act provisions, Commission staff has issued no-action letters and interpretive guidance to assist in the transition to full compliance by these provisionally registered SDs and MSPs, given that the new requirements require varying degrees of business processes and technological changes depending on the size and nature of an individual entity. These actions continue to be needed and often need to be provided in a timely manner to promote the smooth functioning of the markets. Additionally, the Commission anticipates that approximately 75 FCMs will be registered as of FY 2016, together with thousands of registered IBs, CPOs, CTAs, and other intermediaries. Within those entities, the Commission anticipates that there will be approximately 58,000 individuals registered as Associated Persons. The Commission's ability to respond promptly to requests for no-action letters and interpretive guidance with respect to the new and existing statutory and regulatory requirements, and to provide prompt registration regulatory guidance to the NFA, has been limited by Commission staff resources.

Justification of CFTC Resource Requirements

The FY 2016 request for $17,806,731 will support the Commission's registration/designation and continuing compliance oversight mission. The request will enable the Commission to evaluate and act on applications for registration in a much more timely fashion. Limited resources over the last few years have significantly hindered the Commission's ability to do so and resulted in delays in completing many such reviews. Additionally, the request will better enable the Commission to provide interpretative guidance promptly to SROs and registrants, and its obligation with respect to compliance oversight.

- Permanently registering temporarily-registered SEFs, as well as reviewing new applicants for DCM designation or SEF registration, will be an area of particular focus for the Commission.
- The Commission expects to receive and evaluate petitions from foreign-based CCPs for exemption from DCO registration.
- The Commission expects to receive and evaluate no-action requests from foreign-based swaps-trading platforms seeking relief from SEF registration.
- The Commission expects to encounter increases in workload given the dramatic increase in registered entities (SEFs, DCMs, SDRs, and DCOs) and the fact that such entities will continue to implement and refine their rules of operation under the new regulatory framework.
- In addition to guiding and overseeing the registration/designation of new U.S. and foreign-based entities, the Commission staff will perform periodic reviews to assess entity-legal

compliance with the CEA's statutory requirements and the Commission's implementing regulations, as well as regulations promulgated by the Commission under Title VIII of the Dodd-Frank Act (relating to systemically important DCOs).

- On a day-to-day basis, registered entities are subject to Commission oversight, which includes review of registrants' rules, operations, and procedures. The Commission will review daily, quarterly, annual, and event-specific reports and notices from DCOs, SDs, FCMs and other intermediaries, as well as DCMs and SEFs, to continually monitor and help ensure compliance with applicable financial and risk management regulations. Simultaneously, the Commission will oversee and coordinate with the NFA and other SROs and DSROs to provide on-going policy guidance, legal interpretation and other critical services necessary to execute its oversight mission.
- The Commission needs to work closely with the international regulatory community to establish agreements on substituted compliance matters central to overseeing the global activities of the derivatives industry and implementing key aspects of Dodd-Frank Act and other high priority initiatives. The objective of these cross-border activities is to better rationalize regulatory processes (*e.g.*, financial reporting, risk management standards, swap data reporting, *etc.*) and other regulatory matters of common interest with other nations, and to strengthen and institutionalize cooperative oversight in ways that avoid unnecessary burdens on the industry.
- The Commission will continue on-going efforts to access, standardize, structure and integrate technology for the use of new and legacy data streams generated by the swap data reporting rules, Volcker Rule, enhanced customer protection rules, chief compliance officer annual reports, risk exposure reports and other regulatory changes. The Commission's additional responsibilities for the swaps market as a result of the Dodd-Frank Act have created vast new quantities of data that must be received, loaded, and analyzed properly. The Commission must be able to do this in a timely and effective manner to fulfill its responsibilities with respect to compliance oversight, risk management, and registration.
- The Commission will seek to leverage and incorporate data harmonization efforts to develop and incorporate more effective and efficient data management tools and practices into the agency's regulatory operations. Strengthening the agency's understanding of transactional data, Volcker Rule data, and risk and chief compliance officer reports will generate new capabilities for guiding Commission policy making, registrant compliance and best practices, and assessing registration and compliance operations.
- The Commission also projects that in FY 2016 it will be completing and implementing rulemakings expected to be initiated in FY 2015. The rulemakings will address: 1) block trades, including their appropriate threshold sizes; 2) DCM Core Principle 9; 3) clean-up modifications to the Part 37 regulations for SEFs; 4) position limits and related requirements for all economically-equivalent derivatives across trading venues; and 5) clean-up modifications to the Part 45 regulations for swap reporting data standards.
- Key regulatory processes supported by the CFTC regulatory portal will need to be fully automated and integrated with the electronic records and document management system. The Commission needs to create dashboards to provide transparency and management visibility into the status of registrations.

Impact if Not Funded at Requested Level of Resources

If the requested funding is not received, it can result in delayed registrations, poor compliance, ineffective customer protection, regulatory uncertainty, poor risk management by registrants, higher legal and compliance costs, ineffective compliance oversight by SROs, and deficient international coordination.

Registration and Compliance Oversight of DCMs, SEFs, and FBOTs. To the extent resources are unavailable, the Commission will be unable to ensure that DCM, SEF and FBOT applications are reviewed in a timely and comprehensive manner, which could slow the ability of those entities to offer their services to the market or allow inadequately-reviewed exchanges to begin operations and potentially jeopardize market participants and market integrity. In addition, comprehensive application reviews entail on-site visits, interviews with relevant exchange personnel, evaluation of systems safeguards, all of which may be impacted by reprioritization of funding. Likewise, insufficient resources could compromise the ability of the Commission to oversee DCMs, SEFs, and FBOTs on an ongoing basis to ensure that their rules, operations and procedures are compliant with Commission regulations and the CEA. Without adequate compliance oversight in this regard, the Commission cannot validate that exchanges are adequately carrying out their self-regulatory responsibilities. This shortcoming in performing critical oversight activities may put at risk not only the particular users of those markets, but also those portions of the broader economy that look to those exchanges for price discovery purposes.

Such consequences of not receiving the requested funding would also frustrate a central goal of the Dodd-Frank Act to move a broad class of swap products away from unregulated, non-transparent markets to an adequately monitored, transparent environment. Inadequate funding would delay the Commission's efforts to continue the implementation of Dodd-Frank Act requirements, including efforts to evaluate possible adjustments to regulatory requirements in response to requests from market participants and changes in market structures. Further, the Commission's continuing efforts to coordinate and proactively engage with foreign regulators and international organizations with respect to market oversight will be limited without adequate staffing.

Registration and Compliance Oversight of DCOs. With respect to DCO registration applications and petitions for exemptions, processing has historically been delayed due to limited staff resources. In addition, the Commission may be limited in its ability to conduct comprehensive site visits (a routine part of the application process), which will become more of an issue given the expectation that most DCO applicants will be based in foreign countries. The inability to conduct a thorough review and analysis of a DCO application undermines the efficacy of the application review process and the stature and significance of DCO registration. These delays will limit the number of CCPs available to U.S. persons for clearing and will frustrate the Dodd-Frank Act's goal of mitigating systemic risk in the financial system.

Implementation of the Dodd-Frank Act and effective oversight of the derivatives markets requires greater cooperation and consultation with domestic and foreign regulators. In addition, the Dodd-Frank Act imposed an entirely new regime of systemically important DCO regulation, oversight and examination under Title VIII, which includes continued participation on various clearing related working groups and work streams of the Financial Stability Oversight Council (FSOC). Moreover, by migrating swaps to a cleared environment, significant counterparty risk has shifted to DCOs. This has, in turn, necessitated a more comprehensive program of DCO regulation and oversight with the goal of ensuring rigorous risk management while expanding access to global markets and promoting capital efficiency.

Adequate staffing is essential to effectively oversee DCOs and the futures and swaps markets. For example, without the requested resources, the Commission will be limited in its ability to proactively engage in thorough risk surveillance; to engage with DCO Chief Compliance Officers to facilitate more effective compliance programs across all DCOs; to carefully review self-certified rule submissions from DCOs; and to provide prompt responses to industry requests to address regulatory ambiguities. Without this effective oversight, there is a greater risk of DCO problems which would adversely affect U.S. financial markets. Moreover, adequate staffing allows the Commission to respond in a timely manner to market participants which can facilitate innovation or improvements that enhance liquidity or efficiency of our markets. Without adequate staffing, legal and risk management issues cannot always be addressed in a timely manner resulting in unnecessary uncertainty in the marketplace and delay in the introduction of products and services.

Staffing inadequacies likewise may impact DCOs that want to operate internationally, and in particular those DCOs that have sought to qualify as qualifying CCPs under the Basel Capital Framework, because the limitations on the Commission's oversight of such DCOs may cause foreign regulators to be unwilling to permit DCOs to do business in their jurisdictions in reliance on the Commission's oversight. If foreign regulators perceive CFTC supervision of U.S.-based entities as insufficient, they might not allow market participants in their jurisdictions to do business with U.S.-

based entities, which will harm U.S. competitiveness. Similarly, banking regulators may come to doubt the wisdom of reliance on CFTC regulation to qualify DCOs as qualifying CCPs, which would create higher capital charges for participating firms and could, in turn, cause participating firms to transfer their derivatives business away from U.S.-based DCOs. In each instance, DCOs would face a competitive disadvantage in maximizing business opportunities and retaining members and customers.

Staffing inadequacies have historically impeded Commission efforts to provide timely information in response to requests from the FSOC, and other domestic and international regulators. These delays could further delay the FSOC's ability to fulfill its responsibilities relating to financial market utilities (which include systemically-important DCOs) by, among other things, delaying efforts to identify and monitor potential threats or risks to U.S. financial stability that could be related to or mitigated through systemically important DCO activities. Staffing inadequacies and budget restrictions can also impede CFTC efforts to effectively coordinate the implementation of new regulations and address systemic concerns on a cross-border basis. These impediments could result in regulatory arbitrage and result in a competitive disadvantage to domestic market participants.

Staffing shortages may also delay amendments and updates to part 190 (the Commission's bankruptcy rules), which are necessary to take into account changing market structures and valuable lessons learned from the MF Global and Peregrine bankruptcy proceedings. CFTC resource constraints may also delay amendments to Regulation 1.49 (permitted depositories). The Regulation 1.49 amendments are needed to respond to the globalization of the marketplace and regulatory changes in banking, as well as to address and take into account current market practices with respect to currencies and depositories. Revisions to Part 39 of the Commission's regulations (DCO rules), which should be updated to reflect experience with implementation of the regulations which were adopted in October 2011, may also be delayed.

Registration and Compliance Oversight of SDs, MSPs, FCMs, and Other Intermediaries. Adequate funding is essential to facilitate fair competition among market participants, protect market participants from fraudulent practices, promote the integrity of derivatives transactions, prevent disruptions to markets, and minimize systemic risk. To the extent that resources are unavailable, the Commission will be limited in its ability to respond in a timely manner to requests for guidance from registered SDs, MSPs, FCMs, and other intermediaries. These requests for guidance, as well as the need to provide guidance on issues directly identified by the Commission and SROs, as part of their routine activities are expected to increase due to the continued implementation of the Dodd-Frank Act. Likewise, the Commission will be limited in its ability to evaluate possible adjustments to existing regulatory requirements in a timely manner.

As noted above, implementation of the Dodd-Frank Act and effective oversight of the derivatives markets requires greater cooperation and consultation with domestic and foreign regulators. For example, the Commission has provided substituted compliance for the activities of SDs and MSPs in certain foreign jurisdictions, with respect to certain business conduct standards mandated under the Dodd-Frank Act. Such efforts are essential to fulfilling the goal of promoting a coordinated, cooperative international regulatory framework for swaps. However, the Commission's ability to fulfill that goal will be limited without the requested funding, resulting in delays in evaluating further requests for substituted compliance and proactively engaging with foreign regulators and international organizations.

Another essential component of the Commission's registration and compliance activities is the compliance oversight of NFA's activities as an SRO. Such compliance oversight is necessary to ensure that NFA's activities with respect to registration, enforcement, and examinations, among other things, fulfill its responsibilities under the CEA. Such activities directly impact the protection of customers and the proper functioning of the marketplace. Without adequate funding, the Commission's compliance oversight activities relating to NFA will be limited.

The lack of adequate funding also will impair the Commission's ability to further implement data, systems, and processes that will improve the Commission's compliance oversight of SDs, MSPs, FCMs, and other intermediaries, including with respect to compliance with such requirements as the

Volcker Rule. Without adequate funding, enhancements to the Commission's regulatory portal and business process automation will be delayed or deferred, reducing the effectiveness of Commission staff and the transparency of the compliance review process.

Breakout of Registration and Compliance Request [12]

	FTE	Salaries and Expenses ($000)	IT[13] ($000)	Total ($000)
Clearing and Risk	6	$1,653	$0	$1,653
Data and Technology	0	0	1,575	1,575
General Counsel	3	842	0	842
Market Oversight	24	6,055	0	6,055
Swap Dealer and Intermediary Oversight	30	7,682	0	7,682
Total	**63**	**$16,232**	**$1,575**	**$17,807**

Table 6: Breakout of Registration and Compliance by Division

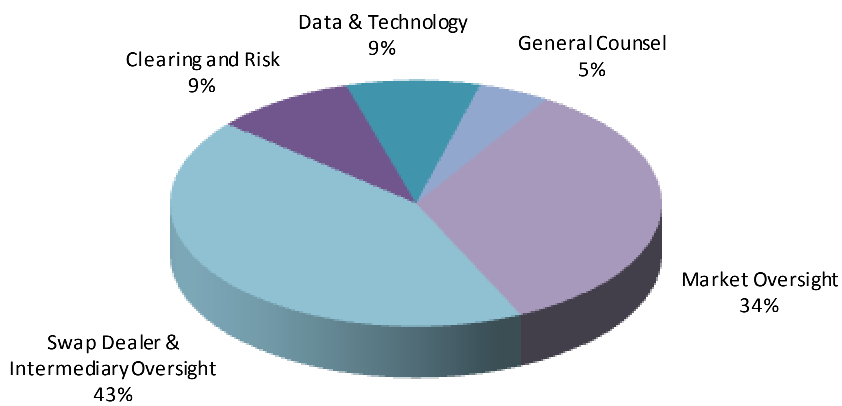


Figure 5: Registration and Compliance Request by Division

[12] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). The budget displays by Mission Activity are for informational purposes only, and do not represent a PPA.

[13] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

Product Reviews

Resource Overview

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Change
BUDGET	$5,574,222	$5,460,241	$6,387,650	+$927,409
FTE	22	22	23	+1

Mission Activity Description

The Commission reviews new product filings by exchanges as well as no-action letters related to such product issues. The CFTC's scope of work includes reviewing new futures, options and swap contract filings, reviewing contract amendment submissions, reviewing foreign stock index futures, and developing new rules and policies to accommodate innovations in the industry. The focus is primarily on verifying that derivatives contracts are not readily susceptible to manipulation or other price distortions, and that contracts are subject to appropriate position limits or position accountability standards. The Commission implemented a procedure that assigns greater review priority to contracts that have achieved certain thresholds of trading volume and open interest.

The Commission has the responsibility to review aggregate position limits for physical commodity derivatives. The Commission establishes uniform position limits and related requirements for all economically-equivalent derivatives across trading venues. Thus, in accordance with the Dodd-Frank Act, the Commission proposes rules to establish Federal position limits for specified core commodities and reviews periodically those Federal limits.

The Commission also evaluates transaction and pricing data collected by SDRs to determine appropriate block trade and large notional swap threshold levels that registered SEFs, DCMs, and market participants may use to delay public reporting of swap transaction data. The Commission also evaluates market data and contract characteristics to determine whether a swap contract should be subject to mandatory clearing and whether it is listed on a DCM or SEF and been "made available to trade." Transactions in contracts that have been "made available to trade" must be conducted on a DCM or SEF.

Additionally, the Commission reviews whether these new products are suitable for clearing by DCOs and, with respect to swap contracts, whether they should be mandated for clearing.

Industry Trends and Emerging Issues

One of the most significant trends that affect the Commission's ability to carry out its regulatory duties with respect to product review is the speed with which exchanges list new products, and the diversity of commodities underlying those products. For example, from FY 2012 to FY 2014, the number of contract certifications received from DCMs and SEFs increased from 894 to 1,088, an increase of more than 20 percent and we expect increases to continue into FY 2016. Exchanges, looking to gain a competitive advantage in the marketplace, are more often seeking to develop both novel products as well as contracts intended to compete directly with contracts listed on competitor's platforms. This influx of new product listings is expected to further tax the exchange's and

Commission's staff to maintain a high quality analysis of product offerings. In addition, the Commission expects an influx of swaps made available to trade that will also require staff review.

New capital and uncleared margin requirements, which the Commission is currently seeking to finalize, will likely cause market participants to seek clearing of additional and more complex transactions. The proliferation of greater numbers of products by industry participants, and the inherently greater complexity of swap contracts, requires the Commission to keep pace with industry's innovations, to evaluate whether these products are suitable for clearing by DCOs, and to evaluate whether they should be mandated for clearing. Additional requests for the portfolio margining of these complex products is also likely to reduce excess collateral needs for market participants.

Justification of CFTC Resource Requirements

The FY 2016 request for $6,387,651 will support current activities and enhance the Commission's capabilities related to products review and assessment of product-related rules, and enable the Commission to address problems that it has been unable to resolve due to limited funding.

- The Commission anticipates on-going product reviews during FY 2015 and FY 2016 as new contracts are created in response to changing market needs. The Commission will continue to review public comments and refine its position limit rulemaking. The Commission also anticipates completing its analysis of swap data for the purpose of implementing reporting delays for large notional value swaps.
- In addition, the Commission anticipates that it will begin to analyze, by asset class, the percentage and volume of previously non-transparent swaps now cleared, the level of risk transfer, the potential relative movement of institutions to new financial products, and the implied overall credit and market risk in FY 2016 to ensure that the Commission's regulations reflect an appropriate understanding of the markets and potential for systemic risk.
- Key regulatory processes supported by the CFTC regulatory portal will be fully automated and integrated with the electronic records and document management system. Dashboards will provide transparency and management visibility into the status of reviews.

Impact if Not Funded at Requested Level of Resources

The Commission has seen a significant increase in the number of contracts filed by DCMs and SEFs, with the number of contract certifications increasing by more than 20 percent over the past two years, with a continued expectation of increases into FY 2016. If this request is not funded, many contracts, even those that exhibit market significance, will not be reviewed in a timely manner to ensure compliance with the CEA. Moreover, the Commission will be unable to fulfill its responsibilities to establish appropriate position limits for certain physical commodities, determine appropriate large notional/block sizes for swaps, or properly evaluate whether certain swaps should be subject to mandatory clearing on a DCO and mandatory trading on a DCM or SEF.

To the extent that resources are unavailable to review product innovations and their related impact on margin methodology at DCOs, market participants will bear the burden of delays, or inability to complete, reviews of new products for clearing or trading, and new margin methodologies will take longer to be evaluated. Market participants will see increased margin and capital charges as a result of the lack of clearing or inefficient margin methodologies, and systemic risk that may otherwise have been minimized through clearing could increase. Liquidity of trading and product choice may also be adversely impacted.

Enhancements to the CFTC regulatory portal and business process automation will be delayed or deferred, reducing the effectiveness of staff and the transparency of the review process, and require continued use of manual paper-based processes.

Breakout of Product Reviews Request [14]

	FTE	Salaries and Expenses ($000)	IT[15] ($000)	Total ($000)
Clearing and Risk	6	$1,592	$0	$1,592
Data & Technology	0	0	525	525
General Counsel	2	561	0	561
Market Oversight	15	3,710	0	3,710
Total	**23**	**$5,863**	**$525**	**$6,388**

Table 7: Breakout of Product Reviews by Division

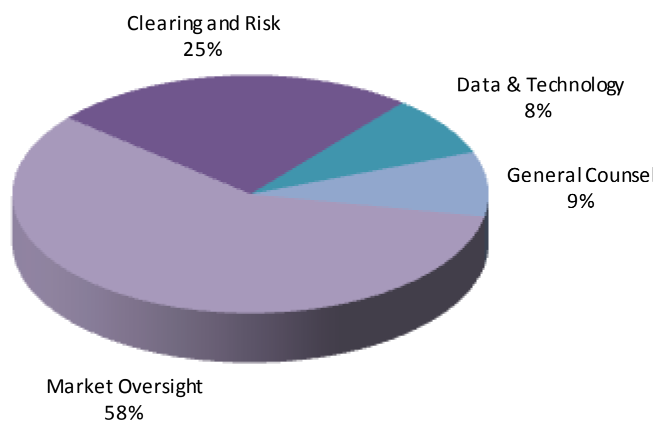


Figure 6: Product Reviews Request by Division

[14] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). The budget displays by Mission Activity are for informational purposes only, and do not represent a PPA.

[15] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

Surveillance

Resource Overview

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Change
BUDGET	$35,937,603	$56,501,694	$62,429,488	+$5,927,794
FTE	113	121	163	+42

Mission Activity Description

The Commission performs market surveillance and financial and risk surveillance, supported by business analytics.

Market Surveillance. The Commission monitors trading and positions of market participants on an on-going basis. Commission staff screen for potential market manipulations and disruptive trading practices, as well as trade practice violations.

Market oversight and surveillance activities are dependent on the ability to receive and load large volumes of data, coupled with the development of sophisticated systems to analyze that data and respond to outlying events or help identify trading or positions that warrant further inquiry. The combination of analysis of available data sets and Special Call authority leads to an understanding of market activities and possible violations of the CEA. It is anticipated that through the collection of shared data sets, including swaps data that is maintained at SDRs, the Commission will have the unique and essential ability to aggregate data received by all market participants by continuously improving data ingest, warehousing, and analytics systems and tools and implementing new systems and tools as needed or as innovative technology is adopted by industry participants. This ultimate aggregation will give the Commission a more encompassing view of futures, options and swaps transactions, which will, in turn, allow the Commission to conduct participant level surveillance for violations and abuses across markets. This capability is particularly important with the expansion of the Commission's mandate in the disaggregated swaps markets, as market participants may have swaps data residing in multiple SDRs, and multiple DCOs. The increased complexity of swap instruments (versus futures and options) as well as the increased velocity of trading across these various instruments and trading venues makes it essential that the Commission have sufficient tools and resources to view data across the industry landscape in order to detect and deter market manipulation and disruptive trading practices.

Market surveillance monitoring is conducted to further understand structural market changes and support new regulatory requirements. Surveillance systems and tools will incorporate innovative surveillance approaches developed by staff into scheduled, regularly-run monitoring processes.

Financial and Risk Surveillance. Staff conducts risk and financial surveillance of DCOs, clearing FCMs, and other market participants, such as SDs, MSPs, and large traders, that may pose a risk to the clearing process.

As part of its financial and risk surveillance activities, the Commission is working to establish a specialized program to assess capital and margin models, both on an initial and ongoing basis, as part of the Dodd-Frank Act requirement to establish and implement margin and capital requirements for SDs and MSPs. The program would seek to leverage to the extent practicable, reviews and assessments performed by the prudential regulators, the Securities and Exchange Commission (SEC), and foreign regulators, and would include coordinating efforts with SROs.

Financial and risk surveillance technology allows identification of large traders whose positions may pose financial risk to the industry or a clearing firm, analyze an owner's holdings and project the effect of market moves on these holdings, perform "what if" stress testing and risk scenarios to determine the effect of market movement on margin, and evaluate overall portfolio risk under different market conditions. Financial and risk surveillance technology also allows monitoring FCMs by storing and analyzing monthly financial statements and annual reports provided to the Commission to report net capital positions and other financial information.

Enhancing CFTC's financial analysis tools is critical, as the Commission will be the only financial regulator that will be able to aggregate and evaluate risk across all DCOs. Each DCO's view of risk is limited to market participants clearing at that DCO. Many market participants will have positions at multiple DCOs in more than one asset class. The Commission is enhancing its futures-specific risk surveillance program to include the ability to stress test positions in swaps for market participants and DCOs. These financial analysis tools, coupled with analysis of the swaps data that is maintained at SDRs, will also be used as part of oversight and reviews of FCMs and swaps dealers' risk management controls.

Business Analytics. CFTC also maintains a business analytics platform that supports market surveillance and financial and risk surveillance. Platforms allow staff analyzing regulatory reporting and industry data to keep pace with the continuing growth in data volume and complexity and rapidly evaluate data, build specific work products for unique market and participant conditions, and develop innovative approaches to ongoing market and financial and risk monitoring.

Industry Trends and Emerging Issues

The implementation of the Dodd-Frank Act has increased the Commission's surveillance responsibilities beyond the existing futures mandates to encompass oversight of new more complex products, product platforms, and registrants. As the market participants adapt and adjust to the fluid regulatory environment and develop technology based trading practices, the Commission's understanding of new, more complex and sophisticated trading methods and technologies, as well as the interaction of physical and financial trading tools, is of paramount importance. Surveillance staff, in order to protect market integrity, must have access to a broad array of regulatory and market data and state-of-the-art technology. The Commission also continues to intensify surveillance efforts to protect against systemic risk and potential threats from market shocks or cybersecurity attacks.

The Dodd-Frank Act requires the Commission to adopt regulations imposing capital requirements on SDs and MSPs that are not subject to regulation by a U.S. prudential regulator. The Dodd-Frank Act also requires the Commission to adopt regulations setting minimum margin requirements for uncleared swap transactions that are entered into by SDs and MSPs that are not subject to margin rules of a U.S. prudential regulator. There currently are over 100 provisionally registered SDs and MSPs, and approximately 60 of these entities will be subject to the Commission's capital and margin rules, as such SDs and MSPs are not subject to the capital or margin rules of a U.S. prudential regulator. Establishing capital and margin requirements is a central element for the Commission to achieve its regulatory objectives of reducing risks posed by swap transactions that are not centrally cleared and reducing overall system risk.

The Commission has proposed capital and margin rules for SDs and MSPs, and market participants have identified their ability to use internal capital and margin models as a critical issue of the proposals. Accordingly, the CFTC will seek to leverage the SD and MSP model reviews performed by domestic and foreign prudential regulators to the extent that such reviews covered the models used by the SDs and MSPs that are subject to the Commission's jurisdiction. In addition, the Commission will work with the NFA to review models of other SDs and MSPs that have not had their models reviewed by prudential regulators.

Justification of CFTC Resource Requirements

The FY 2016 request for $62,429,488 will support the Commission's activities related to surveillance. Additional funding is requested in light of the vastly expanded surveillance needs with the increase in the Commission's responsibilities under the Dodd-Frank Act and the limited resources that have been available to those activities. The funding will, among other things, enable the Commission to begin regular surveillance of futures order message data to increase the scope of futures and cross-market surveillance; for increased data extraction, transformation, and loading to support a more encompassing view of futures, options, and swaps transactions; for increased data analytics support services to assist in the development and operationalization of innovative surveillance approaches; to enhance position limits monitoring systems; and to support the operations, maintenance, and incremental enhancement of market financial and risk surveillance systems and tools implemented to date.

Market Surveillance. The Commission anticipates building additional automated surveillance tools, and enhancing current tools, to adjust to evolving market dynamics and adopt state-of-the-art technology. As trading across the world's marketplaces has moved almost entirely to electronic systems, the Commission must engage in substantial upgrades to its capabilities to handle unprecedented volumes of transactions in inter-related markets.

Staff will integrate the information in the swaps database with that currently held in the Commission's futures and options database. In so doing, staff will be better able to track the positions of traders for the purpose of enhancing market surveillance of large traders as well as enforcing position limits. Case management technology will be enhanced continually and applied in all mission areas, including market surveillance. Automating integration between regulatory mission activities will improve workflow, increase re-use of information, improve situational awareness and coordination, and increase the ability of staff to correlate data and events. Staff will make use of newly available technologies to blend data from different data sources, such as futures and swaps position data, trade execution data and order data, and develop new methods to analyze trading within and across products and markets. Proof of concepts innovated by staff will be operationalized, enhanced, and adapted over time to address evolving market conditions. Best practices will be shared across CFTC market, financial and risk surveillance programs.

Staff will gather and analyze trade data from SEFs, SDRs and DCMs, and the Commission will work with DCMs and SEFs to collate order book data, develop a database to store this data and develop tools to analyze this data and integrate it with trade data. Similarly, staff will work with SEFs to develop data standards and protocols to collate both trade and order book data, and develop tools to analyze this data.

Financial and Risk Surveillance. The Commission's financial and risk surveillance technology has been predominantly applied to futures and options on futures products. The Commission will continue to update existing and introduce new financial and risk surveillance technology to expand data intake, surveillance, analysis, and reporting.

The Commission will implement a SD capital and margin modeling program. The modeling program is a process for the review and ongoing assessment of models through a program of coordination with the prudential regulators, SEC, SROs, and foreign regulators.

Systems will support the identification and aggregation of related market participants across DCOs. The Commission will enhance tools to back test and evaluate sufficiency of all material product and portfolio margin requirements; monitor firm level variation and initial margin requirements across DCOs; evaluate the risk of market participants positions held at multiple FCMs or DCOs; and combine cleared and bilateral positions to obtain a more complete picture of a clearing firm's risk.

Risk surveillance staff currently receive large amounts of new margin data from DCOs each day. The data includes variation margin and initial margin for house accounts and customer accounts. Risk surveillance staff are using financial and risk surveillance systems and data analytics platforms to develop methods that allow each risk analyst more flexibility to view the data in multiple ways and improve risk assessment.

The Commission is increasing the resources available to review new DCO margin models and changes to existing margin models. Many DCOs clear the same asset class. Each uses its own margin model to calculate margin requirements. In some instances the requirements for the same positions will not be the same at multiple DCOs. Risk surveillance staff compare and contrast these models in order to analyze differences and to ensure appropriate coverage.

Risk surveillance is increasing the amount of data extraction and loading of futures, options on futures and swaps positions. Risk surveillance is also increasing the related data analytics support services. In addition to these new efforts, risk surveillance will be performing continuing maintenance and enhancements on existing systems.

Business Analytics. The Commission will be able to improve its ability to conduct market surveillance, financial and risk surveillance, investigations, and economic analysis by expanding the use of its high-performance computing platform, continuously enhancing that platform, and applying state-of-the art technology for big data. With the investment in a high-performance computing platform, staff will be able to more quickly, and effectively analyze very large datasets, cross-correlate very large datasets, conduct market reconstructions and simulations, and conduct financial and risk models and assessments. This type of advanced technology will allow staff to begin surveillance of high-frequency trading that is currently unavailable using existing technology. Technology enhancements must keep pace with the increasing amount and complexity of the data. Staff must be able to rapidly analyze the increasing sophistication of surveillance algorithms.

To effectively accomplish its mission, the CFTC must adapt to frequent and innovative changes in the derivatives markets, implementation of new Commission rules, increasing use of technology and growing market complexity. The Commission will extend its data ingestion and analysis framework to manage market and NFA data as it evolves with the industry and to make greater use of pre-trade and non-regulatory data. The existing framework will continue to be leveraged and built upon to provide services that multiply the effectiveness of staff, accomplishing integration between futures and swaps data, NFA data, and increased integration of CFTC systems and processes for monitoring registered entities, market and financial risk, market integrity, trade practice; and conducting enforcement and economic analysis. This framework will include an expansion of the CFTC portal to accommodate new and existing data submissions.

The CFTC will reinforce common data standards and services among the SDRs to ensure data interchange and interoperability. The CFTC will also establish and maintain a unified set of master and reference data using legal entity identifiers as a linchpin. The Commission will seek to increase the use of data feeds from industry and government system-based data services in order to reduce the latency between market events and staff ability to analyze correlated data from diverse sources.

Data analytics platforms and high-performance computing technology will be enhanced by developing flexible dashboards to increase dynamic visibility into key sets of data. Additional data aggregation methods will also be established and refined. CFTC data storage will be expanded to handle the continuing growth of analytical data. High-performance computing infrastructure will be scaled to meet demand. Secure, private cloud services will be implemented to ensure future scalability and to cost-effectively support largely-fluctuating ingest volumes.

Impact if Not Funded at Requested Level of Resources

Market Surveillance and Related Business Analytics. Without adequate funding, the Commission will be significantly impaired in its ability to analyze both traditional and new sources of market data, and will possess a limited ability to develop deep expertise over a broad spectrum of commodity instruments. As a result, the Commission will be unable to analyze market anomalies or detect and analyze potential market abuses sufficiently, or develop and implement sophisticated analytic surveillance tools to the extent necessary to guard against market abuses. The Commission likewise will be unable to invest in and deploy an automated trading violation and surveillance alert system and other sophisticated analysis-based surveillance tools, which are essential to fulfill the Commission's surveillance responsibilities over a marketplace that continues to grow in both size and complexity. Additionally, the Commission will continue to be limited in its capabilities with respect to potential threats from market shocks and cybersecurity attacks.

Pursuant to the Dodd-Frank Act, the volume of data to be reported to and analyzed by the Commission in the course of its surveillance activities has increased dramatically, requiring the Commission to aggregate the vast amount of data from multiple industry sources (*i.e*., DCM, SEFs, and DCOs), and from multiple markets (*i.e.,* futures, exchange-traded swaps, and bilaterally-executed swaps). Without the requested level of funding, the Commission will be extremely limited in its ability to ensure that the data reporting requirements are properly structured to facilitate proper market surveillance, and that the Commission will be able to fulfill its obligations to promote transparency and monitor for risk. The lack of a comprehensive understanding of market events and participant trading behaviors, caused by a lack of adequate funding of the Commission's surveillance activities, will significantly increase the likelihood that major market risks or illegal activities will go undetected, thereby significantly increasing the costs to be borne by other market participants and the broader U.S. economy.

Historic underfunding of the surveillance function has dramatically and adversely impacted or compromised the Commission's ability to protect market integrity and to detect and deter manipulation within the futures space. Surveillance mandates had increased prior to Dodd-Frank Act legislation. The Commission expects the increased requirements throughout FY 2015 and continuing into FY 2016. If adequate funding is not received, the CFTC will be required to abandon forensic evaluations, postpone surveillance tool development, and provide surface-only examination of swaps data for potential abuses. Technology acquisition is only a partial solution to assist in identifying potential problems.

Financial and Risk Surveillance and Related Business Analytics. The importance of comprehensive and robust surveillance of DCOs cannot be understated, and is critical to minimizing systemic risk. In recent years, following the enactment of the Dodd-Frank Act, the role of DCOs has continued to increase, as standardized swap contracts have been cleared by market participants with increasing frequency. If the Commission is not funded at the requested level, it will not have the resources to adequately enhance systems, tools, and models and efficiently perform analytics to evaluate initial margin and variation margin across DCOs, clearing firms and large traders. Several DCOs clear the same asset class, many clearing firms clear at multiple DCOs, and many large traders have positions at multiple DCOs. Being able to evaluate the entire risk picture—across multiple asset classes, DCOs, clearing firms, and large traders—is crucial to the Commission's efforts to minimize systemic risk.

Each large DCO has recently either developed a new margin model or enhanced an existing margin model. These margin models are very complex, and analysis of them involves complex mathematical modeling and requires significant resources. Establishing a sufficient margin requirement is one of the first and most important lines of defense a DCO has available to cover a default, and the Commission has established regulations concerning margin model coverage. Without the requested level of funding, the CFTC's efforts to monitor the effectiveness of these new margin models will be limited, and the Commission will be unable to conduct an adequate amount of stress testing and back testing to properly evaluate the performance of margin models. The Commission also will be unable to regularly conduct hypothetical default exercises, which would enhance the Commission's review of the adequacy of the margin models and default procedures of DCOs, and facilitate the development of best practices.

Without the requested funding, the Commission will be unable to complete with sufficient frequency its reviews of clearing members that are registered as FCMs or SDs, which increases the risks to the DCOs as a whole. For example, the Commission will not be able to make sufficient reviews of compliance by FCMs with risk management standards of Regulation 1.73, or by SDs with risk management standards of Regulation 23.609. Furthermore, without adequate funding, the Commission will be unable to develop an effective program to oversee the use of margin and capital models by SDs and MSPs.

Additionally, without the requested funding the Commission will be prevented from providing staff with access to the full scope of data and the use of up-to-date technology systems, high-performance computing platforms, and tools required to efficiently conduct both market and financial and risk surveillance, and the Commission will continue to be limited in its capabilities with respect to potential threats from cybersecurity attacks.

Breakout of Surveillance Request [16]

	FTE	Salaries and Expenses ($000)	IT[17] ($000)	Total ($000)
Clearing and Risk	26	$6,930	$0	$6,930
Data and Technology	47	9,442	23,806	33,248
Market Oversight	86	21,234	0	21,234
Swap Dealer and Intermediary Oversight	4	1,017	0	1,017
Total	**163**	**$38,623**	**$23,806**	**$62,429**

Table 8: Breakout of Surveillance by Division

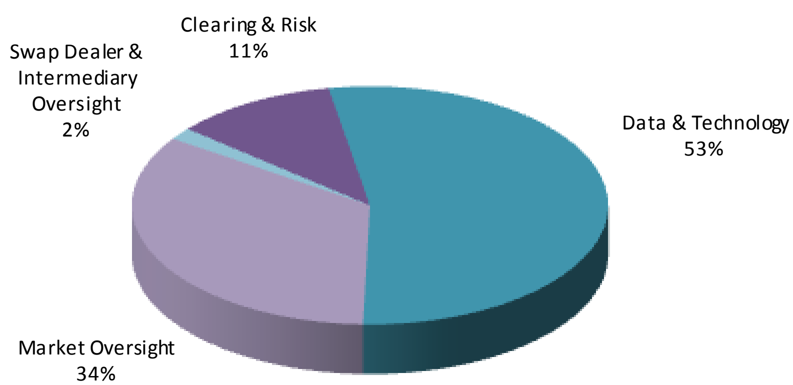


Figure 7: Surveillance Request by Division

[16] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). The budget displays by Mission Activity are for informational purposes only, and do not represent a PPA.

[17] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

Examinations

Resource Overview

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Change
BUDGET	$24,212,982	$28,676,242	$35,364,712	+$6,688,470
FTE	93	114	135	+21

Mission Activity Description

Examinations are formal, structured reviews of regulated entities' operations or oversight programs to assess on-going compliance with statutory and regulatory mandates. Regular examinations, in concert with the Commission's surveillance and other activities, are a highly effective method for ensuring that entities are complying with the core principles established in the CEA and Commission regulations. This mission activity covers both direct examinations performed by Commission staff and oversight of the examinations by the SROs and DSROs. The CEA requires examinations of market structures such as DCMs, DCOs, SEFs, and SDRs, as well as intermediaries like FCMs, CPOs, commodity trading advisors (CTAs), introducing brokers (IBs), SDs, and MSPs. It also requires oversight of the examinations and functions performed by the SROs.

Industry Trends and Emerging Issues

The Commission has struggled to provide robust examinations and oversight in the face of extensive change in the markets and in its responsibilities over the past few years.

The Commission must examine DCMs and the other entities for which it is responsible for system safeguards, which includes market continuity planning and rule enforcement. While examinations by the Commission's Division of Market Oversight were previously limited to DCMs, this division now must also examine SEFs and SDRs. Moreover, SEFs present an array of different trading models, requiring both additional time and training to understand. SDRs present new industry functions that must be adequately addressed in examinations. Both require appropriate resources for the greater number and complexity of examinations.

Similar challenges are faced in the Commission's oversight of DCOs, which has greatly expanded, both as a result of legislation and changes in DCO activities and memberships. The DCOs are holding substantial amounts of collateral that have been deposited by clearing members and their customers, creating increased urgency in ensuring that DCOs are complying with customer protection rules. Both clearing members and their customers are aware of these facts, and want the DCOs to be rigorously supervised, which is difficult with the current level of funding.

More frequent examinations are required for DCOs that wish to be treated as "qualifying CCPs" for bank capital purposes in order to lower costs to member institutions. These qualifying CCPs must meet the same requirements as CCPs that have been designated by the FSOC as systemically important entities. As such, qualifying CCPs should be fully examined once each year. The additional staff would enable the Commission to examine qualifying CCPs and other DCOs on a more timely basis. It also would permit the Commission to complete reviews of new DCO applications within the 180 days prescribed by regulation. Finally, the Commission must engage with domestic regulators for systemically important DCOs and with foreign regulators for DCOs registered in multiple jurisdictions, adding complexity to the oversight responsibilities. While the Commission leverages the resources of other supervisory agencies when conducting joint exams to the greatest extent possible, other supervisors look to the Commission to lead examinations for DCOs based in the United States.

Additionally, technology represents significant challenges for all registrants, both from cybersecurity threats and market structure issues. Commission staff must be able to respond quickly as threats arise to better understand and mitigate such threats. This is particularly critical for DCMs and DCOs, and other critical elements of market infrastructure, as well as for FCMs and SDs, where vulnerability to cybersecurity attack represents a significant threat to the markets. Similarly, the increased complexity of automation through the order and trade life-cycle will require a similar ability. In FY 2014, staff responded to multiple major cybersecurity incidents and a greater number of other cybersecurity incidents at DCMs, DCOs, and SDRs, lessening staff ability to meet other examination responsibilities. We expect this trend to continue, and perhaps increase in FY 2015 and FY 2016.

Extensive change in the marketplace over the past few years likewise has impacted the Commission's ability to conduct robust examinations of SDs, FCMs and other intermediaries. While the mission of the Commission has been expanded by legislation, the recent failures of FCMs highlight the increased challenges faced even in its traditional role as regulator of the futures markets.

The risk profiles of FCMs and intermediaries registered with the Commission has increased, with profitability reduced due to increased technology and compliance costs, low volatility, and low interest rates, all resulting in increased risk to customers. The higher risk profile of primary market participants increases the need for the Commission to focus on monitoring registrants to help ensure industry risks are managed effectively. This requires the Commission to ensure that examinations of FCMs and SDs are more risk-sensitive and focused on the key risks facing the industry and protecting customers. Moreover, DCMs and DCOs have now de-mutualized and are being managed as profit-making entities. These factors, combined with the need to examine many more entities, such as SDs, SEFs, and SDRs, have created the need for a substantial increase in the Commission's resources for examinations.

The Commission must examine FCMs and SDs to review whether they employ effective risk management techniques, have appropriate compliance monitoring, and retain adequate levels of liquidity, in an effort to protect the over $240 billion of customer funds held by these registrants. However, the complexity of the firms, increased sophistication of technology, the advent of heightened risk events related to cybersecurity, business continuity, liquidity issues, complex and global financial structures, and anti-money laundering have made proactive examinations even more critical.

In light of recent events surrounding the financial difficulties of Registered Foreign Exchange Dealers (RFEDs), following high volatility related to the Swiss franc, the Commission should also review whether its rules for RFEDs are sufficient to protect retail customers. Given that the RFED rules have been in place for almost five years, it would be timely for the Commission to review the protections for those engaging in retail foreign exchange transactions.

Justification of CFTC Resource Requirements

The FY 2016 request for $35,364,712 will substantially improve the Commission's examination activities and address historical underfunding problems.

While this staff is augmented in some areas by staff of the National Futures Association (NFA) or an SRO, the staff has primary responsibility for examining Commission registrants and overseeing the activities of the NFA and SROs.

- The Commission currently has 14 DCMs, over 20 SEFs and four SDRs that it seeks to fully examine on a regular basis, with those which are deemed most significant on an annual basis and others on a two or three year cycle. Examinations cover a wide range of areas including system safeguard examinations to address business continuity and disaster recovery plans and cybersecurity, and reviews of market integrity, risk management, customer protection and compliance with other regulations. To date, the Commission has not been able to meet even this frequency of examinations, which is necessary to regulate the integrity of the markets. Moreover, these same staff are active participants on SEF registration teams, must perform rule enforcement reviews discussed below, and make time to respond to market halts, automated system issues, cybersecurity incidents or other irregular occurrences that require immediate response.

- Rule Enforcement Reviews (RERs) of DCMs and SEFs (and eventually fully registered SEFs) play an essential role in protecting futures and swaps market participants from market manipulation, fraud, and other market abuses. RERs examine DCM and SEF staffing to ensure it is adequate for performing required self-regulatory functions and compliance with statutory and regulatory requirements relating to audit trail, trade practices and market surveillance, and disciplinary programs. The Commission projects that the number of SEFs will grow by the end of 2016. Examinations will require additional staff with expertise to complete annual exams of these new entities in addition to DCMs and SEFs.

- SDRs accept and maintain swap data and make such data available to regulators in order to provide systemic risk mitigation, transparency, and market supervision. Availability and maintenance of swaps data is essential to the Commission's surveillance function. In addition, reliable and accurate swaps data mitigates systemic risk for the nation's financial sector as a whole. Examinations of SDRs will be instrumental in improving swap data quality reported to the Commission and made available to the public. The focus of SDR reviews will be on compliance with system safeguard rules, including business continuity and disaster recovery, various swap data reporting rules and the ability to adhere to various obligations, duties, and core principles.

- The Commission's examination expertise will be expanded to examine registrants' compliance with emerging risks in information security, especially in the area of cybersecurity. System Safeguards Examinations of DCMs, SEFs, SDRs, and DCOs are an essential part of the Commission's examinations program. Sophisticated computer systems and technical expertise are crucial to the ability of DCMs, SEFs, DCOs, and SDRs to conduct trading in, clear transactions for, and provide data concerning markets that are vital to the U.S. economy. The financial sector faces heightened operational risk from cybersecurity threats and market incidents. The Commission has an urgent need to be able to respond promptly when cybersecurity attacks or system malfunctions disrupt or threaten DCMs, SEFs, DCOs, or SDRs.

- The Commission currently lacks sufficient resources to examine all of the DCOs for which it is responsible on a reasonable schedule, or even the subset of DCOs that have sought to qualify as qualifying CCPs. Examinations of DCOs' compliance with the core principles and implementing regulations will necessitate the need for new automated tools that will aid in the evaluation of compliance with these new regulations. Moreover, Commission staff expects the number of DCOs to grow by FY 2016.

- The Commission has limited FTE resources devoted to examinations of the 14 clearing organizations. The Commission has sought to add additional FTE to its examination staff in FY 2015 and is in need of additional FTE in FY 2016 to increase the total number of examiners that would be devoted to all clearing organizations.

- Examinations of FCMs, SDs, MSPs and RFEDs to assess compliance with risk management and chief compliance officer regulations, as well as liquidity, capital, segregation, technology, and financial reporting requirements, protect markets from systemic risk and customers from loss. Examinations performed will include "for cause" reviews, limited scope reviews and horizontal reviews that may target specific aspects of registrant operations (*e.g.*, information technology risks, anti-money laundering controls, *etc.*). Additional resources would enable the Commission to increase its technology and risk management staffing, which would greatly enhance the Commission's ability to monitor firms on these critical issues.

- The Commission has limited FTE resources devoted to examinations of nearly 75 FCMs, seven RFEDs, 105 SDs, two MSPs, and approximately 1,800 CPOs, 2,600 CTAs, and 1,500 IBs, as well as oversight of the SROs and their examination functions. The Commission seeks to add staff to this function for FY 2016, which would enable it to come closer to meeting its goals in terms of coverage.

- Examinations of FCMs, SDs, MSPs and RFEDs to assess compliance with risk management and chief compliance officer regulations, as well as liquidity, capital, segregation, technology, and financial reporting requirements, protect markets from systemic risk and customers from loss. Examinations performed will include "for cause" reviews, limited scope reviews and horizontal reviews that may target specific aspects of registrant operations (*e.g.*, information technology risks, anti-money laundering controls, *etc.*). Additional resources would enable the Commission to increase its technology and risk management staffing, which would greatly enhance the Commission's ability to monitor firms on these critical issues.

- Enhanced audit systems and software tools could be used to monitor registrant financial and non-financial activities as well as regulatory notices filed with the Commission. This would include the use of dashboards to monitor individual firms, analyze peer groups, and industry trends for potential increased risk; and provide additional analytic and assessment capabilities. The Commission currently does not have the ability to obtain or perform these functions, and resources are requested to alleviate this issue.

- The Commission also has responsibility to assess and validate the DSRO's and NFA's oversight of FCM and SD compliance with the CEA and applicable SRO rules and Commission regulations, including business conduct, capital, margin segregation requirements, and risk management standards. While these organizations can enhance the Commission's capacity, oversight is critical to ensure that these functions are performed properly.

- The Commission, in coordination with the NFA, will put in place a base examinations program for SDs/MSPs that, while similar in many respects to the examinations of FCMs/RFEDs, will be specifically tailored to address the business operations, internal controls, risks and compliance requirements of these new registrants. It is important to note that, unlike the roughly 82 FCM/RFED registrants that the Commission already examines, a significant portion of the SDs that will be subjected to examinations have had no prior connection to the CFTC's regulatory regime. As such, we anticipate that these firms will require additional advisory support and more detailed examinations review to both assess their compliance and assist in any remediation efforts when issues are identified.

- The CFTC's intermediary examinations program (much like its legal compliance operations) will increasingly leverage and integrate financial and business data points from a greater variety of sources to enhance the effectiveness of its reviews and confirm/validate registrant compliance. For example, as SD trade data reporting is better harmonized among the four SDR entities, the SD examinations program can use this information to enhance its ability to readily monitor registrant business risk.

- Absorbing significant increase in examinations responsibilities since the enactment of the Dodd-Frank Act, generated by the Commission's number of primary intermediaries (*i.e.*, increasing from approximately legacy FCMs/RFEDs to a combined total of almost 200 FCM/RFED and SD/MSP registrants) requires a significant investment in new staffing resources. In addition, the Commission's use of new data streams to better guide examination assessments and the expansion of registrant business and risk management areas to strengthen and enhance industry situational awareness also have workload ramifications since these enhancements add to review complexity and in certain cases require additional specialized knowledge, training, time and manpower to perform.

- The Commission will perform SD/MSP on-site reviews, review and monitor registrant reporting, coordinate with the NFA on matters of mutual interest, and supplement the

Commission's efforts to develop more comprehensive examinations products by testing and validating additional aspects of registrant operations and related risks.

- The Commission will continue efforts to design and implement examinations processes and procedures to address a wider range of registrant business operations and related risks. For example, the CFTC will seek to cover important issues such as registrant business continuity plans (in the wake of natural or manmade disasters), anti-money laundering detection processes, and place additional emphasis on testing the firm's governance structure and its ability to continuously review and update internal controls.

- Automating integration between registration and review, market and trade practice surveillance, financial and risk surveillance, examination, and enforcement activities will result in a reusable data sources, improve workflow, increase re-use of information, improve situational awareness and coordination, and increase the ability of staff to correlate data and events.

Impact if Not Funded at Requested Level of Resources

The Commission will be limited in its ability to perform examinations of its registered entities if additional funding is not received.

If the requested funding level is not received, the Commission's ability to conduct examinations of DCMs, SEFs, and SDRs, including System Safeguards Examinations will be reduced. Further, staff may have a reduced ability to work proactively to consider and help reduce or mitigate threats to market integrity and customer protection in the long term. The examinations would focus on a subset of entities, a subset of core principles and Commission regulations, or both. A reduction in the number of planned examinations conducted or the subject areas reviewed will be detrimental to the self-regulatory system established by the CEA, which relies on Commission oversight of regulated entities to ensure that markets operate fairly, effectively, and efficiently.

The Commission also will be hampered in its ability to fulfill its DCO oversight responsibilities to perform examinations in as comprehensive and thorough a manner as would be optimal if it does not have adequate resources. For example, each DCO should be subject to an in-depth, targeted examination on a regular basis. However, currently, the Commission only has capacity to examine two systemically-important DCOs annually. Other DCOs are examined less often, as resources permit, and for these DCOs the Commission relies on review of DCO rule changes, daily risk surveillance, analysis of periodic financial reports, and DCO self-reporting.

Due to the increase in swaps business at DCOs, the amount of collateral on deposit is growing at DCOs. The Commission is hampered in its ability to review policies, procedures and reconciliations regarding how collateral is handled for the customers of clearing members. The public would benefit from an increase in this activity to aid in identifying if customer property is not being handled appropriately. The four largest DCOs were holding approximately $300 billion in clearing member collateral, both customer and house.

The Commission must possess the expertise and skills to evaluate compliance with the regulations and must have enough staff to perform due diligence during examinations. Lack of resources will cause the Commission to fall short of meeting its responsibilities under the CEA. Additionally, if the Commission is not able to perform frequent examinations for DCOs seeking treatment (for bank capital purposes) as qualifying CCPs, it will likely have an impact on a DCO's ability to qualify as a CCP. If the DCO is not able to qualify, there will be an increase in capital charged to its bank clearing members, thus making it more costly to do business in the United States.

If the level of funding requested is not provided, it would directly impact the Commission's base capabilities for examining FCMs, SD, and MSPs at a time when these examinations are most needed. In this regard, insufficient funding would limit the Commission's ability to assess FCM, SD, and MSP compliance with risk management and Chief Compliance Officer regulations, and as well as such registrants' compliance with liquidity, capital, segregation, and financial reporting requirements.

The Commission would not have the manpower necessary to meet the anticipated high workload demands for the new and complex SD/MSP registrant population. In addition, the resources available to assess and monitor FCMs will also decrease as staff resources will be redirected to provide a minimal level of monitoring of SD/MSP activities. The resultant staff shortfall could impact the Commission's ability to detect potential threats to customer funds and adversely impact the Commission's ability to produce the more specialized and varied examination products the agency needs to more comprehensively address systemic and other risks that could threaten customers' funds and the market at large.

Breakout of Examinations Request [18]

	FTE	Salaries and Expenses ($000)	IT[19] ($000)	Total ($000)
Clearing and Risk	44	$11,624	$0	$11,624
Data & Technology	0	0	221	221
Market Oversight	23	6,006	0	6,006
Swap Dealer and Intermediary Oversight	68	17,514	0	17,514
Total	**135**	**$35,144**	**$221**	**$35,365**

Table 9: Breakout of Examinations by Division

Figure 8: Examinations Request by Division

[18] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). The budget displays by Mission Activity are for informational purposes only, and do not represent a PPA.

[19] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

Enforcement

Resource Overview

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Change
BUDGET	$50,515,063	$49,331,734	$69,993,535	+$20,661,800
FTE	148	164	212	+48

Mission Activity Description

The Commission is responsible for protecting market participants and other members of the public from fraud, manipulation and other abusive practices in the futures and swaps markets. Its cases range from quick strike actions against Ponzi enterprises that victimize investors across the country, to actions concerning sophisticated manipulative and disruptive trading schemes in markets the Commission regulates, including financial instruments, oil, gas, precious metals and agricultural goods.

Industry Trends and Emerging Issues

- The Dodd-Frank Act gave the Commission expanded responsibility for the swaps market, which also meant whole new categories of entities subject to Commission jurisdiction (SDs, SEFs and SDRs).
- Increasing use of automated trading and high frequency trading in the markets overseen by the Commission requires new enforcement efforts to prevent manipulation and fraud.
- Commission anticipates more time-intensive and inherently complex investigations due to innovative products and practices within the industry, coupled with new anti-manipulation authority in the futures and swaps markets and the statutory prohibition on disruptive trading.
- In order to investigate and litigate market-wide violations, as well as those less complex but equally important retail fraud cases, the number of specialized enforcement experts must increase. The Commission further expects matters relating to the compliance, reporting, recordkeeping and internal controls requirements pertaining to swaps and the regulated entities on and through which they are traded and cleared.
- The Commission foresees an increase in multi-jurisdictional and multi-national investigations given the global nature of the swaps marketplace and the challenges associated with substitute compliance. The Commission is also experiencing an increase in international enforcement investigations in its traditional markets (the most significant being the international benchmark rate rigging cases). These cases are expected to be more resource intensive due to increased demands for legal counsel and expertise in connection with multi-lateral initiatives such as International Organization of Securities Commissions (IOSCO) Committee on Enforcement and Information Sharing and G-7 initiatives.
- In addition to extending the Commission's jurisdiction to the swaps markets, the Dodd-Frank Act also clarified its jurisdiction with respect to certain retail off-exchange transactions,

including transactions in foreign exchange and precious metals. This area has had significant fraud and will result in more matters referred for investigation and enforcement action.

- As the Commission increases investor's awareness through Consumer Outreach efforts and Whistleblower programs, it is anticipated we will receive a spike in tips and complaints for referrals to Enforcement.

Justification of CFTC Resource Requirements

The FY 2016 request for $69,993,535 will support and expand the Commission's activities related to enforcement.

A robust enforcement program, including the proverbial "cops on the beat," is critical to protecting the public. The expansion of the Commission's responsibilities to include the swaps market as well as continued growth in the size and complexity of the markets—with more products, more sophisticated electronic trading, and more interactions between futures and cash markets—require the Commission to substantially enhance its enforcement efforts if it is to keep pace. In addition, the Commission needs additional enforcement resources if it is to take advantage of the expansion of the Commission's enforcement powers with regard to retail fraud and manipulative trading. As the enforcement demand increases, the Commission will continue utilizing its authority to: 1) shut down fraudulent operations and immediately preserve customer assets through asset freeze and receivership orders; 2) terminate manipulative and disruptive schemes; 3) ban defendants from trading and being registered in its markets; and 4) seek restitution, disgorgement and monetary penalties.

The eLaw technology components supporting the enforcement program will be enhanced. Data storage capacity will be increased to support ever increasing volumes of digital evidence and analytic support databases. Computer forensics will be enhanced to examine new types of digital evidence. Technical support services for staff will be increased to ensure that technical and logistical activities minimally constrain the critical time lines of enforcement actions.

Impact if Not Funded at Requested Level of Resources

The industry continues to grow in volume and complexity as increasingly sophisticated systems or instruments and practices are employed across the market and around the world. At the same time, the sophistication of the wrongdoers also is increasing, including their use of technology to gain the advantage or conceal their activities. The Commission's enforcement efforts require adequate resources to ensure that timely and responsive enforcement is achieved as the industry rapidly grows. The Commission's ability to respond in a timely manner to market events, act swiftly where customers are at risk, require new and existing registrants to meet their regulatory obligations, and protect the integrity of the markets subject to the Commission's jurisdiction will be strengthened if adequate resources are provided.

If the requested funding level is not received, the Commission faces an inability to respond quickly to investigate and pursue wrong-doing in the markets, particularly where retail customers are involved, which threatens to significantly undermine confidence in the markets and our oversight. An ever-larger segment of the population has investments in the futures and swaps markets, either directly or indirectly through pension funds or ownership of shares in companies that participate in the markets. The continued growth in responsibilities, and industry complexities coupled with inadequate resources will directly impact the agency's mission to enforce the laws and preserve the market's integrity.

Allegations related to off-exchange retail foreign exchange and precious metals fraud, as well as industry allegations concerning manipulation, trade practice violations, and false reporting have grown significantly and require additional resources to address. Failure to increase funding will mean that the Commission's enforcement program will increasingly be unable to generate new cases and investigations.

The increasing use of automated trading strategies and high frequency trading has created the potential for new manipulative practices, such as spoofing. The expanded use of such trading techniques has captured public attention and led to increasing concern about the integrity of the markets. Although the Commission's ability to investigate such matters was enhanced by Dodd-Frank, its ability to do so effectively requires increases in resources, particularly given the resource-intensive nature of such matters.

Integrity of benchmarks also continues to be an issue, as evident by the London Interbank Offered Rate (LIBOR) and foreign exchange orders brought by the Commission. On these matters alone, Commission actions related to manipulation of benchmarks have resulted in fines and penalties of over $6 billion between June 2012 and November 2014. There are hundreds of thousands of contracts used in the markets overseen by the Commission that depend on benchmark rates.

Finally, failing to enhance the eLaw technology components supporting the enforcement program will reduce the efficiency of enforcement staff, reduce the number and increase the duration of active investigations and cases, and place enforcement staff at a competitive disadvantage when conducting investigations and enforcement actions.

Breakout of Enforcement Request [20]

	FTE	Salaries and Expenses ($000)	IT[21] ($000)	Total ($000)
Data and Technology	5	1,004	6,245	7,249
Enforcement	207	62,744	0	62,744
Total	**212**	**$63,748**	**$6,245**	**$69,993**

Table 10: Breakout of Enforcement by Division

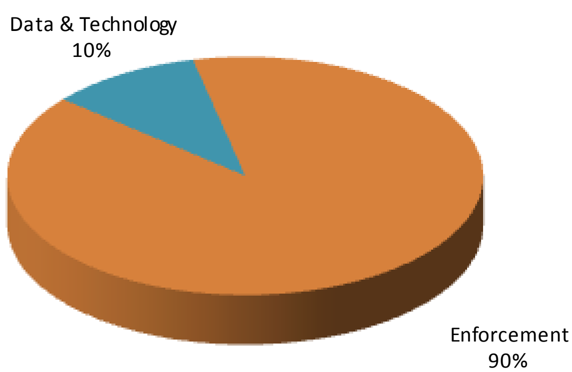


Figure 9: Enforcement Request by Division

[20] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). The budget displays by Mission Activity are for informational purposes only, and do not represent a PPA.

[21] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

Economic and Legal Analysis

Resource Overview

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Change
BUDGET	$20,134,024	$22,101,641	$27,948,756	+$5,847,115
FTE	73	83	94	+11

Mission Activity Description

Economic analysis is critical in supporting the regulatory activities in a wide range of areas, including:

- Economic and quantitative analysis, including cost-benefit considerations utilized in designing and implementing the Commission's rulemaking;
- Determining the requirements for reporting and data rules;
- Analyzing the quality, integrity, and usefulness of the market data reported to the Commission;
- Developing analytical tools and methods in support of the Commission's automated surveillance initiatives, especially as they pertain to SEFs and the connections between SEFs and DCMs;
- Determining whether certain products/contracts are eligible for clearing and the levels for capital and margin;
- Providing the technical expertise to evaluate and report on risk models, stress tests, and other stability-related evaluations necessary for oversight; and
- Developing analytical tools and methods in support of the Commission's enforcement activities, including economic and statistical analysis or expert testimony to promote compliance with and deter violations of the CEA.

The Commission supports a focused research group that analyzes innovations in trading technology, developments in trading instruments, and market structure, and interactions of various market participants in the futures and swaps markets. These specialized economists collaborate with staff across the Commission's divisions and offices. The Commission also publishes various periodic reports including the Commitment of Traders Report, and the weekly, semi-annual and annual Swaps Reports.

The legal activities of the Commission include: 1) regulatory issues; 2) engaging in defensive, appellate, and *amicus curiae* litigation; 3) providing general legal advice and support; 4) assisting the Commission in the performance of its adjudicatory functions; and 5) providing advice on legislative and other intergovernmental affairs issues. In addition to providing support on new and evolving issues, the Commission is responsible for providing on-going analysis under government ethics, personnel, procurement, and recordkeeping rules and under statutes such as the Government in the Sunshine Act, Federal Advisory Committee Act, Federal Information Security Management Act, the Freedom of Information Act, and other statutes applicable to the Commission.

Industry Trends and Emerging Issues

The Commission seeks to maintain a staff with extensive research and analytical backgrounds to ensure that analyses reflect the forefront of economic knowledge and econometric techniques. Economics staff with particular expertise and experience provide leverage to dedicated staff throughout the Commission in order to anticipate and mitigate significant regulatory, surveillance, clearing, and enforcement challenges. Economic analysis plays an integral role in the development, implementation, and review of financial regulations to ensure that regulations are economically sound and have undergone a rigorous consideration of potential costs and benefits.

Commission staff has established a network of well-renowned researchers and academics in quantitative financial methods, applied mathematics, econometrics, and statistics to augment the resources of the Commission. Continued engagement with an extended network of experts across the Federal government has fostered the necessary dialogue to promote a common framework for interagency consensus-building. For example, the Commission's involvement with the FSOC ensures financial regulatory agencies communicate perceived financial and economic issues with one another. This dialogue allows for a well-coordinated approach to address these potential issues.

Effective research requires a data environment that is supported by transparent policies and procedures; allows data to be used and shared with external parties without compromising privacy, confidential, or sensitive information; and provides researchers with flexibility in using tools and approaches.

Regulatory Legal Issues. The Commission requires legal expertise to interpret and opine on questions of statutory and regulatory authority and review for legal sufficiency proposed exemptive, interpretive, and no-action relief to regulated entities and other market participants. Staff review draft rulemakings and provide legal counsel in support of all substantive Commission and staff actions, including registration and rule submission review, regulations, exemptions, product reviews and market and clearing issues. Staff analysis ensures compliance with the CEA, and laws of government-wide applicability, such as the Administrative Procedure Act, the Regulatory Flexibility Act, the Congressional Review Act, and the Paperwork Reduction Act.

- Requests from registrants and other market participants potentially affected by Commission rules must be reviewed by legal counsel for compliance with statutory authority. This review has been hampered by the lack of resources available, slowing responsiveness of the agency to requests for relief or interpretations.

Litigation. Attorneys in the litigation area represent the Commission in: 1) Federal appellate litigation, as a party or, where appropriate, as *amicus curiae*; 2) certain Federal court trial-level cases, including challenges to agency rulemakings and bankruptcy cases involving derivatives industry professionals; and 3) personnel actions, equal employment opportunity complaints, and other related employment litigation. The Commission also maintains the capability to respond to labor, contract, and Freedom of the Information Act matters, and Merit Systems Protection Board cases arising under the Civil Service Reform Act of 1978. In addition, attorneys in the litigation program advise the Commission on responses to appeals from decisions of industry SROs, Administrative Law Judges or Judgment Officers in administrative reparations or enforcement actions.

- The Commission has a variety of new enforcement tools under the Dodd-Frank Act. Efforts to use these new tools are likely to lead to an increase in appeals from the Commission's enforcement actions, which must be handled by litigation program staff.

General Law. The Commission also manages information governance in compliance with applicable laws. Principal responsibilities include Freedom of Information Act and Privacy Act compliance. The Commission maintains a robust capability with respect to all matters related to information requests, and implements the processes, policies, and information systems to ensure that the Commission appropriately manages electronically stored information as required in the Federal Rules of Civil Procedure and relevant judicial decisions. As the Commission's enforcement caseload increases, the program's role in advising and responding to information requests increases apace.

- The Commission also ensures compliance with the Government in the Sunshine and Federal Advisory Committee Acts. The Commission also is responsible for maintaining compliance with the government-wide ethics regulations promulgated by the Office of Government Ethics.

- National Treasury Employees Union was successful in a recent vote to unionize Commission staff in Washington, Kansas City and Chicago. The Commission expects a significant increase in labor and employment law workload as a result.

Legislation and Intergovernmental Affairs. The Commission monitors, reviews, and comments on proposed legislation affecting the Commission or the derivatives industry, and prepares technical assistance regarding draft legislation as requested by members of Congress. Additionally, the Commission maintains liaisons with other Federal regulators to analyze and resolve jurisdictional issues and to address specific matters implicating the jurisdiction of multiple agencies.

- The Commission is a member of the FSOC, a government organization established by the Dodd-Frank Act. The Legislation and Intergovernmental Affairs team supports the Commission's activities with the FSOC. This group works with staff to review requests for data sharing among agencies and by the Office of Financial Research and to provide guidance on appropriate access to data consistent with the CEA.

Justification of CFTC Resource Requirements

The FY 2016 request for $27,948,756 will allow the Commission to produce timely economic and legal analysis with a high level of quality to inform the public and support the entire Commission.

The Commission's economists play an integral part in the cost-benefit considerations of Commission rules. Consistent with the mission of the CFTC, new and existing regulations are evaluated in light of considerations of, among other factors, protection of market participants and the public, efficiency and competitiveness of futures markets, price discovery, and sound risk management practices. The extensive research and analytical backgrounds of Commission economists will help to ensure that analyses reflect the forefront of economic knowledge and econometric techniques.

The increased funding will assist in implementing a research-focused data environment that will support CFTC and inter-agency research into evolving market conditions. It will also assist in continuing to provide appropriate market information to the public to increase market transparency.

As mentioned above, the Commission interprets and applies legal requirements of a variety of government-wide statutes to assure the legal sufficiency of all Commission actions.

The Commission also drafts and reviews domestic and international memoranda of understanding and other agreements as appropriate to further the work of the Commission and assure that Commission data is protected and agreements are consistent with the CEA. The increased level of inter-agency cooperation to analyze emerging risks, as well as increased international cooperation with foreign regulators and multi-lateral regulatory groups has increased this work significantly and created the need for increased funding.

Impact if Not Funded at the Requested Level of Resources

Without the requested additional resources the Commission will struggle to provide the research, analysis, advice and counsel necessary to meet its mission to protect market users from systemic risk, and to foster open, transparent, competitive and financially sound markets. Inadequate staffing will hurt the Commission's ability to leverage the rich data accessible to provide sound quantitative economic analyses for the Commission. In addition, it will hurt the ability of the Commission's economists to collaborate effectively with academic experts in subject matters of interest to the Commission and the public.

Similarly, without adequate funding to allow for additional personnel and expertise, the Commission will be unable to maintain its current workload and effectively address new matters. Among other key concerns, inadequate funding would create delays with respect to rulemaking (including revising or rescinding rules in light of market developments or new information and conducting a retrospective review of Commission regulations to identify and address outdated, unnecessary or unduly burdensome rules), and a slowing of responsiveness by the Commission to concerns raised by regulated entities and market participants, such as end-users of derivative instruments.

Breakout of Economic and Legal Analysis Request [22]

	FTE	Salaries and Expenses ($000)	IT[23] ($000)	Total ($000)
Chief Economist	18	$5,164	$0	$5,164
Clearing and Risk	2	540	0	540
Data & Technology	0	0	1,282	1,282
Enforcement	7	2,432	0	2,432
General Counsel	53	14,962	0	14,962
Market Oversight	5	1,248	0	1,248
Swap Dealer and Intermediary Oversight	9	2,321	0	2,321
Total	**94**	**$26,667**	**$1,282**	**$27,949**

Table 11: Breakout of Economic and Legal Analysis by Division

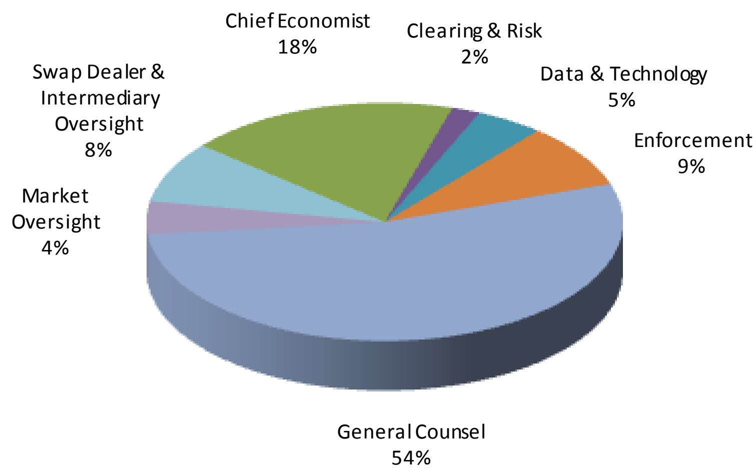


Figure 10: Economic and Legal Analysis Request by Division

[22] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). The budget displays by Mission Activity are for informational purposes only, and do not represent a PPA.

[23] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

International Policy

Resource Overview

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Change
BUDGET	$4,505,317	$4,523,158	$4,914,647	+$391,489
FTE	16	16	16	0

Mission Activity Description

The global nature of the futures and swaps markets makes it imperative that the United States consult and coordinate with international authorities. The Commission is actively communicating internationally to avoid conflicting requirements and to engage in international cooperative efforts, wherever possible. For example, the Commission has engaged in bilateral discussions and shared many of our pre-decisional memoranda, term sheets, and draft rule proposals with international regulators, such as the European Commission, the European Central Bank, the Bank of England, the European Securities and Markets Authority, and the Financial Services Authority of Japan.

The Commission participates in numerous international working groups regarding derivatives, including numerous IOSCO committees and task forces, as well as projects with the Basel Committee on Banking Supervision, the Committee on Payments and Market Infrastructures, and the Financial Stability Board. Over the past four years, the CFTC, SEC, European Commission, European Securities Market Authority, and market regulators from around the globe have been meeting to discuss and resolve issues related to financial reform through a technical working group.

The Commission also is consulting with many other jurisdictions such as Hong Kong, Singapore, Japan, and Canada. Discussions have focused on the details of the Dodd-Frank Act and implementing rules, including mandatory clearing, mandatory trade execution, reporting swap transactions to trade repositories, and regulation of SDs and derivatives market intermediaries. The Commission's international outreach efforts directly support global consistency in the oversight of the derivatives markets.

In addition, the Commission has been engaged in ongoing international work and policy coordination in the development of data and reporting standards under Dodd-Frank Act rules. Data standards and common identifiers provide easier, less expensive data sharing and transfer by providing regulators and diverse industry participants with consistent terms, format, and quality measures. Legal Entity Identifiers (LEIs) are part of a unique identification system for parties to financial transactions being adopted by financial markets globally and will allow regulators to cost-effectively determine the controlling and benefitting party to every derivatives transaction. Unique product identifiers (UPIs) for standardized derivatives will allow regulators to cost-effectively determine the characteristics of most derivatives transactions.

Finally, the Commission has entered into and also is negotiating cooperative supervisory arrangements for regulated cross-border entities and market participants.

Industry Trends and Emerging Issues

The adoption of Dodd-Frank Act legislation and the development of implementing rules by the Commission have significantly increased communication between the Commission and global regulatory authorities, most notably the European Commission. In particular, the implementation of the Dodd-Frank Act regulations requires continued development of supervisory coordination arrangements with foreign authorities in major jurisdictions where regulated entities are located, such as the European Union, Canada, and Japan. With regard to the European Union, we are engaging not only the European Commission, but also the European Securities and Markets Authority and relevant national regulators, such as those in the United Kingdom, France, and Germany, to negotiate supervisory arrangements for entities that are subject to regulation in both the European Union and the United States. Similar arrangements are being negotiated in other major market jurisdictions.

The aftermath of the financial crisis spawned a multitude of initiatives within the Financial Stability Board and IOSCO and within the U.S. Treasury and G20 working groups that address topics such as: cooperation and coordination in the areas of OTC regulation, CCP clearing standards, the monitoring and control of systemic risk, the protection of customer funds, and mechanisms to share systemically important information internationally. International concerns regarding the integrity of commodity derivatives markets are being addressed within the IOSCO committee on Commodity Derivatives Markets, which is co-chaired by Commission.

Commission participation in these work-streams is critical, primarily because the work-product is transformed into international standards of best practice, which are then subject to compliance assessment by the International Monetary Fund in its Financial Sector Assessment Program. The Commission's participation historically has focused on incorporating the Commission's regulatory approach into these internationals standards and encouraging international harmonization.

The Commission's international agenda also includes responding to requests from the U.S. Treasury to participate in international dialogues (*e.g.*, U.S.-China dialogue), providing technical assistance to developing market jurisdictions, and engaging in bilateral discussions with foreign regulators to resolve cross-border issues.

Finally, the Commission also is focusing on strengthening its supervision of registered entities such as clearing organizations, markets and dealers that are registered by both the Commission and a foreign regulator, and on ensuring that the recipients of regulatory exemptions remain in compliance with applicable requirements. Achieving this goal of greater due diligence and ongoing compliance monitoring will require the Commission to coordinate closely with foreign regulators.

Justification of CFTC Resource Requirements

The FY 2016 request for $4,914,647 will support the Commission's activities related to the Commission's international policy coordination, including but not limited to:

- Perform outreach to harmonize the international regulatory framework for derivatives. The Commission will work with leaders of authorities with responsibility for the regulation of the OTC derivatives markets in major market jurisdictions to support the adoption and enforcement of robust and consistent standards in and across jurisdictions and to develop concrete and practical solutions to conflicting application of rules, identify inconsistent or duplicative requirements, identify gaps and reduce the potential for regulatory arbitrage.
- Work with staff at the European Commission, in order to harmonize requirements between European Union and the Commission's Dodd-Frank Act rulemakings, to resolve policy differences, and avoid gaps that could lead to regulatory arbitrage. Commission staff will continue to coordinate meetings with the European Commission and European Union authorities.
- Continue engagement with a number of foreign regulators, such as Australia, Canada, Japan, and Singapore, to harmonize and coordinate rules in these jurisdictions with U.S. rules.

- Coordinate supervision of global entities with foreign authorities and work with foreign authorities, to coordinate policies.
- Negotiate cooperative arrangements with foreign regulators in connection with the supervision of regulated cross-border entities and market participants.
- Continue to participate in IOSCO's Board and co-chair the IOSCO committee on commodity derivatives markets, as well as continuing to participate in IOSCO's task force on benchmarks, the committee on secondary markets, the committee on intermediaries, the committee on emerging risks, the committee on investor protection, the cross-border task force, and the OTC derivatives task force. All of these activities relate collectively to the development of standards of best practices and guidance in derivatives regulation.
- Support U.S. Treasury and other initiatives. Coordinate CFTC participation in U.S. Treasury financial dialogues, Financial Stability Board projects and other multilateral initiatives, such as free trade agreements.
- Continue to plan and coordinate the Commission's annual trading seminar for foreign market authorities; the Commission's annual hosting of an international conference for foreign regulators in Boca Raton, Florida; visits to the Commission requested by foreign regulators to the Commission; and on-site technical assistance to foreign market authorities, on a staff-available basis.
- Work with the FSOC's Designations Committee to monitor both designated financial market infrastructures in the U.S. and non-designated financial market utilities in other jurisdictions.
- Work in coordination with foreign regulatory authorities to evaluate compliance with the Committee on Payment and Settlement Systems-IOSCO Principles for Financial Market Infrastructures.
- Effect and maintain global establishment of entity, product and transaction data standards.

Impact if Not Funded at Requested Level of Resources

The failure to provide requested resources will result in a diminution of the Commission's ability to help develop a sound global regulatory framework at a time when the Commission will be implementing Dodd-Frank Act rules, and when many multilateral organizations and regulatory authorities are engaged in developing new responses to the financial crisis generally and OTC derivatives in particular. IOSCO, the U.S. Treasury, and important international regulatory authorities look to the Commission for leadership in futures and swaps market policies. Any diminution in resources would require the Commission to reduce its international program, thereby making it less able to advocate for harmonization of international regulatory policies and to resolve potentially conflicting rules. A failure to establish global entity, product and transaction data standards will increase operating costs and risk for both regulators and industry participants.

Breakout of International Policy Request [24]

	FTE	Salaries and Expenses ($000)	IT[25] ($000)	Total ($000)
Agency Direction	0	$29	$0	$29
Clearing and Risk	1	336	0	336
Enforcement	3	976	0	976
International Affairs	12	3,573	0	3,573
Total	**16**	**$4,914**	**$0**	**$4,914**

Table 12: Breakout of International Policy by Division

Figure 11: International Policy Request by Division

[24] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). The budget displays by Mission Activity are for informational purposes only, and do not represent a PPA.

[25] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

Data and Technology Support

Resource Overview

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Change
BUDGET	$36,012,483	$36,216,329	$63,133,843	+$26,917,514
FTE	34	44	59	+15

Mission Activity Description

Information technology costs, including IT investments (*e.g.*, hardware, software, and contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity as described below. A full breakout of the Commission's IT Portfolio, which includes IT costs relating to other Mission Activities, is located in Appendix 2.

The Commission's IT program uses a service-oriented approach to provide technology infrastructure and services that allow staff Commission-wide to work effectively and increase the integration of data and technology into the Commission operating model. The Office of Data and Technology will ensure that Commission staff have secure and appropriate access to highly available communication, processing, and storage infrastructure capabilities. The Commission supports the following priorities:

- Provide available, flexible, reliable, scalable, and high performance infrastructure and base services. The CFTC IT infrastructure includes hardware, software and telecommunication equipment as well as base services that empower staff to fulfill the CFTC mission. The Commission will scale and enhance communication, processing, storage, and platform infrastructure to meet mission requirements.
- Facilitate data understanding and ingestion. Because CFTC has a unique imperative to aggregate various types of data from multiple industry sources across multiple market segments both domestic and international, data access, data transfer, data ingest, data warehousing, data standards, and data quality activities are essential.
- Provide CFTC market, financial, legal, and economic analysts with the ability to rapidly adjust their analytic activities and approaches. Staff must be provided with platforms and tools that enable them to innovatively analyze data while minimizing time, process, and resource constraints.
- Provide automation services and solutions that address and support a diversity of roles and activities and increase data re-use across the Commission. Enterprise-wide solutions are preferable to narrowly focused systems and allow CFTC to leverage limited resources.

Industry Trends and Emerging Issues

The CFTC is a data-centric organization. The growth in the past several years for the types of data required to be received and analyzed by the Commission, the number of data sources providing data, the complexity of the data, and the volume of the data have each expanded significantly. This is driving the significant need for a more comprehensive and capable technology platform, such as that available in the form of high-performance computing technology. Additional technology requirements such as advanced extraction, data loading and browsing technology are growing to provide the capability to perform analysis on the thousands of lines of transactions and provide timely responses to queries. Only by providing advanced tools and enriched data for staff to connect, analyze, and aggregate data can the Commission attempt to understand the industry changes and fulfill its responsibility to appropriately oversee the proper functioning of the derivatives markets, particularly with respect to effective market and risk surveillance.

Justification of CFTC Resource Requirements

The FY 2016 request for $63,133,843 will support and continue to enhance the Commission's activities related to its data infrastructure, without which the Commission will be severely limited in its ability to fulfill its responsibilities. This funding level supports required technology refreshment on a sustainable cycle, and infrastructure and services to support new mission initiatives as well as improvements to the current mission and management programs. Hardware, software, and other components that provide communications, processing, and storage will be updated to maintain acceptable performance and provide cost-effective and secure operation and scalability. In FY 2016, the Commission will conclude the migration to a virtual desktop environment that will allow increases in desktop computing capacity and enhancements to desktop tools to be provided to staff more quickly and efficiently. The virtual desktop environment will also improve mobile computing for staff, which, for example, will enable the Commission's surveillance and examinations staff to more effectively fulfill their duties.

Given the importance of continuing oversight of derivatives markets to the health of the United States and global financial systems, the Commission must be fully prepared for continuity of operations under a broad range of circumstances. To ensure consistency of day to day operations that the Commission needs to have a safe and reliable environment for its production systems, the server room at the Washington, D.C. Headquarters location will be de-commissioned and the Commission's alternate computing facility will be supplemented with a second, geographically co-located alternate computing facility. In addition to the current capability to recover operations within recovery time objectives, application system architectures will be adjusted to further automate recovery and reconstitution processes and reduce the need for outages for planned maintenance.

The Commission will continue to improve information technology and management capabilities in the areas of data management to support analytics, economic analysis, and market research. The Commission also will implement enterprise technology solutions that enable the sharing and reuse of data for cross-divisional purposes. Policy, procedures, and resources will continue to be used to govern, manage, and access data using a Commission-wide information architecture and framework. Such improvements will significantly improve the Commission's ability to maximize the productivity of its workforce across multiple functions and work areas. Furthermore, the Commission will facilitate the improvement in the quality of data received from market participants to empower its staff to perform the complex data analyses needed to regulate the futures and swaps markets. An example of such improvements is the Commission's continued work to harmonize SDR data reporting, the effective functioning of which is essential to the Commission's mission to oversee the swaps markets.

The Commission plans to utilize increased funding to fully deploy a National Archives and Records Administration compliant electronic record and document management system that will improve information management and security, support process automation, improve internal controls, and improve staff productivity. A secure enterprise search capability will allow simultaneous searching of key Commission information sources and databases. In addition, the IT program will imbed division specific SharePoint support to leverage the new electronic records system.

In FY 2016, the Commission will focus on the information security requirements, specifically on Cybersecurity Continuous Diagnostics and Mitigation implementation and sustainment as well as continuing to enhance automated controls to mitigate the risk of evolving security threats. Since the Commission is charged with protecting sensitive information assets that are critical to overseeing the markets, Cybersecurity Continuous Diagnostics and Mitigation is required to assess and mitigate risk more effectively.

Mobile computing and mobile communication services will be enhanced to increase the productivity of investigators, examinations staff, and international affairs staff by ensuring availability of information and services. Mobile video conferencing that enables individuals to participate fully in meetings from remote locations will be implemented. The ability to securely host online meetings with desktop sharing and video conferencing with external parties will be implemented.

Media streaming will be implemented to improve the ability of large numbers of staff to view external presentations and conferences. After-hours technical support will be increased to improve the productivity of investigators, examinations staff, and international affairs staff by ensuring availability of information and services, anytime and anywhere. It will also improve the productivity of staff working extended hours on high-priority projects under tight deadlines.

Impact if Not Funded at Requested Level of Resources

If the Commission does not receive the requested level of resources, the Commission will not be able to use technology to expand the scope and depth of its oversight. IT initiatives previously funded in prior fiscal years will be halted or delayed in FY 2016 due to funding limitations. The impact will be widespread across the Commission's activities, severely limiting the Commission's ability to fulfill its statutory responsibilities.

In addition to the critical IT functions detailed in other Mission Activities that would be severely limited without the requested level of funds, the Commission will not have sufficient infrastructure to deploy mission systems that analyze orders as well as trades for trade practice violations or deploy more comprehensive financial and systemic risk modelling tools. The Commission likewise will not have sufficient infrastructure to support the upgrade of enforcement forensics and litigation tools, and there will be insufficient infrastructure to support the continuing implementation of straight-through processing for all regulatory processes. The Commission will not be able to complete infrastructure upgrades required to support the increased use of analytics platforms, and only very critical infrastructure technology refreshments will be accomplished, limiting the Commission to a reactive, as opposed to a proactive, posture with respect to its infrastructure.

In the critical area of business continuity, a secondary alternate computing facility (ACF) will not be implemented, exposing the entire Commission to an untenable continuity risk without the requested level of funding. Ongoing investments in cybersecurity technology will be reduced, increasing the risks imposed on Commission operations and the data and processes that are reliant on robust cybersecurity. The use of high-performance computing platforms for data analytics will not be expanded impacting the Commission's ability to provide core activities such as surveillance, enforcement, examinations, and product reviews.

In the absence of adequate funding, the customer support provided to industry participants using the Commission portal will be minimal. The Commission will not be able to keep pace with the growth of new data, expanded mission requirements, or industry-related technological and data innovations that affect Commission regulatory functions.

Breakout of Data and Technology Request [26]

	FTE	Salaries and Expenses ($000)	IT[27] ($000)	Total ($000)
Data and Technology	59	$11,852	$51,282	$63,134
Total	**59**	**$11,852**	**$51,282**	**$63,134**

Table 13: Breakout of Data and Technology Support by Division

[26] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). The budget displays by Mission Activity are for informational purposes only, and do not represent a PPA.

[27] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

Agency Direction and Management

Resource Overview

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Request	Change
BUDGET	$28,078,205	$30,394,930	$34,020,638	+$3,625,708
FTE	105	122	130	+8

Mission Activity Description

The Commission's ability to achieve its mission of protecting the public, derivative market participants, the U.S. economy and the U.S. position in global markets is driven by well-informed and reasoned executive direction, strong and focused management, and an efficiently-resourced, dedicated, and productive workforce—this is a top-to-bottom requirement. These attributes of an effective organization combine to lead and support the critical work of the Commission to provide sound regulatory oversight and enforcement programs for the U.S. public. To ensure the Commission's continued success, continuity of operations, and adaptation to the ever-changing markets it is charged with regulating, the Commission must empower strong, enterprise-focused leaders, maintain a high-performing, diverse and engaged workforce, promote transparent and clear communication, and develop and equip leaders at all levels of the organization. The Commission must manage its resources effectively through effective internal controls, governance and planning processes, and ensure its workforce has the leadership, knowledge, data and technology, and other tools to work effectively.

The Commission is committed to operationalizing its expanded regulatory scope and to maintaining its strong presence in its traditional markets. This requires unambiguous and timely direction, and the right quantity and quality of staff, aligned in an optimal operating structure supported by the necessary training, development, tools, resources and working environment.

The Commission utilized shared services provided by other agencies for its financial management and human resources systems, as well as services provided by commercial providers to many Federal agencies (*e.g.*, travel and hiring systems). The Commission also maintains administrative services that are unique to the Commission (*e.g.*, performance management, pay adjustment, and ethics compliance). To reduce data redundancy, rework, and support cost-effective automation, administrative data and systems must continue to be centralized, replacing point solutions and eliminating redundant data stores.

Industry Trends or Emerging Issues

The Commission continues to be in direct competition with industry and our Federal counterparts for highly-skilled technical and analytical positions that enable the Commission to fulfill our regulatory requirements. The Commission continues to struggle with recruiting and retention of sophisticated professionals that provide core mission activities.

The Commission is striving to maintain its dedicated team of management professionals focused on human capital strategy, talent management, and organizational performance to support the Commission of the future.

The Commission is focused on maintaining effective management and administrative programs as efficiently as possible to maximize the resources and staff available to the primary mission activities. The utilization of shared services continues to be an important strategy in maintaining these programs and services at a reasonable cost

Justification of CFTC Resource Requirements

The FY 2016 request for $34,020,658 will continue to support and expand the Commission's activities related to the Commission's agency direction, management and administrative support.

The Office of the Inspector General (OIG) will add staff to expand its work regarding Dodd-Frank implementation and other high-visibility events and issues impacting the Commission, and enhance its ability to oversee the search and production of documents relevant to investigations, audits, and reviews. This will allow the OIG to oversee these processes in order to verify that any search is complete and appropriate while preserving OIG independence.

In the Administrative Management and Support area, the Commission will expand and fortify its performance management program to ensure the Commission is not only allocating resources to its highest priority activities in pursuit of its mission, but also in the leadership and management of the performance of those resources to achieve maximum results. This will require the addition of subject matter expertise in strategic and operational planning, specifically performance metrics and data analysis; and in human capital strategy and analysis, specifically in individual and organizational performance management system reform, compensation and workforce planning.

In addition, the Commission will expand and continue implementing a controlled unclassified information program, including additional controls for high-risk personally identifiable information and research data, and information security continuous monitoring. The addition of records management expertise in the controlled unclassified information program will strengthen the Commission's ability to provide and ensure security of data throughout the agency.

Impact if Not Funded at Requested Level of Resources

The Commission will be unable to expand and improve on its highest priority mission support activities. Expertise in organizational and operational management, financial management, and human resources are needed at the requested levels in order for the agency to provide the systems, data protections, performance management and analysis needed to keep pace with the technology-driven innovative environment it is charged with overseeing and regulating.

Breakout of Agency Direction and Management Request [28]

	FTE	Salaries and Expenses ($000)	IT[29] ($000)	Total ($000)
Agency Direction	35	$9,311	$0	$9,311
Administrative Management and Support	86	20,726	0	20,726
Data and Technology	0	0	1,194	1,194
Inspector General	9	2,790	0	2,790
Total	**130**	**$32,827**	**$1,194**	**$34,021**

Table 14: Breakout of Agency Direction and Management by Division

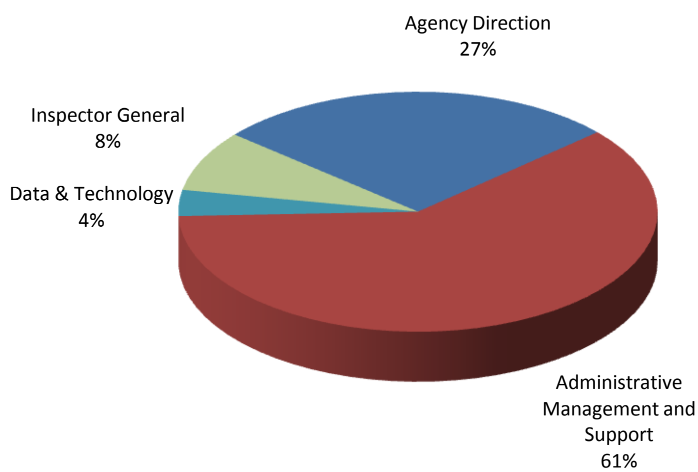


Figure 13: Agency Direction and Management Request by Division

[28] The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). The budget displays by Mission Activity are for informational purposes only, and do not represent a PPA.

[29] Information Technology costs, including IT investments (*e.g.*, hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

APPENDIX 1

The Commissioners

The CFTC consists of five Commissioners, with one position currently vacant. The President appoints and the Senate confirms the CFTC Commissioners to serve staggered five-year terms. No more than three sitting Commissioners may be from the same political party. With the advice and consent of the Senate, the President designates one of the Commissioners to serve as Chairman. The following represent the current CFTC Commissioners:

Timothy G. Massad, Chairman

Timothy G. Massad was appointed as Chairman of the U.S. Commodity Futures Trading Commission on June 5, 2014. His term expires on April 13, 2017.

Mark P. Wetjen, Commissioner

Mark P. Wetjen was appointed as Commissioner of the U.S. Commodity Futures Trading Commission on October 25, 2011. His term expires on June 19, 2016.

Sharon Y. Bowen, Commissioner

Sharon Y. Bowen was appointed as Commissioner of the Commodity Futures Trading Commission on June 9, 2014. Her term expires on April 13, 2018.

J. Christopher Giancarlo, Commissioner

J. Christopher Giancarlo was appointed as Commissioner of the Commodity Futures Trading Commission on June 16, 2014. His term expires on April 13, 2019.

Organizational Divisions and Offices

The Offices of the Chairman and Commissioners provide executive direction and leadership to the Commission. The Offices of the Chairman include Public Affairs, Legislative Affairs, and Minority and Women Inclusion.

The Commission is organized largely along programmatic and functional lines. The four programmatic divisions—the Division of Clearing and Risk, Division of Enforcement, Division of Market Oversight and Division of Swap Dealer and Intermediary Oversight—are partnered with, and supported by, a number of offices, including the Office of Chief Economist, Office of Data and Technology, Office of General Counsel, and the Office of International Affairs.

Administrative and Management Support is administered by the Office of the Executive Director, which includes the following offices: Business Management and Planning, Counsel to the Executive Director, Financial Management, Human Resources, Logistics and Operations, Privacy, Records, Proceedings (reparations), Secretariat, and the Library.

The Office of Inspector General is an independent office of the Commission.

Agency Direction

The Office of the Chairman and the Commissioners provide executive direction and leadership to the Commission—specifically, as it develops and adopts agency policy that implements and enforces the CEA and amendments to that Act, and the Dodd-Frank Act. Commission policy is designed to foster the financial integrity and economic utility of commodity futures and option markets for hedging and price discovery, to conduct market and financial surveillance, and to protect the public and market participants against manipulation, fraud, and other abuses. Executive leadership, in this regard, is the responsibility of the Chairman, including the Offices of Public Affairs, Legislative Affairs, and Minority and Women Inclusion, and the Commissioners.

Administration Management and Support

The Commission's ability to achieve its mission of protecting the public, derivatives market participants, U.S. economy, and the U.S. position in global markets is driven by well-informed and reasoned executive direction; strong and focused management; and an efficiently-resourced, dedicated, and productive workforce. These attributes of an effective organization combine to lead and support the critical work of the Commission to provide sound regulatory oversight and enforcement programs for the U.S. public. The Executive Director ensures the Commission's continued success, continuity of operations, and adaptation to the ever-changing markets it is charged with regulating; directs the effective and efficient allocation of CFTC resources; develops and implements management and administrative policy; and ensures program performance is measured and tracked Commission-wide. The OED includes the following programs: Business Management and Planning, Counsel to the Executive Director (Library, Records, and Privacy), Secretariat, Financial Management, Human Resources, Consumer Outreach, and the Office of Proceedings. The Office of Proceedings has a dual function to provide a cost-effective, impartial, and expeditious forum for handling customer complaints against persons or firms registered under the CEA, and to administer enforcement actions, including statutory disqualifications, and wage garnishment cases.

Chief Economist

The Office of Chief Economist provides economic analysis, advice, and context to the Commission and to the public. The Office of Chief Economist provides perspectives on both current topics and long-term trends in derivatives markets. The extensive research and analytical backgrounds of staff ensure that analyses reflect the forefront of economic knowledge and econometric techniques. The Office of Chief Economist plays an integral role in the cost-benefit considerations of Commission regulations and collaborates with staff in other Divisions to ensure that Commission rules are economically sound. The Office of Chief Economist and its research also play a key role in transparency initiatives of the Commission.

Clearing & Risk

The Division of Clearing and Risk program oversees DCOs and other market participants that may pose risk to the clearing process including FCMs, SDs, MSPs and large traders, and the clearing of futures, options on futures, and swaps by DCOs. The staff prepare proposed regulations, orders, guidelines, and other regulatory work products on issues pertaining to DCOs; review DCO applications and rule submissions and make recommendations to the Commission; make determinations and recommendations to the Commission to which types of swaps should be cleared; make determinations and recommendations to the Commission as to the initial eligibility or continuing qualification of a DCO to clear swaps; assess compliance by DCOs with the CEA and Commission regulations, including examining systemically important DCOs at least once a year; and conduct risk assessment and financial surveillance through the use of risk assessment tools, including automated systems to gather and analyze financial information, to identify, quantify, and monitor the risks posed by DCOs, clearing members, and market participants and its financial impact.

Data and Technology

The Office of Data and Technology is led by the Chief Information Officer and delivers services to CFTC through three components: Systems and Services, Data Management, and Infrastructure and Operations. Systems and Services focuses on several areas: 1) market and financial oversight and surveillance; 2) enforcement and legal support; 3) document, records, and knowledge management; 4) CFTC-wide enterprise services; and 5) management and administration. Systems and services provide access to data and information, platforms for data analysis, and enterprise-focused automation services. Data Management focuses on data analysis activities that support data acquisition, utilization, management, reuse, transparency reporting, and data operations support. Data Management provides a standards-based, flexible data architecture; guidance to the industry on data reporting and recordkeeping; reference data that is correct; and market data that can be efficiently aggregated and correlated by staff. Infrastructure and Operations organizes delivery of services around network infrastructure and operations, telecommunications, and desktop and customer services. Delivered services are highly available, flexible, reliable, and scalable, supporting the systems and platforms that empower staff to fulfill the CFTC mission. The three service delivery components are unified by an enterprise-wide approach that is driven by the Commission's strategic goals and objectives and incorporates information security, enterprise architecture, and project management.

Enforcement

The Division of Enforcement program investigates and prosecutes alleged violations of the CEA and Commission regulations. Possible violations involve improper conduct related to commodity derivatives trading on U.S. exchanges, or the improper marketing and sales of commodity derivatives products to the general public.

General Counsel

The Office of General Counsel provides legal services and support to the Commission and all of its programs. These services include: 1) engaging in defensive, appellate, and amicus curiae litigation; 2) assisting the Commission in the performance of its adjudicatory functions; 3) providing legal advice and support for Commission programs; 4) drafting and assisting other program areas in preparing Commission regulations; 5) interpreting the CEA; 6) overseeing the Commission's ethics program; and 7) providing advice on legislative and regulatory issues.

International Affairs

The Office of International Affairs advises the Commission regarding international regulatory initiatives; provides guidance regarding international issues raised in Commission matters; represents the Commission in international organizations, such as IOSCO; coordinates Commission policy as it relates to policies and initiatives of major foreign jurisdictions, the G20, Financial Stability Board and the U.S. Treasury Department; and provides technical assistance to foreign market authorities.

Market Oversight

The Division of Market Oversight program fosters markets that accurately reflect the forces of supply and demand for the underlying commodities and are free of disruptive activity. To achieve this goal, program staff oversees trading organizations, performs market surveillance, reviews new applications for exchanges, SEFs and data repositories, and examines existing trading organizations and data repositories to ensure their compliance with the applicable core principles. Other important work includes evaluating new products to ensure they are not susceptible to manipulation, and reviewing entity rules to ensure compliance with the CEA and CFTC regulations.

Swap Dealer and Intermediary Oversight

The Division of Swap Dealer and Intermediary Oversight oversees the registration and compliance activities, as well as the examination of intermediaries and the futures and swaps industry SROs, which include the U.S. derivatives exchanges and the NFA. Program staff develop and implement regulations concerning registration, fitness, financial adequacy, sales practices, risk management, business conduct, capital and margin requirements, protection of customer funds, cross-border transactions, and anti-money laundering programs, as well as policies for coordination with foreign market authorities and emergency procedures to address market-related events that impact intermediaries. The division monitors the compliance activities of these registrants and provides oversight and guidance for complying with the system of registration and compliance established by the CEA and the Commission's regulations. Concurrently, DSIO evaluates the effectiveness of registrant governance and internal controls through monitoring of the risk profile of firms, targeted reviews and examinations, oversight of examinations by SROs and a focus on the activities of the risk managers and chief compliance officers. The division also reviews whether registrants maintain sufficient financial resources, risk management procedures, internal controls and customer protection practices to enhance the financial stability of market participants and transparency in the markets.

APPENDIX 2

Information Technology

Introduction

The Commission's IT Portfolio reflects strategic priorities to provide highly available infrastructure and services, access to data, platforms for staff data analysis, and enterprise-focused automation services. The Commission will scale and enhance communication, processing, storage, and platform infrastructure to meet mission requirements. IT initiatives that provide staff with access to data are given priority over all other investments. IT initiatives that provide staff with flexible self-service analytics tools for their direct use are given priority over initiatives that take longer to implement and need greater investment in staff time as a prerequisite to successful development and implementation. IT investments are mission-focused, enterprise-focused, or integrated with enterprise services and data.

The Commission has organized its IT portfolio into the five major investments described below:

- *Surveillance*. Supports market, trade practice, and financial and risk oversight. Success in this area is highly dependent on the ability to acquire large volumes of data and the development of standards and analytics to support data segregation, as well as identify trends and/or outlying events that warrant further investigation.
- *Enforcement*. Provides a variety of critical automated litigation and investigation support services to facilitate the overall management of documents and data. Enforcement technology also provides the ability to rapidly query and retrieve information about investigations and litigation and perform analytics.
- *Other Mission Support*. Provides services that are vital to CFTC's regulatory mission activities including: Registration and Compliance, Product Review and Assessment, Examinations, Legal and Economic Analysis, and International Policy Coordination.
- *Data Infrastructure*. Supports all mission areas by providing the underlying infrastructure for IT services including: messaging, communications, network security, database administration, business continuity, and data storage management. The data infrastructure effort also provides transparency through the CFTC.gov website, staff collaboration and knowledge management, as well as document and records management.
- *Management and Administrative Support*. Includes IT service to commission-wide general support activities that require specialized or dedicated IT service components, for example, financial management, payroll and personnel services, training, hiring and logistics support.

Management of the IT Portfolio in FY 2016

The Commission requests $79.0 million for the Information Technology Program and $29.4 million for the Salaries and Expenses Program, in support of the following IT priorities;

Surveillance:

- Data Standards
  - Continue working with domestic and international regulators, as well as industry to harmonize and refine data standards and improve data quality.
  - Implement master reference data management.
  - Enhance data governance policy and implement revised procedures.
  - Automate data quality management activities and increase data analysis and analytics support activities.

- Continue harmonizing data standards and data access services for all SDR data.

- Swaps Data Management
    - Continue data loading support for all new data submissions.
    - Implement data aggregation mechanisms for cross-SDR data analysis.
    - Continue integrating NFA systems and data with CFTC systems and data.
    - Continue integrating futures, swaps, and master and reference data in an enterprise data environment.
    - Continue enhancing the CFTC data warehouse to facilitate rapid access to large volumes of market data.

- Position and Transaction Surveillance
    - Continue modifying large trader reporting systems to support new swaps data analysis, internal reporting requirements, and transparency reporting.
    - Deploy systems that analyze orders as well as trades for trade practice violations.
    - Enhance position monitoring systems.
    - Enhance account ownership and control information systems.

- OTC Risk Management
    - Continue enhancing stress testing of positions in swaps for market participants and DCOs.
    - Continue enhancing systems to identify and aggregate data for related market participants across DCOs.
    - Continue improving tools for back testing and evaluation of sufficiency of all material product and portfolio margin requirements.
    - Continue improving monitoring of firm level variation and initial margin requirements across DCOs.
    - Continue enhancing tools to evaluate the risk of market participants positions held at multiple FCMs or DCOs.
    - Continue enhancing tools to combine cleared and bilateral positions to obtain a more complete picture of a clearing firm's risk.
    - Continue to enhance financial analysis tools to support reviews of FCMs and swaps dealers risk management controls.

- Market and Data Analytics
    - Continue enhancing data availability and analytics tools that allow staff to prototype new surveillance and risk and compliance monitoring methods.
    - Adjust production analytics to use high-performance computing platforms.
    - Support additional public transparency reporting.

Other Mission Support:

- Registration and Compliance, Product Review and Assessment.
    - Automate regulatory mission and key activity processes.
- Examinations
    - Automate regulatory mission and key activity processes.

- Legal and Economic Analysis
    - Automate regulatory mission and key activity processes.

Enforcement:

- Enhance eLaw and forensics program technology and increase litigation technical support services.

Data Infrastructure:

- Increase storage, processing, and communications infrastructure to meet demand.
- Refresh desktop computing technology.
- Reduce business continuity risk and increase availability during non-business hours: decommission the server room at the DC Headquarters location; supplement the Commission's ACF with a second, geographically co-located ACF; and adjust system architectures to further automate recovery and reconstitution processes and reduce the need for outages for planned maintenance.
- Increase customer support provided to CFTC staff during non-business hours.
- Implement information security continuous diagnostics and mitigation (CDM).
- Continue refreshing staff computing resources and complete the deployment of a virtual desktop environment.
- Upgrade the Commission's public website, CFTC.gov.
- Increase customer support for industry participants using the CFTC portal.
- Implement an electronic records and document management system and enterprise search.
- Increase support for the Commission-wide collaboration site and division collaboration sites.

Management and Administrative Support:

- Enhance video production capabilities to support electronic learning and improved communications.

Summary of Information Technology Budget by Cost Type

	FY 2014 Actual ($000)	FY 2015 Estimate ($000)	FY 2016 Request ($000)
Development, Modernization and Enhancement (DME)	7,981	11,988	25,900
Operations and Maintenance (O&M)	41,366	59,080	75,397
Indirect Overhead	9,800	9,596	7,131
Total IT Portfolio	**$59,147**	**$80,664**	**$108,428**
Information Technology Services	35,000	51,116	79,000
Information Technology Personnel	14,347	19,925	22,297
Indirect Overhead	9,800	9,596	7,131
Total IT Portfolio	**$59,147**	**$80,664**	**$108,428**

Detail of Information Technology Budget by Cost Type

	FY 2014 Actual ($000)	FY 2015 Estimate ($000)	FY 2016 Request ($000)
Surveillance	13,139	17,884	32,649
DME	4,466	3,700	13,394
Services	4,227	3,380	13,020
Personnel	239	320	374
O&M	8,673	14,184	19,255
Services	2,949	6,524	10,291
Personnel	5,724	7,660	8,964
Enforcement	3,728	5,105	6,968
DME	84	738	823
Services	62	694	785
Personnel	22	44	38
O&M	3,644	4,367	6,145
Services	3,107	3,409	5,230
Personnel	537	958	915
Other Mission Support	1,361	2,332	3,637
DME	655	1,404	2,100
Services	655	1,404	2,100
Personnel	-	-	-
O&M	706	928	1,537
Services	706	928	1,537
Personnel	-	-	-
Management and Administrative Support	1,722	2,156	2,808
DME	37	48	53
Services	-	-	-
Personnel	37	48	53
O&M	1,685	2,108	2,755
Services	791	959	1,474
Personnel	894	1,149	1,281
Data Infrastructure and Technology Support	29,397	43,591	55,235
DME	2,739	6,098	9,530
Services	2,463	5,709	9,103
Personnel	276	389	427
O&M	26,658	37,493	45,705
Services	20,040	28,109	35,460
Personnel	6,618	9,384	10,245
Indirect Overhead	9,800	9,596	7,131
Total IT Portfolio	**$59,147**	**$80,664**	**$108,428**

Table 15: Information Technology Budget

Table Key

Category	*Description*
DME	Costs related to the development, modernization, and enhancement of technology.
O&M	Costs related to the operations and maintenance of technology.
PERSONNEL	Costs of government personnel for salary and benefits only.
SERVICES	Hardware, software, and contracted data and technology services and contracted labor.
INDIRECT	Overhead related to leases and other centrally funded costs.

APPENDIX 3

Inspector General

The Office of Inspector General is an independent organizational unit at the CFTC. The mission of the Office of Inspector General is to detect waste, fraud, and abuse and to promote integrity, economy, efficiency, and effectiveness in the CFTC's programs and operations. As such it has the ability to review all of the Commission's programs, activities, and records. In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General issues semiannual reports detailing its activities, findings, and recommendations.

Total FY 2016 Budget as described below includes the OIG request of $2,660,000 for estimated direct salary and benefit costs of nine FTE, including an estimated contribution of $6,479 to support the Council of the Inspectors General on Integrity and Efficiency. The Budget also includes overhead of approximately $130,000. Overhead represents a proportional share of all estimated indirect costs, such as, lease of space, utilities, communications, printing, supplies, equipment and other services used by or available to the Office of Inspector General.

FY 2016	Total Budget	Training Budget Estimate	FTE
	$2,790,000	$14,100	9

The following amounts were included in the FY 2015 President's Budget:

FY 2015	Total Budget	Training Budget Estimate	FTE
	$2,620,000	$15,196	7

APPENDIX 4

Statement of Availability on Basis of Obligations

	FY 2014 Actual $ (000)	FY 2015 Estimate $ (000)	FY 2016 Request $ (000)
New Appropriations	$215,000	$250,000	$322,000
Sequestration	0	0	0
Carryover from Prior Year	2,196	5,322	49
Recoveries of Prior Year Obligations	1,627	2,000	2,000
Total Available	**218,823**	**257,322**	**324,049**
Obligations	216,171	252,150	324,000
Balance Available	**2,652**	**5,172**	**49**
Lapsing Appropriations[30]	(2,670)	5,123	
Total Available or Estimate	**$5,322**	**$49**	

Table 16: Summary of FY 2014 to 2016 Statement of Availability on Basis of Obligations

[30] Reflects adjustments made as a result of GAO Decision Memorandum B-325351.

APPENDIX 5

Customer Protection Fund

Introduction

Section 748 of the Dodd-Frank Act amended the CEA by adding Section 23, entitled "Commodity Whistleblower Incentives and Protections." Among other things, Section 23 establishes a whistleblower program that requires the Commission to pay awards, under regulations prescribed by the Commission and subject to certain limitations to eligible whistleblowers, who voluntarily provide the Commission with original information about violations of the CEA that lead to the successful enforcement of a covered judicial or administrative action, or a related action. The Commission's whistleblower awards are equal, in the aggregate amount to at least 10 percent but not more than 30 percent of the monetary sanctions actually collected in the Commission's action or a related action.

Section 748 of the Dodd-Frank Act also established the CFTC Customer Protection Fund (Fund) for the payment of awards to whistleblowers, through the whistleblower program, and the funding of customer education initiatives designed to help customers protect themselves against fraud or other violations of the CEA or the rules or regulations thereunder. The Commission undertakes and maintains customer education initiatives through an Office of Consumer Outreach.

Management of the Whistleblower Office

The Whistleblower Office (WBO) has three essential functions:

- *Process Whistleblower Submissions.* WBO receives, tracks, and handles whistleblower submissions and inquiries.

- *Coordinate with Commission Divisions and Outside Agencies*. WBO answers questions from Commission staff and others regarding the whistleblower program, and guides the handling of whistleblower matters as needed during examination, investigation and litigation. WBO also approves referrals of whistleblower-identifying information to outside agencies.

- *Administer Claims Process*. WBO receives and tracks whistleblower award claims, gathers and prepares the adjudicatory records for the Whistleblower Award Determination Panel (Panel), advises the Panel as needed on the whistleblower provisions and rules, and memorializes the Panel's decisions.

Management of the Office of Consumer Outreach

The Office of Consumer Outreach administers the CFTC's customer and public education initiatives. The Commission currently conducts outreach efforts towards consumers through a comprehensive social marketing campaign called "*SmartCheck*". This campaign utilizes numerous outreach channels to convey messages that encourage customers to engage in behavior that help lower the likelihood they will become fraud victims and mitigate the impact for those who do fall for it. The majority of the outreach efforts drive consumers to a website, *www.SmartCheck.cftc.gov*, where anti-fraud information and research tools are available and referenced. Those customers seeking in-depth information about trading in commodities markets at a retail level can continue to find it on CFTC's main website *www.cftc.gov*.

The outreach efforts include targeted online and print advertising, media outreach, in-person presentations and events, and collaborative programs. The collaborative programs include efforts with entities such as state banking, insurance, securities and consumer protection regulators, financial markets SROs, nonprofit consumer groups, public libraries, local government, and academia. The Commission is also actively involved with ongoing Federal financial literacy efforts, including participating on the Financial Literacy and Education Commission.

Operation of the Customer Protection Fund

The Customer Protection Fund is a revolving fund established under section 748 of the Dodd-Frank Act. The Commission shall deposit civil monetary penalties, disgorgements, and interest it collects in covered administrative or judicial enforcement actions into the Fund whenever the balance in the Fund at the time of the deposit is less than or equal to $100 million. The Commission will not deposit restitution awarded to victims into the Fund, and will pay whistleblower awards and finance customer education initiatives from the Fund.

In FY 2016, the CFTC estimates that it will use $32.4 million:

- Approximately $21.0 million will be used for the Office of Consumer Outreach to fund customer education initiatives, administrative expenses, and six full-time equivalents, an increase of $13.3 million over the FY 2015 level.
- Whistleblower awards are estimated at $10 million.
- Approximately $1.4 million will be used for the Whistleblower Office to fund administrative expenses and five FTE, which is an increase of $0.2 million over the FY 2015 level.

Table 17: Customer Protection Fund

	FY 2014 Actual ($000)	FY 2015 Estimate ($000)	FY 2016 Estimate ($000)
Budget Authority – Prior Year	$98,987	$269,901	$250,856
Budget Authority – New Year	175,933	0	0
Prior Year Recoveries	24	0	0
Total Budget Authority	**274,944**	**269,901**	**250,856**
Whistleblower Program	644	1,200	1,400
Whistleblower Awards	246	10,000	10,000
Customer Education Program	4,153	7,845	20,980
Total Planned Expenditures	**5,043**	**19,045**	**32,380**
Unobligated Balance	**$269,901**	**$ 250,856**	**$218,476**

APPENDIX 6

The Commission and the Industry We Regulate

The mission of the CFTC is to foster open, transparent, competitive, and financially sound markets; to avoid systemic risk; and to protect market users and their funds, consumers, and the public from fraud, manipulation, and abusive practices related to derivatives and other products that are subject to the CEA. As a key mechanism for performing these responsibilities, the Commission delegates certain authorities to registered entities such as SROs, clearing entities and data depositories and then oversees and supports these organizations by reviewing their operations and procedures and by providing guidance, policy and direction in accordance with Commission regulations.

With respect to its oversight of SDs, MSPs and intermediaries, the CFTC oversight occurs in coordination with the SRO system. While the DSROs are obligated to conduct surveillance, compliance oversight and enforcement activities for entities under their purview, the Commission conducts surveillance, compliance oversight and enforcement activities across all market participants while concurrently providing the rules, legal interpretations and policy oversight necessary to guide DSRO activities.

Recent revisions to the Commission's regulatory requirements have required additional focus on the oversight of DSROs in their implementation of these new requirements for market participants. As the CFTC seeks to strengthen the regulatory framework for both FCMs and SDs, a new category of registrants for the CFTC, the Commission will continue to work closely with the NFA to emphasize priority areas such as risk management, internal controls, legal compliance and FCM and SD examinations.

CFTC Regulatory Landscape

The following matrix provides an overview of regulated entities and the CFTC's related mission activities. Activities and entities for which CFTC is the first-line regulator are identified as "CFTC". Activities and entities for which the agency is the second-line regulator are identified as "SRO/CFTC," "DSRO/CFTC" or "NFA/CFTC". Activities and entities for which the CFTC has delegated responsibility to the NFA are identified as "NFA."

Entity	Acronym	CFTC Mission-Activity					
		Registration & Compliance	Product Reviews	Surveillance	Examinations	Enforcement	Economic & Legal Analysis
Trading Entities							
Designated Contract Market	**DCM**	CFTC	CFTC	CFTC	CFTC	CFTC	CFTC
Swap Execution Facility	**SEF**	CFTC	CFTC	CFTC	CFTC	CFTC	CFTC
Clearing Entities							
Derivatives Clearing Organization	**DCO**	CFTC	CFTC	CFTC	CFTC	CFTC	CFTC
Systemically Important Derivatives Clearing Organization	**SIDCO**	CFTC	CFTC	CFTC	CFTC/ Federal Reserve	CFTC	CFTC
Data Repositories							
Swap Data Repository	**SDR**	CFTC	N/A	N/A	CFTC	CFTC	CFTC
Registered Futures Association							
National Futures Association	**NFA**	CFTC	N/A	N/A	CFTC	CFTC	CFTC
Intermediaries							
Futures Commission Merchant	**FCM**	NFA/CFTC	N/A	DSRO/CFTC	DSRO/CFTC	DSRO/CFTC	CFTC
Swap Dealer	**SD**	NFA/CFTC	CFTC	NFA/CFTC	NFA/CFTC	NFA/CFTC	CFTC
Major Swap Participant	**MSP**	NFA/CFTC	CFTC	NFA/CFTC	NFA/CFTC	NFA/CFTC	CFTC
Retail Foreign Exchange Dealer	**RFED**	NFA	N/A	NFA/CFTC	NFA/CFTC	NFA/CFTC	CFTC
Managed Funds							
Commodity Trading Advisor	**CTA**	NFA	N/A	NFA/CFTC	NFA	NFA/CFTC	CFTC
Commodity Pool Operator	**CPO**	NFA	N/A	NFA/CFTC	NFA	NFA/CFTC	CFTC
Other Registrants							
Introducing Broker	**IB**	NFA	N/A	NFA/CFTC	NFA	NFA/CFTC	CFTC
Floor Broker	**FB**	NFA	N/A	CFTC	N/A	SRO/CFTC	CFTC
Floor Trader	**FT**	NFA	N/A	CFTC	N/A	SRO/CFTC	CFTC
Associated Person (Sales)	**AP**	NFA	N/A	CFTC	N/A	SRO/CFTC	CFTC

Figure 14: Matrix of U.S. Registered Entities and Registrants by CFTC Mission Activity

Assumptions on the Number of Regulated Entities and Registrants

The futures and swaps industry is a marketplace driven by change. These trillion-dollar markets, with massive economic force are expanding steadily both in volume and new users and their complexity are rapidly evolving with new technologies, cross-border activities, product innovation, and greater competition. However, the phenomenal expansion in the industry, for all its benefits, carries with it new responsibilities and challenges for the Commission and the industry. The FY 2014 estimated actuals and the Commission's assumptions on the number of regulated trading and clearing entities and registrants through FY 2016 are provided below.

Entity	Acronym	Number of Registered Entities/Registrants		
		FY 2014 Actuals	FY 2015 Assumptions	FY 2016 Assumptions
Trading Entities				
Designated Contract Market	**DCM**	15	20	23-26
Swap Execution Facility	**SEF**	22	24	26
Clearing Entities				
Derivatives Clearing Organization	**DCO**	14	19	20
Clearing Member		191	200	210
Systemically Important DCO	**SIDCO**	2	No more than 4	No more than 4
Data Repositories				
Swap Data Repository	**SDR**	4	4	4
Intermediaries				
Futures Commission Merchant [31]	**FCM**	78	75	75
Swap Dealer	**SD**	104	105	105
Major Swap Participant	**MSP**	2	2	2
Retail Foreign Exchange Dealer	**RFED**	7	7	7
Managed Funds				
Commodity Trading Advisor	**CTA**	2,525	2,600	2,600
Commodity Pool Operator	**CPO**	1,774	1,800	1,800
Other Registrants				
Introducing Broker	**IB**	1,359	1,500	1,500
Floor Broker	**FB**	4,433	4,500	4,500
Floor Trader	**FT**	813	900	900
Associated Person	**AP**	57,578	58,000	58,000

Figure 15: Number of Market Participants by Fiscal Year

[31] Excludes FCMs registered as RFEDs.

Industry Growth in Volume, Globalization and Complexity

In a marketplace driven by change, it may be helpful to look back at industry and CFTC trends over the past few years. The charts that follow reflect many of those changes affecting the CFTC:

- Growth in volume of futures and option contracts traded;
- Growth in volume of swaps traded;
- Growth in actively traded futures and option contracts;
- Notional value of futures/option open contracts;
- Notional value of exchange-traded and OTC contracts;
- Amount of customer funds held at futures commission merchants;
- Aggregate sum of house origin margin on deposit;
- Contract markets designated by the CFTC; and
- Number of derivatives clearing organizations registered with the CFTC.

Growth in Volume of Futures & Option Contracts Traded[32]

Trading volume for CFTC-regulated contracts maintained a general upward trend for the past decade. As the volume of futures and option contracts increases, CFTC resource requirements also increase, since the CFTC has to conduct trade practice and market surveillance for a larger number of transactions.

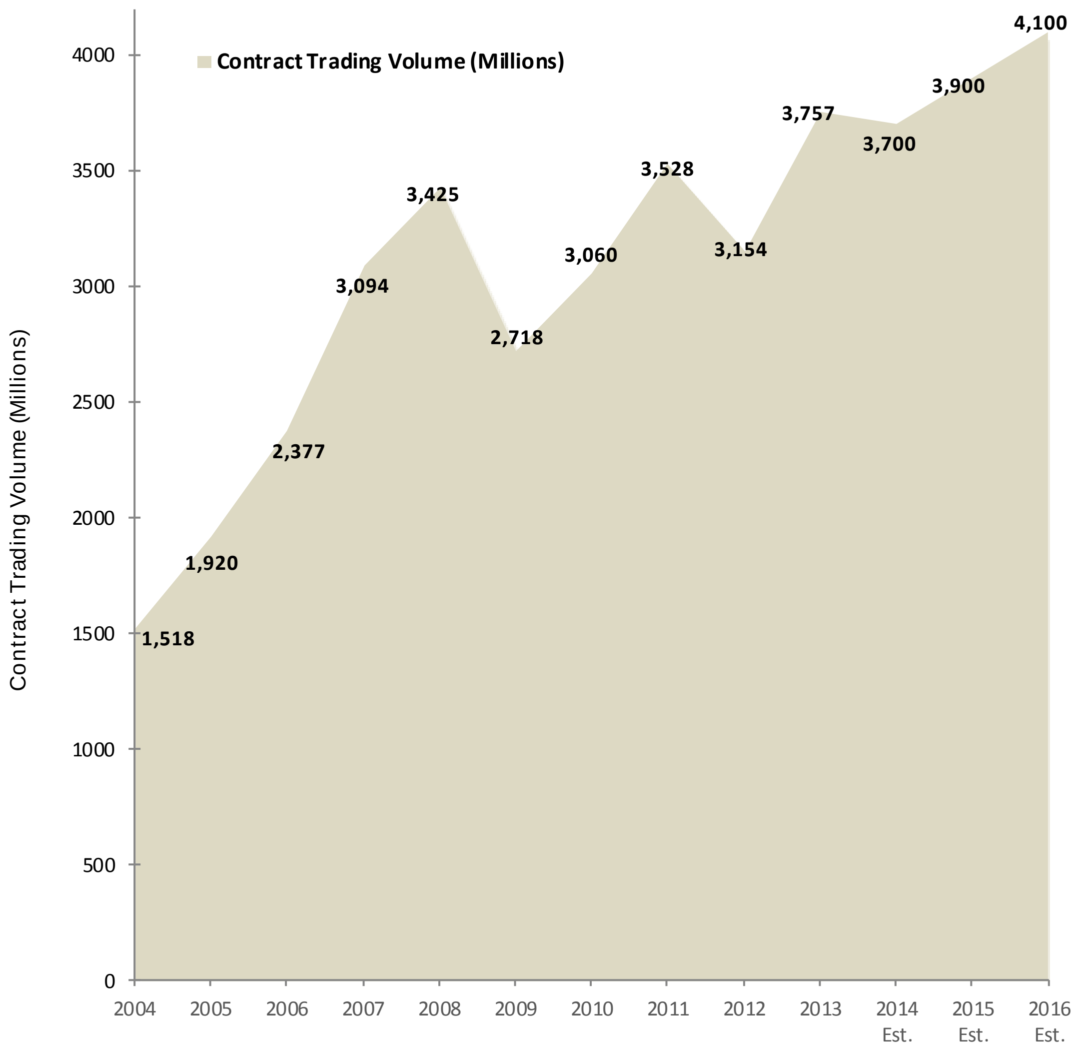


Figure 16: Growth of Volume of Contracts Traded

[32] Data Source: Futures Industry Association, CFTC estimates.

Growth in Volume of Swaps Traded[33]

In 2013, the CFTC began publishing the Semi-Annual Swaps Report including volume data for 2013 and 2014. The annualized volume estimates for 2013 and 2014 are based on data obtained from SDRs for the period from October 1, 2013 and December 26, 2014. The CFTC Swaps Reports currently include only interest rates and credit, but the Commission expects to include additional asset classes in the near future. The CFTC Swaps Report currently incorporates data from four SDRs; however data from additional SDRs could be incorporated in the future.

SEFs, a new type of CFTC-regulated platform for trading swaps, began operating on October 2, 2013. The annualized volume estimates for 2013 and 2014 are based on actual trading volume between October 2, 2013 and December 31, 2014.

The Commission only recently began receiving SDR data and SEF data and needs additional resources to render the data in useable form so that it can be used to conduct market surveillance, to include additional asset classes in the Swaps Reports, and to automate these processes.

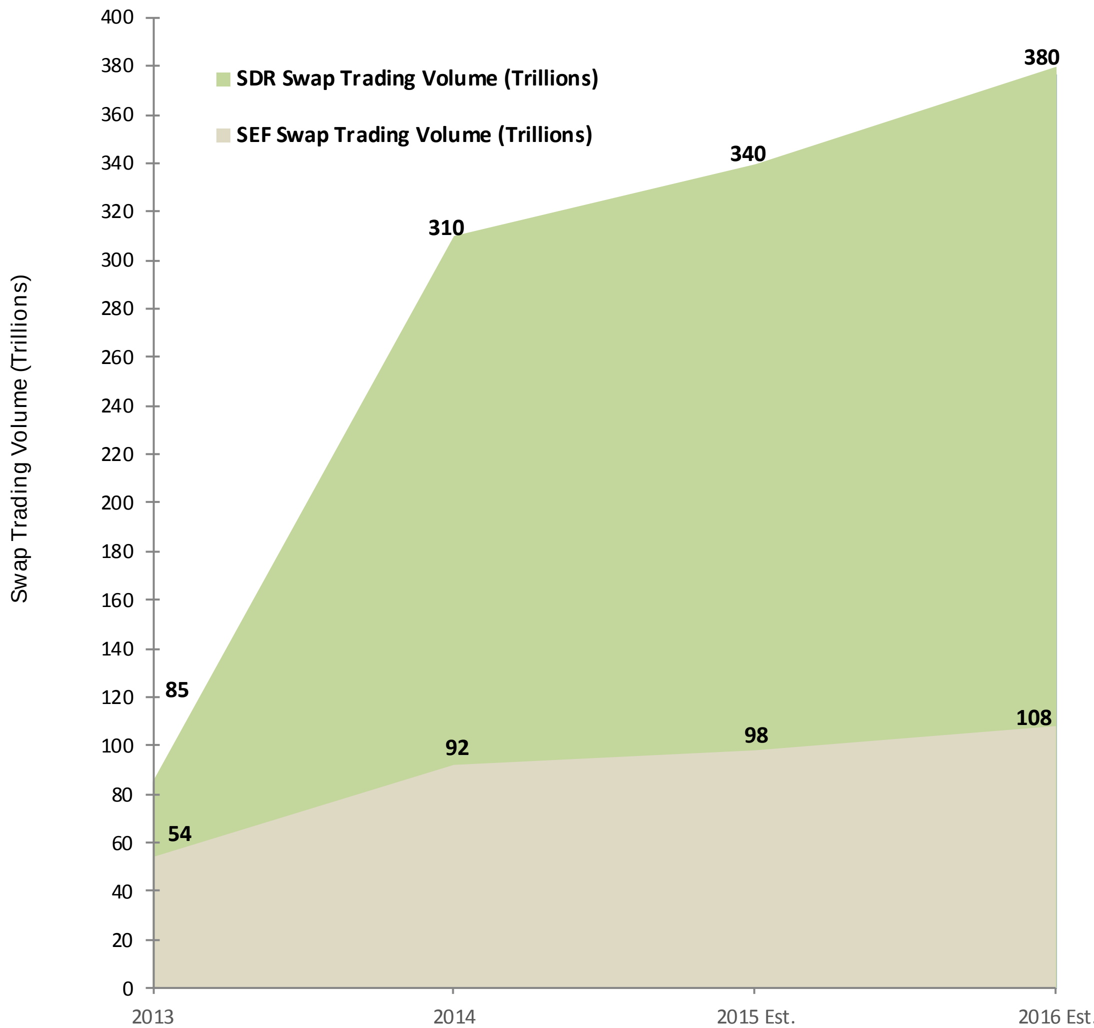


Figure 17: Estimated Swap Event Volume

33 Data Source: CFTC Weekly Swaps Report and Clarus Financial Technology.

Growth in Actively Traded Futures & Option Contracts[34]

The number of actively traded contracts on U.S. exchanges (contracts that trade at least 10 contracts on at least one day in the calendar year) has increased almost six-fold in the last 10 years; with a substantial increase in 2014. As the number of actively traded contracts increases, CFTC resource requirements also increase since the CFTC has to conduct market surveillance for a larger number of products.

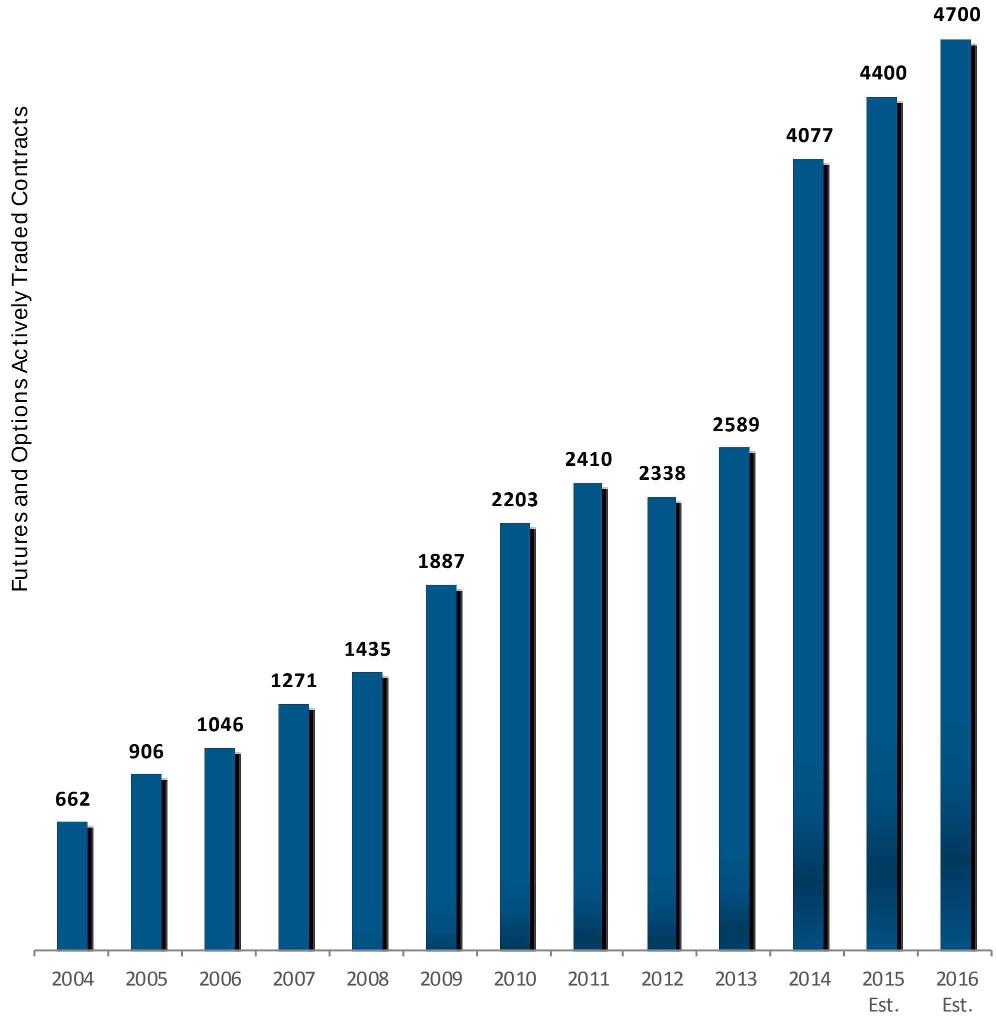


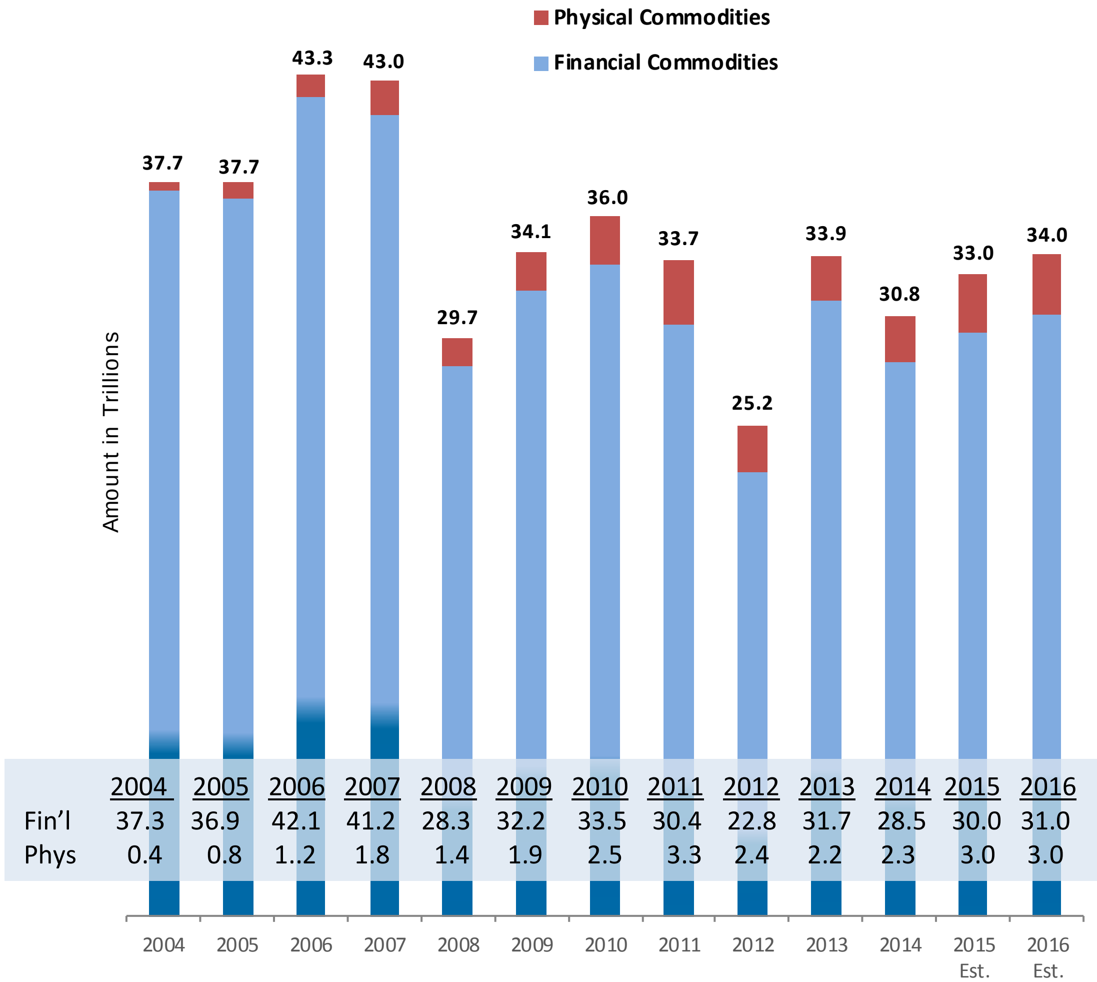
Figure 18: Actively Traded Futures and Option Contracts

[34] Data Source: CFTC Integrated Surveillance System

Notional Value of Futures and Option Open Contracts[35]

The notional value of open financial commodities contracts decreased by $3.2 trillion from year-end 2013 to September 2014, and the notional value of open in physical commodities contracts increased by $0.1 trillion.

Figure 19: Notional Value of Futures and Option Open Contracts



[35] Data Source: Exchange-traded futures/options are those traded on CFTC designated contract markets.

Notional Value of Exchange-Traded and OTC Contracts

The Commission's ability to monitor derivatives trading activity has been enhanced in recent years with the development of SDRs, although additional resources are needed to render the data in a more useable form so that it can be used for economic analyses and to conduct market surveillance. Data with respect to "Swaps", as detailed in Figure 20, currently includes data from four SDRs and reflects data relating to two asset classes: interest rates and credit. The Commission expects to include additional SDRs and asset classes in the future. Data with respect to "Exchange-Traded Futures & Options" reflects contracts that were traded on DCMs that are regulated by the CFTC. Data with respect to "OTC Contracts (BIS)" reflects data reported by the Bank of International Settlements (BIS), which compiles reports from 13 countries on different categories of OTC contracts.

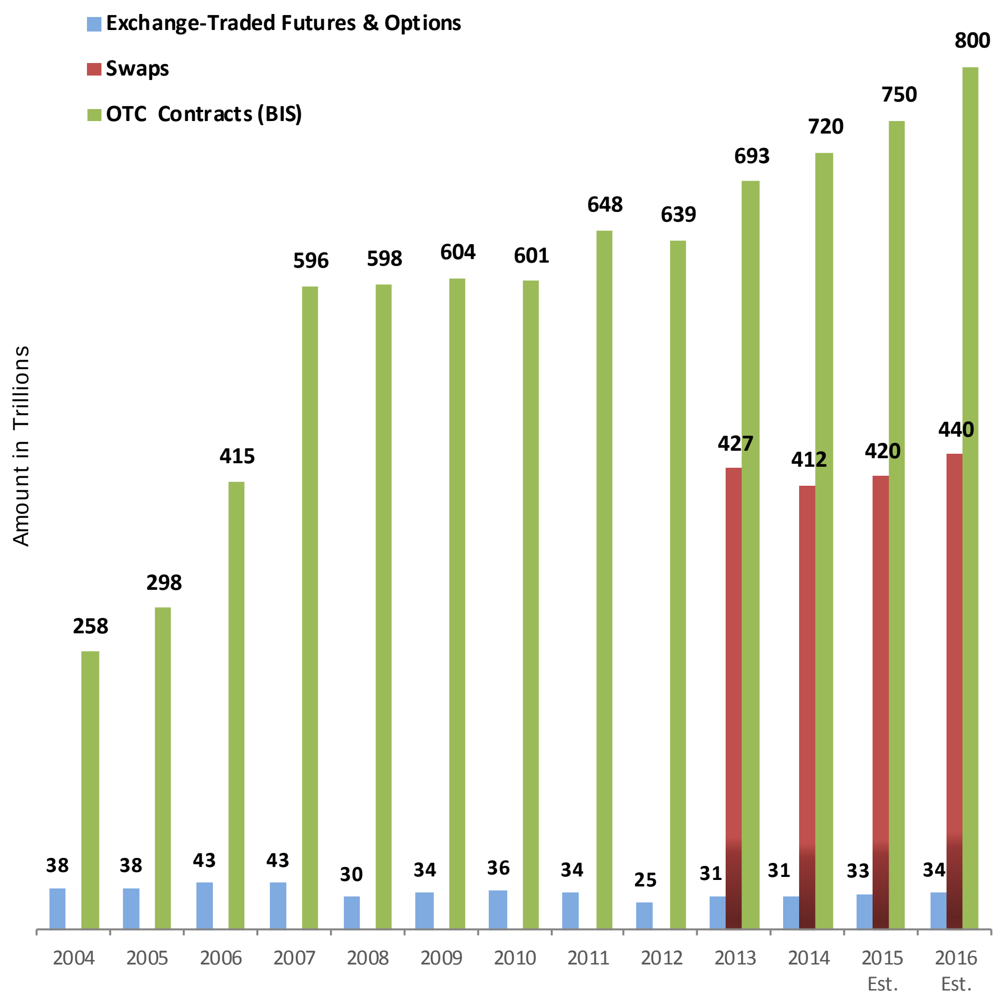


Figure 20: Notional Value of Exchange-Traded and OTC Contracts

Customer Funds in Futures Commission Merchants Accounts[36]

FCMs act as intermediaries between the exchanges and the public investor, serve as a broker for the purchase and sale of swaps and derivatives, and function as a custodian for billions of dollars of customer funds. As a key component of the Commission's regulatory frame work for both FCMs and RFEDs, all customer funds for trading on DCMs (exchanges) must be segregated from the FCM or RFED's own funds—this includes cash deposits and any securities or other property deposited by such customers to margin or guarantee futures trading. In addition, Part 30 of the CFTC's regulations also requires FCMs to hold apart from their own funds a "secured amount" for U.S. customers trading on foreign boards of trade through FCMs. This segregation of customer funds is the core foundation of customer protection in the commodity futures and swaps markets because it prohibits the use of non-defaulting, innocent customers' collateral to protect the FCM or RFED firm or their clearing members from trading risks.

Although the Commission has required segregation of funds reporting for FCM/RFED futures transactions since 2003, the CFTC made the decision to expand this mandate to cover all customer-cleared swap funds held by these entities in January 2012 (formal reporting become effective in June 2014). The segregated swap fund information for FY 2014 is $40 billion, a net 46 percent increase from the 2013 level.

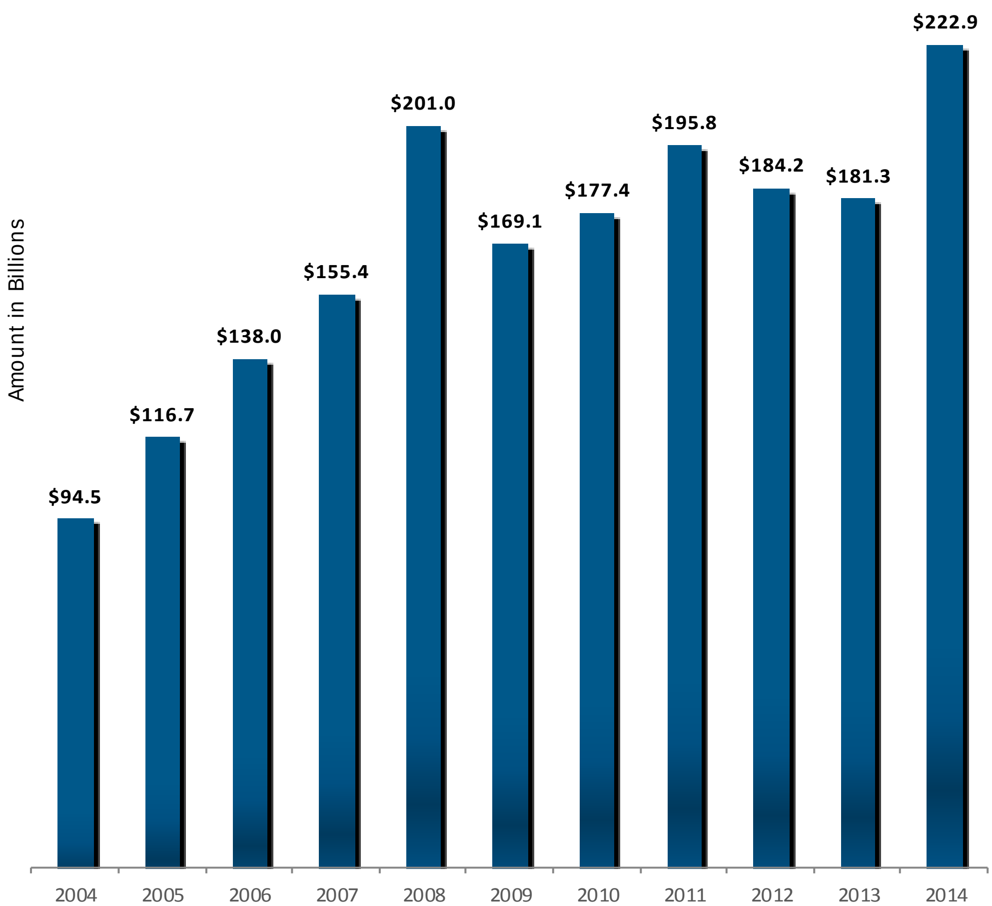


Figure 21: Customer Funds in FCM Accounts

[36] Data Source: CFTC Monthly FCM Financial Reporting

Aggregate Sum of House Origin Margin on Deposit

Origin Margin (also referred to as Original or Initial Margin) is the initial deposit of margin money each clearing member firm is required to make according to clearing organization rules based upon positions carried, determined separately for customer and proprietary positions.[37]

Origin Margin is an amount directly related to the risk of a specific firm or DCO. Large Origin Margin amounts point to large risk. The Commission needs to be aware of these amounts to understand changing risk profiles. As appropriate, Commission staff will conduct house risk reviews of specific firms. Commission staff will present to the firm its evaluation of the risk of the positions. The firm will then detail for Commission staff the financial resources it has available to support the trades and any offsetting OTC trades not available to Commission staff. As amounts increase so does the number of firm level risk reviews. Additionally, many firms are clearing members of multiple DCOs now under the Commission's jurisdiction.

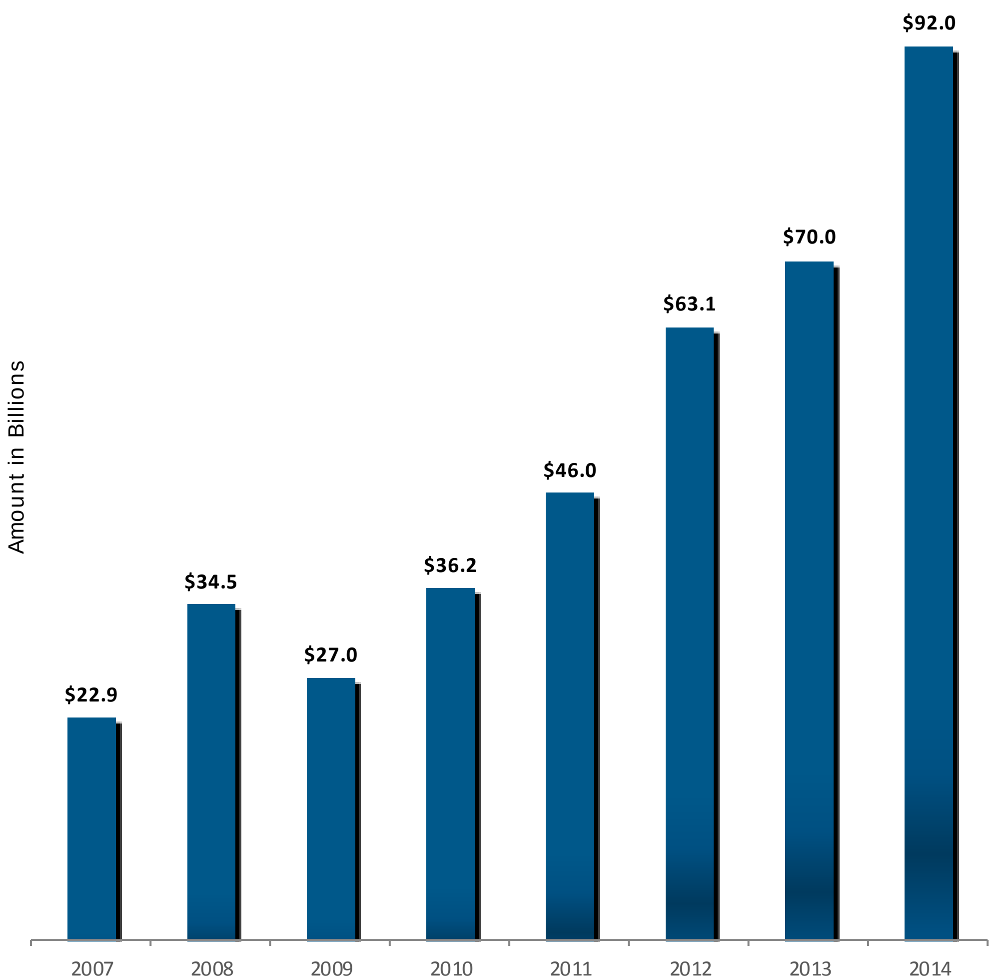


Figure 22: Aggregate Sum of House Origin Margin on Deposit

[37] Data Source: Margin on Deposit amounts obtained at month-end from DCOs.

Contract Markets Designated by the CFTC

The following DCMs are boards of trade or exchanges that meet the criteria and core principles for trading futures, options or swaps by both institutional and retail participants. Currently, 15 DCM participants meet criteria and core principles for trading futures, options and swaps. For each business day, each designated contract market electronically submits several data sets to the CFTC. These data are a major source of input to the Commission's surveillance programs and for input to other programs throughout the CFTC. Per CFTC Rule 16.01 of the Commission's regulations, basic market level product data is submitted that includes open interest, trading volume, exchange of futures for related positions, delivery notices, option deltas, and prices. Per CFTC Rule 16.00, clearing member end of day position data by proprietary and customer trading is received. Customer data is the aggregation of all customer positions cleared through the clearing member. Data elements include positions, bought and sold quantities, exchange of futures for related positions, and delivery notices. Per CFTC Rule 16.02, each transaction occurring during the business day is submitted and includes such elements as trade quantity, time of trade, price, market participant account numbers, *etc*. These data sets, along with end of day large trader data submitted daily by FCMs, clearing members, and foreign brokers, are loaded into internal database systems and analyzed using sophisticated software applications.

The number of new contracts listed by the designated contract markets each year adds to the surveillance workload in several ways. New contract terms and conditions have to be studied for full understanding of the product characteristics, support data for each contract has to be defined to the internal database systems, new analyses if appropriate need to be developed, and software engines may have to be modified. In addition, each analyst must spread his/her time across more and more contracts, limiting in some way the degree of analysis on any one contract.

Designated Contract Market		2009	2010	2011	2012	2013	2014
Cantor Futures Exchange, L.P.	CX		✓	✓	✓	✓	✓
Board of Trade of the City of Chicago	CBOT	✓	✓	✓	✓	✓	✓
Chicago Climate Futures Exchange, LLC	CCFE	✓	✓	✓	✓	✓	✓
CBOE Futures Exchange, Inc.	CFE	✓	✓	✓	✓	✓	✓
Chicago Mercantile Exchange, L.P.	CME	✓	✓	✓	✓	✓	✓
Commodity Exchange Inc.	COMEX	✓	✓	✓	✓	✓	✓
ELX Futures, L.P.	ELX	✓	✓	✓	✓	✓	✓
Eris Exchange, LLC	ERISDCM			✓	✓	✓	✓
Green Exchange, LLC[38]	GREENEX		✓	✓	✓		
ICE Futures US, Inc.[39]	ICE US	✓	✓	✓	✓	✓	✓
Kansas City Board of Trade	KCBT	✓	✓	✓	✓	✓	
Minneapolis Grain Exchange, Inc.	MGE	✓	✓	✓	✓	✓	✓
North American Derivatives Exchange, Inc. [40]	NADEX	✓	✓	✓	✓	✓	✓

38 Designation vacated in July 2012
39 Formerly, New York Board of Trade
40 Formerly, HedgeStreet, Inc.

Designated Contract Market (continued)		2009	2010	2011	2012	2013	2014
NASDAQ OMX Futures Exchange, Inc. [41]	NFX	✓	✓	✓	✓	✓	
New York Mercantile Exchange, Inc.	NYMEX	✓	✓	✓	✓	✓	✓
Nodel Exchange, LLC	NEX					✓	✓
NYSE Liffe US, LLC	NYSE LIFFE	✓	✓	✓	✓	✓	
OneChicago LLC Futures Exchange	OCX	✓	✓	✓	✓	✓	✓
The Trend Exchange	TRENDEX		✓	✓	✓	✓	
trueEx LLC	TRUEEX				✓	✓	✓
US Futures Exchange, LLC	USFE	✓					
TOTAL		15	17	18	19	19	15

Table 18: Contract Markets Designated by the CFTC

[41] Formerly, Philadelphia Board of Trade

Derivatives Clearing Organizations Registered with the CFTC

A clearinghouse that seeks to provide clearing services with respect to futures contracts, options on futures contracts, or swaps must register with the CFTC as a DCO. In FY 2014, 14 DCOs were registered with the CFTC. The Commission is currently (first quarter of FY 2015) processing three applications for DCO registration (all of which are from foreign clearinghouses) and expects to receive three or four more applications in FY 2015. These numbers do not include foreign clearinghouses that have expressed an interest in receiving from the Commission an exemption from DCO registration. Any clearinghouse that receives such an exemption would still be subject to limited oversight by the Commission.

While the number of DCOs has declined slightly over the past few years due to consolidation in the industry, the Commission's oversight of DCOs has greatly expanded as a result of the Dodd-Frank Act and the adoption of implementing regulations. In addition, the DCOs' activities have become more complex as they have expanded their product offerings and increased their memberships. Finally, the movement of swaps to a cleared environment has created greater transparency in the market, but has also shifted significant new levels of counterparty risk to DCOs. As more swap activity migrates to clearing, the DCOs are holding substantial amounts of collateral that have been deposited by clearing members and the customers of those clearing members.

Derivatives Clearing Organizations		2009	2010	2011	2012	2013	2014
Cantor Clearinghouse L.P.	Cantor Clearinghouse		✓	✓	✓	✓	✓
Chicago Board of Trade[42]	CBOT	✓	✓	✓	✓		
Clearing Corporation	CCorp	✓	✓	✓	✓	✓	✓
Chicago Mercantile Exchange , Inc.	CME Clearing House	✓	✓	✓	✓	✓	✓
Chicago Mercantile Exchange Europe Limited[43]	CME Clearing Europe			✓	✓		
ICE Clear Credit LLC	ICE Clear Credit			✓	✓	✓	✓
ICE Clear Europe Ltd	ICE Clear Europe		✓	✓	✓	✓	✓
ICE Clear US, Inc.[44]	ICE Clear US	✓	✓	✓	✓	✓	✓
Kansas City Board of Trade Clearing Corp[45]	KCBT	✓	✓	✓	✓		
LCH, Clearnet LLC.[46]	LCH LLC	✓	✓	✓	✓	✓	✓
LCH, Clearnet Ltd	LCH Ltd	✓	✓	✓	✓	✓	✓
LCH, Clearnet SA	LCH SA						✓
Minneapolis Grain Exchange Inc.	MGE	✓	✓	✓	✓	✓	✓
Natural Gas Exchange Inc.	NGX	✓	✓	✓	✓	✓	✓

42 Registration vacated as of 8/6/2012
43 Registration vacated as of 3/13/2012
44 Formerly, HedgeStreet, Inc.
45 Registration vacated as of 4/16/2013
46 Formerly, International Derivatives Clearinghouse LLC

Derivatives Clearing Organizations (continued)		2009	2010	2011	2012	2013	2014
New York Portfolio Clearing, LLC	NYPC			✓	✓	✓	
North American Derivatives Exchange, Inc.[47]	NADEX	✓	✓	✓	✓	✓	✓
NYMEX Clearing House[48]	NYMEX	✓	✓	✓	✓		
Options Clearing Corporation	OCC	✓	✓	✓	✓	✓	✓
Singapore Exchange Derivatives Clearing	SGX-DC						✓
TOTAL		12	14	17	17	13	14

Table 19: Derivatives Clearing Organizations Registered with the CFTC

[47] Formerly, New York Clearing Cooperation
[48] Registration vacated as of 8/6/2012

APPENDIX 7

Dodd-Frank Act Rules with Significant Resource Requirements

The Dodd-Frank Act amended the CEA to establish a comprehensive new regulatory framework for swaps, as well as enhanced authorities over historically regulated entities. The Commission undertook an ambitious schedule for finalizing the rules necessary to expand its scope, bringing protection to market users and the public from fraud, manipulation, abusive practices and systemic risk related to swaps and fostering open, competitive, and financially sound markets.

Under the Dodd-Frank Act, the Commission established a significant set of rules, a number of which significantly impact the Commission's workload and resources. The following summarizes the major Dodd-Frank Act rules and indicates which mission activities are impacted by the new regulatory requirements.

Impact of Major Rules Related to Swap Products by Mission Activity

Title	Definition of Swaps, Swap Dealer, Major Swap Participants	Swap Data Recordkeeping and Reporting Requirements	Reviews of Swaps for Clearing Requirement Determination	Real-Time Public Reporting of Swaps Transaction Data	Large Trader Reporting for Physical Commodity Swaps	Block Sizes
Reference	Multiple	17 CFR Part 45	Multiple	17 CFR Part 45	17 CFR Parts 15 and 20	Multiple
Mission Activity:						
Registration	✓		✓		✓	✓
Product Reviews	✓		✓		✓	✓
Surveillance	✓	✓	✓			
Examinations	✓	✓	✓			✓
Enforcement	✓	✓	✓			✓
Economic & Legal Analysis	✓	✓	✓	✓		
International P9licy	✓	✓		✓		
Data & Technology Management	✓	✓		✓		

Impact of Major Rules Related to Swap Products by Mission Activity

Title	Core Principles and Other Requirements for DCMs	Derivative Clearing Organization General Provisions and Core Principles	Swap Data Repositories: Registration Standards, Duties and Core Principles	Registration of Swap Dealers and Major Swap Participants	Core Principles and Other Requirements for Swap Execution Facilities	Cross-Border Application of Swaps Provisions	Business Conduct Standards for Intermediaries	Antidisruptive Practices Authority
Reference:	17 CFR Parts 1, 16, and 38	17 CFR Parts 1, 21, 39, 140	17 CFR Part 49	17 CFR Parts 3, 23, and 170	17 CFR Part 37	TBD	Multiple	78 FR 31890
Mission Activity:								
Registration	✓	✓	✓	✓	✓	✓	✓	✓
Product Reviews	✓	✓	✓		✓	✓		
Surveillance	✓	✓	✓	✓	✓	✓	✓	✓
Examinations	✓	✓	✓	✓	✓	✓	✓	✓
Enforcement	✓	✓	✓	✓	✓	✓	✓	✓
Economic & Legal Analysis	✓	✓	✓	✓	✓	✓	✓	
International P9licy	✓	✓	✓	✓	✓	✓	✓	✓
Data & Technology Management	✓	✓	✓	✓	✓	✓		✓

APPENDIX 8

Strategic Response

The Commission's Strategic Plan reflects a set of guiding principles for implementing the CFTC's expanded scope, this plan provides direction for a future that is still fluid. These strategic goals are constructed in a focused way, lending credence to unifying goals found within CEA, as amended by the Dodd-Frank Act. Using this strategic plan, Commission activities will be aligned through 2018.

Summary of CFTC Mission Statement, Strategic Goals & Outcomes

Mission Statement

To foster open, transparent, competitive, and financially sound markets; to avoid systemic risk; and to protect market users and their funds, consumers, and the public from fraud, manipulation, and abusive practices related to derivatives and other products that are subject to the Commodity Exchange Act.

Goal One ***Market Integrity and Transparency***	
Objectives	
1.	Markets not readily susceptible to manipulation and other abusive practices.
2.	Effective self-regulatory framework.
3.	Availability of market information to the public and for use by authorities.
4.	Integrate swaps data with futures and options on futures data.

Goal Two ***Financial Integrity and Avoidance of System Risk***	
Objectives	
1.	Reduce the risk of disruptions to the system for clearing and settlement of contract obligations.
2.	Provide market participants with regulatory guidance.
3.	Strong governance and oversight by Commission registrants.
4.	Assess whether SDs, MSPs and FCMs maintain sufficient financial resources, risk management procedures, internal controls, and customer protection practices.

Goal Three ***Comprehensive Enforcement***	
Objectives	
1.	Strengthen capacity to receive and expeditiously handle high-impact tips, complaints and referrals.
2.	Execute rigorous and thorough investigations.
3.	Effectively prosecute violations.
4.	Remedy past violations, deter future violations and prevent consumer losses.

Goal Four *Domestic and International Cooperation and Coordination*
Objectives
1. Broad outreach on regulatory concerns.
2. Sound international standards and practices.
3. Provide global technical assistance.
4. Robust Domestic and International Enforcement Cooperation and Coordination.

FY 2016 Planned Resources by Draft Strategic Goal

Goal One: Market Integrity and Transparency.

Breakout of Goal One Request by Mission Activity

Mission Activities	FY 2015 Estimate $ (000)	FTE	FY 2016 Request $ (000)	FTE	Change $ (000)	FTE
Registration and Compliance	$5,707	20	$6,051	21	$344	1
Product Reviews	4,166	17	4,875	18	$709	1
Surveillance	34,602	73	38,231	100	$3,629	27
Examinations	17,206	69	21,219	81	$4,013	12
Enforcement	0	0	0	0	$0	0
Economic and Legal Analysis	5,556	21	7,026	23	$1,470	2
International Policy	0	0	0	0	$0	0
Data and Technology	10,876	13	18,959	18	$8,083	5
Agency Direction and Management	8,827	36	9,880	38	$1,053	2
Total Goal One	**$86,940**	**249**	**$106,241**	**299**	**$19,301**	**50**

Table 20: Breakout of Goal One by Mission Activity

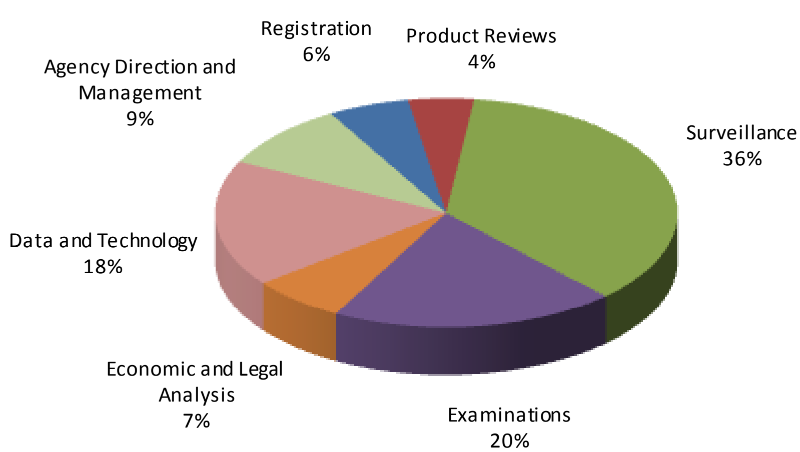


Figure 23: Breakout of Goal One Request by Mission Activity

Goal Two: Financial Integrity and Avoidance of System Risk

Breakout of Goal Two Request by Mission Activity

Mission Activities	FY 2015 Estimate $ (000)	FTE	FY 2016 Request $ (000)	FTE	Change $ (000)	FTE
Registration and Compliance	$11,087	40	$11,756	42	$669	2
Product Reviews	1,294	5	1,513	5	$219	0
Surveillance	21,900	48	24,198	63	2,298	15
Examinations	11,470	45	14,146	54	2,676	9
Enforcement	0	0	0	0	$0	0
Economic and Legal Analysis	5,557	21	7,026	24	1,469	3
International Policy	0	0	0	0	0	0
Data and Technology	9,014	11	15,714	15	6,700	4
Agency Direction and Management	7,571	30	8,475	32	904	2
Total Goal Two	**$67,893**	**200**	**$82,828**	**235**	**$14,935**	**35**

Table 21: Breakout of Goal Two by Mission Activity

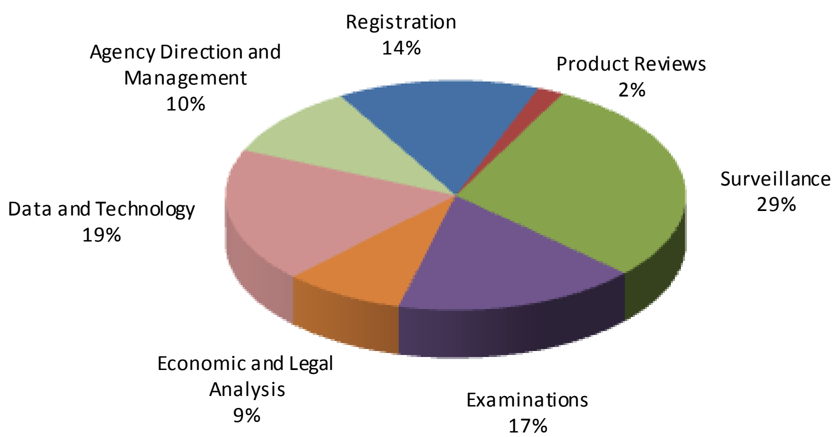


Figure 24: Breakout of Goal Two Request by Mission Activity

Goal Three: Comprehensive Enforcement

Breakout of Goal Three Request by Mission Activity

Mission Activities	FY 2015 Estimate $ (000)	FTE	FY 2016 Request $ (000)	FTE	Change $ (000)	FTE
Registration and Compliance	$0	0	$0	0	$0	0
Product Reviews	0	0	0	0	$0	0
Surveillance	0	0	0	0	$0	0
Examinations	0	0	0	0	$0	0
Enforcement	49,332	164	69,993	212	20,661	48
Economic and Legal Analysis	5,556	21	7,027	24	1,471	3
International Policy	0	0	0	0	0	0
Data and Technology	13,718	17	23,915	22	10,197	5
Agency Direction and Management	10,742	42	12,023	46	1,281	4
Total Goal Three	**$79,348**	**244**	**$112,958**	**304**	**$33,610**	**60**

Table 22: Breakout of Goal Three by Mission Activity

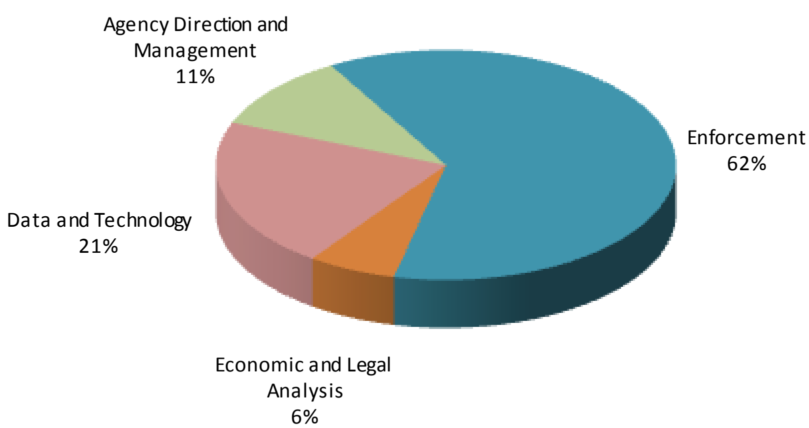


Figure 25: Breakout of Goal Three Request by Mission Activity

Goal Four: International and Domestic Cooperation and Coordination

Breakout of Goal Four Request by Mission Activity

Mission Activities	FY 2015 Estimate $ (000)	FY 2015 FTE	FY 2016 Request $ (000)	FY 2016 FTE	Change $ (000)	Change FTE
Registration and Compliance	$0	0	$0	0	$0	0
Product Reviews	0	0	0	0	0	0
Surveillance	0	0	0	0	0	0
Examinations	0	0	0	0	0	0
Enforcement	0	0	0	0	0	0
Economic and Legal Analysis	5,433	20	6,870	23	1,437	3
International Policy	4,523	16	4,914	16	391	0
Data and Technology	2,608	3	4,546	4	1,938	1
Agency Direction and Management	3,255	14	3,643	14	388	0
Total Goal Four	**$15,819**	**53**	**$19,973**	**57**	**$4,154**	**4**

Table 23: Breakout of Goal Four by Mission Activity

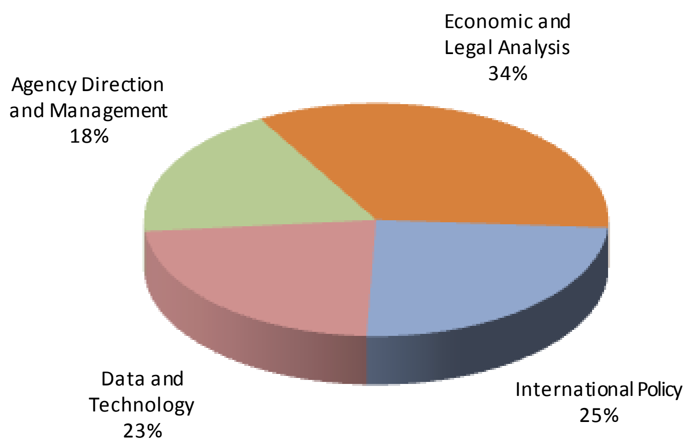


Figure 26: Breakout of Goal Four Request by Mission Activity

APPENDIX 9

Table of Acronyms

BIS	Bank of International Settlements
CCP	Central Counterparties
CEA	Commodity Exchange Act
CFTC	Commodity Futures Trading Commission
CPO	Commodity Pool Operators
CTA	Commodity Trading Advisors
DCM	Designated Contract Market
DCO	Derivatives Clearing Organization
DSRO	Designated Self-Regulatory Organization
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
FBOT	Foreign Boards of Trade
FCM	Futures Commission Merchant
FSOC	Financial Stability Oversight Council
FTE	Full-time Equivalent
FY	Fiscal Year
IB	Introducing Brokers
IOSCO	International Organization of Securities Commissions
IT	Information Technology
LEI	Legal Entity Identifier
LIBOR	London Interbank Offered Rate
MSP	Major Swap Participant
NFA	National Futures Association
OMB	Office of Management and Budget
OTC	Other-the-Counter
RFED	Retail Foreign Exchange Dealers
RER	Rule Enforcement Reviews
SD	Swap Dealer
SDR	Swap Data Repository
SEC	Securities and Exchange Commission
SEF	Swap Execution Facility
SRO	Self-Regulatory Organization
UPI	Unique Product Identifier
WBO	Whistleblower Office (CFTC)