

COMMODITY FUTURES TRADING COMMISSION



President's Budget

FISCAL YEAR 2025

March 2024



U.S. Commodity Futures Trading Commission
Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581
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Chairman

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Chairman's Transmittal Letter

March 11, 2024

The Honorable Patty Murray
Chair
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Kay Granger
Chairwoman
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

The Honorable Susan Collins
Vice Chair
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Rosa DeLauro
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

Dear Chair Murray, Vice Chair Collins, Chairwoman Granger, and Ranking Member DeLauro:

On behalf of the Commodity Futures Trading Commission (Commission or CFTC), I am pleased to transmit the Commission's budget estimate for fiscal year (FY) 2025. The CFTC is requesting a budget of \$399.0 million and 725 full-time equivalents (FTE) to operate the agency effectively and support our mission in FY 2025. This request was developed with the "Fiscal Responsibility Act of 2023" in mind. The FY 2025 request is a decrease of \$12 million, or 2.9%, and a decrease of 39 FTE, or 5.1%, below the FY 2024 President's Budget.

This proposed budget reflects the CFTC's resource needs to maintain its role as the primary regulator of the U.S. futures, swaps, and options markets and supports the Administration's priorities and executive orders. The Commission's FY 2025 budget continues to prioritize efforts to deliver results for all Americans through enforcement program support, and strengthening cybersecurity capabilities and protection efforts.

The proposed budget focuses on our continuous efforts to ensure optimal preparation and protections to keep our consumed markets data and Commission systems protected from emerging risks and cyber threats. The budget supports the need to ensure that our enforcement program continues its proactive approach in identifying and addressing misconduct within our ever expanding and transforming markets. This is especially critical in light of growing retail participation and the need for greater protections in the digital asset space. The planned prioritization in these areas will help the CFTC fulfill its mission to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation.

These initiatives are vital to our oversight of market utilities and participants, such as swap execution facilities, market intermediaries, and commodity pool operators. The focus also facilitates our enforcement efforts, including investigating and prosecuting fraud and manipulation in digital assets.

In conclusion, the proposed budget would help the CFTC continue to fulfill its mission as the derivatives markets evolve. Thank you for your consideration.

Sincerely,



Rostin Behnam

cc:

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

The Honorable Andy Harris
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 Bill Hagerty
Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Sanford D. Bishop, Jr.
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 2025 Budget Request

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Executive Summary

The Commission is requesting a total of \$399.0 million and 725 FTE for FY 2025. The request for its operational budget was developed with the “Fiscal Responsibility Act of 2023” in mind and is a 2.9 percent decrease below the FY 2024 President’s Budget request. The request allows the Commission to maintain its role and capabilities as the primary regulator of the U.S. futures, swaps, and options markets.

The summaries below provide information on some, but not all, organizations of the Commission and are intended for informational purposes only. The Commission considers the Salary and Expenses and the Office of the Inspector General programs to be its sole programs, projects, and activities (PPAs). All organizational summaries and budget displays contained in the justification material serve to provide clarification and are only for informational purposes.

Highlights of the FY 2025 Budget

Division of Enforcement

The Commission requests \$74 million and 163 FTE to protect the public and preserve market integrity by detecting, investigating, and prosecuting violations of the CEA and CFTC regulations.

The Commission’s enforcement program works to ensure that U.S. derivatives markets operate free from fraud, manipulation, and other trading abuses to maintain public and market participant confidence (including retail customers), who depend on the futures and swaps marketplace. As part of those efforts, Commission staff develop and utilize sophisticated systems to analyze trade data, respond to outlying events, and help identify trading or positions that warrant further enforcement inquiry, prosecute cases if individuals, markets, firms, and others subject to the Commission’s oversight do not meet their obligations.

Specifically, the Commission’s enforcement program prioritizes investigation and prosecution of the following substantive matters.

- *Anti-Manipulation and Disruptive Trading.* The Commission is focused on detecting, investigating, and prosecuting misconduct—fraud, manipulation, spoofing, or other forms of disruptive trading—that have the potential to undermine the integrity of the markets.
- *Protecting Customers.* The CFTC protects customers from both illegal contracts and fraud. The Commission diligently ensures that retail customers are not offered illegal contracts, which can involve transactions in margined and leveraged products or binary options. With respect to fraud, the CFTC aggressively prosecutes misconduct across the spectrum of markets under its enforcement jurisdiction, such as physical commodities, including digital assets, forex, and precious metals.
- *Misconduct Involving Managed Accounts.* The CFTC seeks to ensure high standards in those who engage in trading in our markets on behalf of others. To that end, the CFTC takes action against those intermediaries that fail in their regulatory obligations regarding customer disclosures and representations regarding, for example, profitability and investment strategy. Similarly, the CFTC investigates and prosecutes the illegal use of confidential information, including misappropriating confidential information, improperly disclosing a client’s trading information, front running, or using confidential information to unlawfully prearrange trades.
- *Reporting, Risk Management and Adequate Compliance Programs.* The Commission seeks to ensure that registrants comply with their recordkeeping and reporting obligations, adopt and implement proper risk management processes, and maintain an adequate compliance program.
- *DOE Task Forces.* The CFTC utilizes specialized enforcement task forces in complex and developing program areas to ensure consistency, identify best practices, and develop new approaches and ideas based on lessons learned. The priorities identified above are supported by task forces focused on: Spoofing and Manipulative Trading, Digital Assets, Insider Trading and Protection of Confidential Information, the Bank Secrecy Act, Swaps, Foreign Corruption,

and Romance Scams. Two new task forces were established in FY 2023, which the CFTC anticipates will bear fruit in FY 2024 and FY 2025. The Cybersecurity and Emerging Technologies Task Force addresses cybersecurity issues and other concerns related to emerging technologies (including artificial intelligence). The Environmental Fraud Task Force combats environmental fraud and misconduct in derivatives and relevant spot markets.

The Commission bolsters the accomplishment of its enforcement mission through the efforts of specialized units and programs that include:

- *Market Surveillance and Forensic Economists Units.* Based on the continued growth of innovative products and practices within the industry, the Commission anticipates the need for more time-intensive and inherently complex investigations. To detect and investigate complex misconduct, the CFTC engages in market surveillance and forensic economic analysis. The Commission supports these functions by providing enforcement staff with technology solutions to maintain and strengthen investigative capabilities.
- *Cooperative Enforcement.* The CFTC engages in cooperative enforcement work with domestic, state and federal, and international regulatory and criminal authorities and, when required, supports criminal prosecution of provable, willful violations of the CEA.
- *Whistleblower Program.* The CFTC also maintains an active whistleblower program within the Division of Enforcement that receives tips, complaints, and referrals of potential violations, and guides handling whistleblower matters as needed during investigation, litigation, and award claim processes. Note: this is an activity funded by the Customer Protection Fund (CPF).

Division of Market Oversight

The Commission requests \$36 million and 88 FTE for the Division of Market Oversight (DMO) to continue its commitment to maintaining the integrity of the markets.

Currently, the Division oversees 41 registered entities: 16 designated contract markets (DCMs), 21 registered swap execution facilities (SEFs) and four provisionally registered swap data repositories (SDRs). In FY 2025, the Division expects to register, upon Commission approval, and oversee a growing number of derivatives exchanges offering novel and complex products. In FY 2023, the Division registered two new exchanges. So far in FY 2024, the Division has registered one new exchange and additional growth is expected in FYs 2024 and 2025 given the growing interest in offering innovative products, including areas related to virtual currencies, the environment, and economic events. Currently, there are seven DCM applications in review. In terms of resources, each registration application requires both intra-divisional and inter-divisional teams of staff to review the application, as well as the applicant's planned operations, for compliance with the CEA and Commission regulations. The Division will need to dedicate additional staff to registrations as the number of applicants continues to grow.

With an increase in the number of registered and designated exchanges, the Division expects a related increase for FY 2025 in: (i) the number of exchange examinations (including examinations of the exchanges' system safeguards as well as rule enforcement reviews), (ii) rule and product filings for the Division to review, and; (iii) potential rulemakings if the innovative nature of the exchanges necessitates changes to Commission regulations.

With respect to examinations, in FY 2024, the Division continues to fully implement its risk-based examination program for SEFs. This effort requires resources to ensure the appropriate execution of the examination program across dozens of DCMs and SEFs. With more exchanges registering, the Commission will need to continue investing resources in the Division's examination program. In FY 2025, the Commission's system safeguards examinations—an essential component of the examination program for DCMs, SEFs, and SDRs—will remain crucial to the economy's stability. In addition, effective cybersecurity and system safeguards protection of regulated entities require increased vigilance for the scope of examinations conducted each year.

With respect to rule and product filings, in FY 2023, the Commission continued to receive a diverse array of product filings from exchanges seeking to meet market participants' varying needs, including many innovative products. The number of filings and the diversity of product offerings require

resources to ensure Division staff can not only complete their reviews, but also stay abreast of market developments and the technological advancements underlying these new products and rules.

With respect to rulemakings, in FY 2024, the Division continues to plan and undertake rulemakings to change or update Commission rules, as appropriate, to accommodate changes in the constantly growing and innovating derivatives markets. The Division expects efforts in proposing, adopting, and implementing rules to ensure the Commission's regulatory framework keeps pace with recent market innovations to continue in FY 2025.

Finally, in FY 2025, the Division will continue to produce staff analytical reports for agency, inter-agency, Congressional and public use, including reports on trades in energy, metals, finance and agriculture. The Division has developed sophisticated analytics to identify trends and outlying events that warrant further study and will continue to leverage this work to stay ahead of market trends and use its regulations to encourage innovation. DMO will continue to connect with a broad range of market participants by communicating its insight on these developments through presentations and reports.

Division of Clearing and Risk

The Commission requests \$35.6 million and 86 FTE to maintain current capabilities and expand examination and surveillance activities to reduce market, credit, liquidity, and modeling risks, enhance cyber and operational resilience, and support the safety and soundness of derivatives clearing organizations (DCOs). Regular examinations, in concert with the Commission's surveillance and other functions, are a highly effective method to identify risks to the clearing process and have the DCOs mitigate the risks so that American businesses can rely on these markets. The Division leverages resources by conducting joint examinations with other CFTC divisions and coordinating examinations of DCOs with the Federal Reserve and the U.S. Securities and Exchange Commission, where possible. This effort allows the Commission to be more efficient with its resources and, at the same time, reduce burdens for dual registrants.

Currently, the CFTC has ten registered DCOs in the United States, including two DCOs that have been designated as systemically important by the Financial Stability Oversight Council (FSOC). Examinations of DCOs help the Commission identify issues that may affect a DCO's ability to identify, manage, and monitor its risks. DCOs have become single critical points of risk in the global financial system where the failure or disruption to the functioning of these DCOs could create or increase the risk of liquidity or credit problems spreading among other financial institutions.

In addition, the Commission regulates five registered DCOs located outside the United States, including some that are extremely important to U.S. markets, given the volume of swaps and futures cleared for U.S. entities.

There are also four DCOs outside the United States exempted from registration by the Commission that are permitted to clear proprietary swap transactions for U.S. entities. Although the CFTC relies principally on foreign authorities for oversight, it does engage in limited monitoring and surveillance of these exempt DCOs.

The Commission maintains an active, data-driven quantitative risk surveillance function. It expects to continue investing additional resources in human capital, data, and technology to improve its current analytical capabilities to keep up with growth in both the scale and complexity of risk transmission in the derivatives markets, both cleared and uncleared. Initial margin requirements are considered to be the first line of defense for DCOs, and there is intense focus internally and externally on the design and robustness of DCOs' margin models -- both from the perspective of ensuring the resilience of DCOs, as well as their potential contribution to financial stability risks. Given the emphasis on central clearing as a critical tool to help mitigate systemic risk in the global financial markets, the Commission expects to expand its stress testing program, as well as its surveillance capabilities more generally, to help ensure that the clearing system continues to be resilient against both market and systemic shocks.

Given the challenges posed by recent failures in the global banking sector, ongoing cybersecurity concerns, the increased use of artificial intelligence, and climate-related financial risk, there is an active domestic and global debate on the potential need for additional requirements for clearinghouses, including DCOs. As the primary regulator for the U.S. derivatives markets, the Commission plays a lead

role in these deliberations. It expects to continue taking a rigorous data-driven, analytical approach to these discussions. This quantitative analysis will place substantial demands on the existing resources already committed to the CFTC's current risk surveillance function.

Market Participants Division

The Commission requests \$28.5 million and 69 FTE to maintain effective oversight of registered market participants using current delegated authorities and improved cooperative oversight policies.

The CFTC oversees the registration and compliance of thousands of derivatives market participants, including swap dealers (SDs), major swap participants (MSPs), futures commission merchants (FCMs), retail foreign exchange dealers (RFEDs), introducing brokers (IBs), commodity trading advisors (CTAs), commodity pool operators (CPOs), floor brokers, and floor traders. MPD also oversees futures industry self-regulatory organizations (SROs), including the Chicago Mercantile Exchange (CME) and the National Futures Association (NFA), by assessing whether the SROs' compliance programs over member firms meet established regulatory standards.

Regulated market participants are a cornerstone of the Commission's regulatory framework. To date, 62 registered FCMs hold more than \$474 billion in customer funds, and 106 registered SDs collectively transact hundreds of trillions in notional value swap contracts annually, serving as a vital source of liquidity for financial institutions and commercial end users seeking to hedge their risk. As such, the CFTC directs its registration and compliance resources to provide critical policy and regulatory guidance to registered market participants, both directly and in coordination with the SROs. In addition, the Commission oversees NFA in its role in implementing delegated authorities to register and oversee compliance by registered market participants. The Commission ensures that registration rules, standards, and reporting requirements continue to be responsive to the needs of the evolving marketplace.

Since finalizing capital and financial reporting requirements for registered SDs that are not subject to prudential regulatory oversight, the Commission has been working with the SROs to oversee the implementation of these critical requirements. The Commission has also been working to address requests for substituted compliance with respect to these requirements for SDs, recently proposing orders that would, if adopted, allow certain non-U.S. swap dealers organized and domiciled in Japan, Mexico, France, Germany, and the United Kingdom to satisfy certain CFTC capital and financial reporting requirements by complying with comparable requirements under applicable home country laws.

The CFTC also continues its oversight of FCMs to ensure the protection of customer funds and has initiated its oversight program of SDs. Oversight includes day-to-day financial surveillance of periodic reports filed by these registrants, staff outreach initiated during volatile markets or other significant events that may impact these firms, and the performance of direct, horizontal reviews to ensure compliance with the financial, segregation, reporting and recordkeeping regulations. Upcoming examination priorities include the performance of horizontal reviews at FCMs, the commencement of horizontal reviews at SDs, and the performance of annual and interim reviews of SRO Surveillance Programs through the Major Review Section.

Office of the Chief Economist

The Commission requests \$8 million and 19 FTE to continue its core economic expertise by conducting in-depth analytical and empirical studies of issues affecting all areas of Commission and regulatory interest. The FY 2025 budget request will allow the Commission to continue to improve its analysis of large volumes of financial market data. The resulting work will further enhance the CFTC's understanding of a range of important areas such as derivatives market participants, including end users, intermediaries, trading and clearing entities; market structure; execution methods; liquidity; price discovery; hedging; market risk; counterparty risk; systemic risk; and connections between futures, cleared swaps, and uncleared swaps. Enhanced economic and econometric analysis will improve the analytical and empirical foundations of the Commission's policies and rules and better inform its cost-benefit considerations. Furthermore, this request will enable the CFTC to provide more of its analysis to the public in the form of white papers on topics of current interest that include

recurring reports on aggregate market trends, trading activity, and positions; and high-quality research papers on fundamental properties of relevant markets and sectors of market participants.

Office of International Affairs

The Commission requests \$8.5 million and 19 FTE in the Office of International Affairs (OIA) to continue to advance CFTC objectives in international policy development through bilateral and multilateral fora. Derivatives markets are global, and the Commission's policies relating to the U.S. derivatives markets exist in an interdependent web of foreign markets, requiring constant coordination with international counterparts. OIA engages in critical work with foreign jurisdictions and through regulatory and standard-setting bodies to ensure that the policies (including rules and regulations) developed by key foreign jurisdictions and international standard setters are appropriate for the U.S. derivatives markets and consistent with the Commission's policies. Through this office, the Commission leads and participates in globally recognized international standard-setting and coordination bodies, such as the International Organization of Securities Commissions (IOSCO), IOSCO's joint work with the Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI-IOSCO), and committees and working groups of the Financial Stability Board (FSB). Moreover, as CFTC regulatory counterparts continue to implement requirements regarding derivatives in their markets, it is essential that Commission staff work to ensure that such requirements are appropriate for U.S. market participants operating in the U.S. and abroad and do not duplicate, unduly overlap with, or conflict with Commission requirements. The CFTC also mitigates the fragmentation of the global derivatives marketplace while developing apparatus to understand foreign regulatory developments and carry out successful outcomes-based regulatory coordination. OIA will continue coordinating Commission efforts for supervisory cooperation and information-sharing arrangements with counterparts worldwide. The CFTC will continue to pursue new arrangements to encourage cross-border cooperation regarding FinTech and digital asset developments. To further the Commission's engagement and interaction with foreign counterparts, the CFTC will continue to host symposia and training involving counterparts across jurisdictions and undertake technical assistance in emerging markets.

Overview of the FY 2025 Budget Request

FY 2025 Budget Request by Program^{1 2 3 4}

Table 1: Summary of FY 2023 to 2025 by Program

	FY 2023	FY 2024	FY 2024	FY 2025	
	Actual	President's	Continuing	Request	Change
	\$ (000)	Budget	Resolution	\$ (000)	\$ (000)
Salaries and Expenses	\$348,018	\$404,755	\$360,782	\$392,419	\$31,637
Office of the Inspector General	\$3,493	\$6,245	\$4,218	\$6,581	\$2,363
Total Annual Request	\$351,511	\$411,000	\$365,000	\$399,000	\$34,000

Columns may not add due to rounding

¹ FY 2024 Continuing Resolution total amount provided in the "Consolidated Appropriations Act, 2023," (Division E of P.L. 117-328).

² The Salaries and Expenses program provides funding for all CEA-related activities. This includes funding for Federal staff salaries and benefits, leasing of facilities, information technology, travel, training, and general operations of the Commission.

³ The Office of the Inspector General program provides audits, investigations, reviews, inspections, and other activities to evaluate the operations and programs of the Commission.

⁴ The Commission considers the Salaries and Expenses and Office of the Inspector General programs to be its sole PPAs. All other budget displays by division or any other depictions are for informational purposes only.

FY 2025 Budget Request by Division^{5 6}

Table 2: Summary of FY 2023 to 2025 by Division

	FY 2023		FY 2024		FY 2024		FY 2025		Change	
	Actual		President's Budget		Continuing Resolution		Request			
	FTE	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE	\$ (000)
Enforcement	162	\$66,633	172	\$70,559	161	\$68,502	163	\$73,997	2	\$5,495
Market Oversight	77	\$27,762	93	\$36,060	77	\$29,541	88	\$35,987	11	\$6,446
Clearing and Risk	84	\$30,648	91	\$34,994	86	\$33,574	86	\$35,553	0	\$1,978
Market Participants	65	\$23,961	73	\$28,395	68	\$26,160	69	\$28,488	1	\$2,328
Office of the Chief Economist	18	\$6,714	20	\$7,387	18	\$7,073	19	\$7,993	1	\$920
Office of the General Counsel	58	\$27,297	59	\$28,225	60	\$28,616	56	\$28,630	(4)	\$14
Office of International Affairs	16	\$6,333	20	\$8,661	17	\$6,879	19	\$8,547	2	\$1,668
Data	35	\$36,087	43	\$53,269	36	\$38,815	41	\$42,106	5	\$3,291
Administration	128	\$106,728	136	\$120,242	129	\$104,662	129	\$113,449	0	\$8,787
Office of the Chairman & Commissioners	39	\$15,856	41	\$16,963	41	\$16,960	39	\$17,670	(2)	\$711
Office of the Inspector General	7	\$3,493	16	\$6,245	8	\$4,218	16	\$6,581	8	\$2,363
Total	689	\$351,511	764	\$411,000	701	\$365,000	725	\$399,000	24	\$34,000

Columns may not add due to rounding

⁵ The Commission considers the Salaries and Expenses and Office of the Inspector General programs to be its sole annual PPAs. All other budget displays by division or any other depictions are for informational purposes only.

⁶ FY 2024 Continuing Resolution total amount provided in the "Consolidated Appropriations Act, 2023," (Division E of P.L. 117-328).

FY 2025 Budget Request by Object Class⁷

Table 3: Summary of FY 2023 to 2025 by Object Class

Annual Baseline Request	FY 2023	FY 2024	FY 2024	FY 2025	Change \$ (000)
	Actual \$ (000)	President's Budget \$ (000)	Continuing Resolution \$ (000)	Request \$ (000)	
11.0 Personnel Compensation	\$152,694	\$180,130	\$169,263	\$184,840	\$15,577
12.0 Personnel Benefits	\$56,534	\$63,302	\$58,854	\$65,360	\$6,507
21.0 Travel and Transportation of Persons	\$1,065	\$2,293	\$1,160	\$1,240	\$80
22.0 Transportation of Things	\$57	\$55	\$55	\$56	\$0
23.1 Rental Payments to GSA	\$3,964	\$3,503	\$5,709	\$5,575	(\$134)
23.2 Rental Payments to Others	\$21,526	\$26,541	\$20,518	\$23,060	\$2,542
23.3 Communication, Utilities, & Misc.	\$2,704	\$3,388	\$3,332	\$3,497	\$165
24.0 Printing and Reproduction	\$634	\$690	\$690	\$691	\$1
25.0 Other Services	\$105,144	\$122,150	\$96,534	\$105,698	\$9,164
26.0 Supplies and Materials	\$4,529	\$2,765	\$2,782	\$2,657	(\$125)
31.0 Equipment	\$2,654	\$6,165	\$6,101	\$6,323	\$223
32.0 Building and Fixed Equipment	\$0	\$17	\$2	\$2	\$0
42.0 Litigation Fees and Awards	\$8	\$0	\$0	\$0	\$0
Grand Total	\$351,511	\$411,000	\$365,000	\$399,000	\$34,000

Columns may not add due to rounding

⁷ FY 2024 Continuing Resolution total amount provided in the "Consolidated Appropriations Act, 2023," (Division E of P.L. 117-328).

Crosswalk from FY 2024 to FY 2025

Table 4: Crosswalk from FY 2024 to FY 2025

	FY 2024 Continuing Resolution ⁸ (\$000)	FY 2025 Request (\$000)	Change (\$000)
Base S&E Budget Authority (\$000)	\$365,000	\$399,000	\$34,000
Full-Time Equivalents (FTE)	701	725	+24
Explanation of Change		FTE	Dollars (\$000)
Current Services Increases: (Adjustments to FY 2025 Base)			
To provide for changes in personnel compensation & benefits:			\$13,801
To provide for the following changes in non-personnel costs:			\$6,966
--Space Rental/Communications/Utilities (\$2,573)			
--Travel/Transportation (\$80)			
--Printing/Supplies and Materials (-\$124)			
--Equipment (\$223)			
--Other Services (\$4,214)			
Program Increase: (Adjustments to FY 2025 PB)		+24	\$13,233
--Increase of FTE from Continuing Resolution level (\$8,282)			
--Other Services (\$4,950)			
Total Change		+24	\$34,000

Columns may not add due to rounding

⁸ FY 2024 Continuing Resolution total amount provided in the “Consolidated Appropriations Act, 2023,” (Division E of P.L. 117-328).

Justification of the FY 2025 Budget by Division

Division of Enforcement

Resource Overview

Table 5: Enforcement Request

	FY 2023	FY 2024	FY 2024	FY 2025	
	Actual	President's Budget	Continuing Resolution	Request	Change
BUDGET	\$66,632,788	\$70,558,747	\$68,501,993	\$73,996,671	+\$5,494,678
FTE	162	172	161	163	+2

Columns may not add due to rounding

Organization Description

The Division of Enforcement's (DOE) mission is to protect the public and preserve market integrity by detecting, investigating, and prosecuting violations of the Commodity Exchange Act (CEA) and the Commission's regulations. This pursuit furthers the agency's broader mission to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation and the agency's strategic goal of being tough on those who break the rules.

DOE utilizes its authority to, among other things: 1) shut down fraudulent schemes and seek to immediately preserve customer assets through asset freezes and receivership orders; 2) uncover and stop manipulative and disruptive trading; 3) ensure that markets, firms, and participants subject to the Commission's oversight meet their obligations, including their financial integrity and reporting obligations, as applicable; 4) ban certain defendants from trading in its markets and bar them from being registered; and 5) obtain orders requiring defendants to pay restitution, disgorgement, and civil monetary penalties. Potential violations include fraud, false statements to the Commission, misappropriation, price manipulation, use of a manipulative or deceptive device, disruptive trading practices, and other abuses concerning commodity derivatives and swaps that threaten market integrity, market participants, and the general public.

The Commission augments its enforcement program through both a Market Surveillance Unit and a Forensic Economists Unit. The Market Surveillance Unit, among other things, develops and utilizes sophisticated systems to analyze trade data, respond to outlying events, and identify trading or positions that warrant further enforcement inquiry. The Forensic Economists Unit conducts extensive data analysis to develop evidence for investigations into potential market manipulation, disruptive trading practices (including spoofing), and other unlawful trade-based conduct.

DOE also engages in cooperative enforcement work with domestic (state and Federal) and international regulatory and criminal authorities.

The CPF funded Whistleblower Office within DOE receives tips, complaints, and referrals of potential violations, allowing the staff to bring cases more quickly and with fewer CFTC resources, and guides the handling of whistleblower matters as needed during investigation, litigation, and award claim processes.

Justification of CFTC Request

The primary pillars of a robust enforcement function are the ability to identify and to rigorously and thoroughly investigate potential violations of the CEA and Commission regulations, and effectively prosecute such alleged violations, including the corresponding imposition of sanctions and monetary

relief for the greatest deterrent effect. The requested resources will help the Commission meet the growing need for enforcement resources as reflected by the enforcement program's priorities, which, during FY 2025, are anticipated to include the following, among others.

Digital Assets. The CFTC has risen to the challenges brought by the burgeoning digital asset market by ensuring that the markets and market participants acting within its jurisdiction comply with their statutory and regulatory requirements. The CFTC also uses its anti-fraud, false reporting, and anti-manipulation enforcement authority over commodity cash markets in interstate commerce to investigate and address misconduct in the digital asset space. During FY 2023, the CFTC brought a record number of actions involving conduct related to digital asset commodities. These 47 actions represented more than 49% of all actions filed during that period. It filed high-profile complaints addressing frauds by major exchanges, individual Ponzi-schemers, and others; obtained a first-of-its-kind litigation victory against a decentralized autonomous organization; charged and won another litigation victory against a digital asset futures platform; brought an innovative litigation involving cross-market manipulation in blockchains; and continued its efforts to protect the public in the decentralized finance space. These results also included obtaining orders requiring the defendants in a fraud action to pay \$1.7 billion in restitution to victims and a \$1.7 billion civil monetary penalty (CMP), which is the highest CMP ever ordered in any CFTC case.

Manipulative and Deceptive Conduct and Spoofing. Healthy commodity and derivatives markets enable producers to hedge risks, which helps them control costs and, ultimately, protect consumers against price increases; and allow companies and individuals to allocate capital more efficiently, which contributes to the growth of the broader American economy. The Commission is focused on detecting, investigating, and prosecuting misconduct—fraud, manipulation, spoofing, or other forms of disruptive trading—that has the potential to undermine the integrity of the markets. During FY 2023, the CFTC found that a SD engaged in manipulative and deceptive trading related to swaps with bond issuers, spoofing, and supervision and mobile device recordkeeping failures and imposed a \$45 million penalty; found that a CPO and CTA engaged in spoofing involving CBOT soybean futures, soybean meal futures, and soybean oil futures contracts; charged a CTA/CPO and its AP with spoofing in a scheme involving crude oil and natural gas futures contracts; charged two CPOs with deception and manipulation in a \$30 million scheme to illegally trigger payouts on two large binary option contracts that were swaps. The Commission anticipates this focus will continue in FY 2024 and FY 2025.

Protecting Customers. Since its inception, the Commission has focused on protecting customers in commodity and derivatives markets from fraud and other abuse. DOE aggressively prosecutes fraud in some of the historical areas of focus, like precious metals, forex, and binary options. DOE also continues to track down fraudsters as they enter new markets—and sometimes entirely new asset classes, like digital assets—seeking to use new products or new technologies to target unsuspecting customers. During FY 2023, the CFTC, after substantial litigation, including two appeals to the Ninth Circuit, obtained an order imposing \$33 million in restitution and a \$5 million CMP in an illegal off-exchange precious metals fraud action; brought its first case involving a romance scam, commonly known as "Pig Butchering," a type of fraud that is growing in popularity; obtained an order imposing \$112.7 million in restitution and a \$33 million CMP in connection with a fraudulent silver leasing program; charged defendants with fraudulently soliciting at least \$310 million in fees from more than 135,000 customers to trade leveraged, margined, or financed retail forex, and leveraged retail commodity transactions; filed solely, and also jointly with state civil authorities, multiple actions that charged defendants with fraudulently soliciting millions from elderly persons to purchase precious metals, including gold and silver coins; and conducted an enforcement sweep simultaneously filing and settling charges against eight entities that fraudulently claimed to be CFTC-registered FCMs and RFEDs.

The Commission anticipates that additional resources will be required in FY 2024 and FY 2025 to aggressively prosecute these cases.

Reporting, Risk Management, Adequate Compliance Programs, and Business Practices. The Commission's enforcement program seeks to ensure that registrants comply with the recordkeeping and reporting requirements, adopt and implement proper risk management processes, maintain an adequate compliance programs, engage in appropriate business practices. Because companies stand as the first line of defense to prevent misconduct, the Commission expects a

compliance function to serve as a meaningful check to ensure proper systems are in place to detect misconduct when it occurs and to make sure it does not happen again. During FY 2023, the CFTC simultaneously filed and settled charges against several financial institution affiliates for swap data reporting and other failures relating to their business as SDs; found that a registered DCO violated applicable Core Principles to establish, implement, maintain and enforce certain policies and procedures reasonably designed to manage its operational risks; found that multiple registrants, including the SD and FCM affiliates of financial institutions, committed recordkeeping and supervision violations by failing to stop their employees from communicating using unapproved communication methods, bringing the total penalties imposed in such CFTC actions since FY 2022 to \$1.117 billion. In FY 2024 and FY 2025, the Commission will continue its efforts in this area.

Misconduct Involving Confidential Information. Illegal use of confidential information can significantly undermine market integrity and harm customers in our markets. This type of misconduct could include misappropriating confidential information, improperly disclosing a client's trading information, front running, or using confidential information to unlawfully prearrange trades. During FY 2023, the actions related to misconduct involving confidential information included: settling charges against a registered introducing broker, its owners, and affiliated companies finding they engaged in fraud by misappropriation of material, nonpublic information by taking the opposite side of thousands of brokerage customer block trade orders without the customers' prior consent; and charging a trader with running a fraudulent scheme where he misused knowledge of his employer's trading in feeder cattle futures and options to trade for his own benefit in breach of a duty to his employer. During FY 2024 and FY 2025, the Commission will work to ensure market participants are not unlawfully misappropriating confidential information for their own gain.

Surveillance. The Commission will maintain a robust Market Surveillance Unit that develops and utilizes sophisticated systems to help identify trading or positions that warrant further enforcement inquiry. The Commission is engaged in a multi-year project to strengthen its data analytics capability to enhance the ability to identify, in the trading data, forms of misconduct that might otherwise have been undetectable.

During FY 2025, the Commission will:

- Conduct surveillance in all traded commodity classes on a prioritized basis, and perform discrete forensic analysis involving data reported to the Commission to confirm the orderly operation of the markets and to identify conduct that may give rise to a potential violation of the CEA and Commission regulations;
- Conduct a forensic review of market activity to identify potential market and trading abuses, evaluate compliance with federally-imposed position limits, and coordinate with the Division of Market Oversight;
- Coordinate with other federal regulators such as the U.S. Department of Agriculture, U.S. Department of Energy, Federal Energy Regulatory Commission, U.S. Environmental Protection Agency, and U.S. Securities and Exchange Commission on market events involving their respective jurisdictions; and
- Communicate with market participants and the exchanges about market participant trading activities based on aggregate data across markets.

Forensic Capabilities and Data Analytics. The Commission's Forensic Economists Unit performs complex data analysis to develop evidence for investigations into potential market manipulation, disruptive trading practices (including spoofing), and other unlawful trade-based conduct. This analytical evidence is used to determine the nature and scope of the trading or activity at issue and informs the Commission's determination of whether to recommend an enforcement action. The enforcement program is engaging in a multi-year project to enhance the CFTC's ability to detect misconduct with data analytics. As part of this effort, the Commission has developed an ability to identify, in the trading data, forms of trading misconduct that the agency might otherwise have been unable to detect. The Commission is also developing artificial intelligence (AI) and machine learning

(ML) techniques as an additional tool to identify misconduct. The Commission anticipates that demand for data analytics tools and support will continue in FY 2025.

Cooperative Enforcement. The Commission's enforcement program focuses on collaborative relationships with SROs, state, federal, and international authorities, including achieving efficiencies through referrals, to meet its enforcement objectives. The parallel enforcement program starts with the premise that the CFTC can most effectively protect markets when working together with colleagues in the enforcement and regulatory community. In particular, the CFTC believes a robust combination of criminal prosecution and regulatory enforcement is critical to deterring violators, punishing misconduct, preserving market integrity, and protecting market participants. Illustrative of these efforts, during FY 2023, the CFTC and state regulators in California and Hawaii filed a joint civil enforcement action against a precious metals dealer, its chief executive officer, and a senior account executive for perpetrating a \$61.8 million nationwide fraudulent scheme. The CFTC also filed an action with California authorities against a precious metals dealer, charging the defendants with misappropriating more than \$21 million in a nationwide fraudulent scheme. During FY 2024 and FY 2025, DOE looks forward to continued cooperation and coordination with enforcement counterparts on matters of mutual interest.

Division of Market Oversight

Resource Overview

Table 6: Market Oversight Request

	FY 2023	FY 2024	FY 2024	FY 2025	
	Actual	President's Budget	Continuing Resolution	Request	Change
BUDGET	\$27,761,769	\$36,060,308	\$29,540,842	\$35,986,724	+\$6,445,883
FTE	77	93	77	88	+11

Columns may not add due to rounding

Organization Description

The Division of Market Oversight (DMO) is responsible for the regulation and oversight of the exchanges that offer trading of futures, options on futures, and swaps. Futures, options on futures, and swaps markets are highly innovative and global in scope. The mission of the Commission is to foster open, transparent, fair, competitive, and secure markets through clear rules and effective oversight of derivatives markets and market participants. The Commission seeks to be the world's foremost authority on the rapidly evolving derivative markets. CFTC's principal functions are: 1) registering DCMs and SEFs, foreign boards of trade (FBOTs) and SDRs; 2) conducting examinations of exchange compliance programs, including system safeguards; 3) reviewing new and existing products listed by exchanges and rules and rule amendments submitted by exchanges and SDRs; 4) analyzing current and emerging derivatives market dynamics, developments, and trends to assist the Commission in developing sound policy; and 5) developing rules, guidance, interpretations, and policies to promote fair, efficient, and vibrant markets and a sound market structure.

Justification of CFTC Request

Compliance Examinations and Cybersecurity

The Commission will remain focused on fostering market integrity and security through robust oversight and reviews of DCMs, SEFs, and SDRs. To do so, CFTC will continue to conduct rule enforcement reviews (RERs) of DCMs' and SEFs' self-regulatory programs to ensure compliance with the Commission's core principles and other regulations.

In the face of extensive change and cyber-attacks on the markets, the Commission's resources for system safeguard oversight are increasingly crucial to the stability of the economy and are a critical element of these examinations. Effective cybersecurity protection of regulated entities requires increased vigilance for the scope of system safeguard examinations conducted each year.

Registration of New Exchanges

The Commission anticipates that it will continue receiving, analyzing, designating, and registering new DCM, SEF, and FBOT applications. It also expects that additional entities focused on offering innovative products, including derivatives products related to virtual currencies, the environment, and economic events, will seek registration as DCMs and SEFs, which may raise unique issues and challenges requiring further resources. At the same time, other entities, such as decentralized or peer-to-peer networks, may seek to trade virtual currency derivatives and avoid registration, which would also raise novel issues. DMO's examination program will need to keep pace with an increasing number of registered exchanges.

Reviewing Exchange Rules and New Product Filings

The Commission will continue to be involved in complex derivatives product issues, including reviewing new virtual currency derivatives listed for trading on DCMs and SEFs and contracts relating to the environment and to economic events. In addition, adequate resources are needed to review exchange

rule filings as the number of registered exchanges grows and to meet the challenges related to novel and complex derivatives products and exchange rule filings. DMO reviews product filings for futures, options, and swaps primarily to verify that the contracts are not readily susceptible to manipulation and other price distortions, and that they are subject to appropriate position limits or position accountability standards as may be required by the CEA and Commission regulations. Virtual currency derivatives and the underlying cash markets present many unique risks and challenges, such as price volatility, market dislocations due to flash rallies, crashes, and other technology issues. In addition, virtual currency derivatives require novel exchange rules that DMO reviews for compliance with the CEA and Commission regulations.

Enhancing Commission Rules

In FY 2025, the Commission plans to develop and implement regulations to promote fair, efficient, vibrant markets, and sound market structure. In FY 2024, the Commission is planning and undertaking rulemakings, as appropriate, to change or update rules to accommodate changes in constantly growing and innovating derivatives markets. These efforts would continue in FY 2025, in the proposing, adopting, and implementing these rules to ensure the Commission's regulatory framework keeps pace with market innovations. Any rulemakings will be designed to provide clear and effective regulatory requirements, encourage innovation, streamline regulations, improve market structure, increase trading liquidity, remove barriers for new entrants and unburden the U.S. economy.

Market Intelligence

The Commission will continue to analyze and communicate current and emerging derivatives market dynamics, developments, and trends to assist in developing sound policy, together with assisting other Federal agencies, Congress, the Administration, and the public in making informed decisions. This initiative includes conducting high value-added analysis using both proprietary internal and outside data to promote efficient and sound markets. Such market data is critical for proper market analysis and additional resources are needed to support data acquisition. Its effective use is dependent on the ability to acquire large volumes of data and utilize it through the development of sophisticated analytics to identify trends and/or outlying events that warrant further study. DMO will continue to work with internal and external stakeholders to ensure the Commission has complete, accurate, and high-quality futures and swaps data in order to fulfill its statutory responsibilities to safeguard the markets. DMO will continue to publish information and reports to the public regarding several market structure issues, such as market liquidity, trading technologies, and convergence.

Division of Clearing and Risk

Resource Overview

Table 7: Clearing and Risk Request

	FY 2023 Actual	FY 2024 President's Budget	FY 2024 Continuing Resolution	FY 2025 Request	Change
BUDGET	\$30,648,180	\$34,993,848	\$33,574,256	\$35,552,732	+\$1,978,476
FTE	84	91	86	86	+0

Columns may not add due to rounding

Organization Description

The Division of Clearing and Risk (DCR) oversees DCOs and other participants in the clearing process and oversees the clearing of futures, options on futures, and swaps by DCOs. The DCR staff: 1) prepare proposed regulations, orders, guidance, and other regulatory work product on issues pertaining to DCOs; 2) review applications for DCO registration and exemption from DCO registration and DCO rule submissions, and make recommendations to the Commission; 3) recommend which swaps should be required to be cleared; 4) evaluate the eligibility of a DCO seeking to clear swaps that it has not previously cleared; 5) assess compliance by DCOs with the CEA and Commission regulations, through the examination process, including examining systemically important derivatives clearing organizations (SIDCOs) at least once a year; 6) review and assess compliance of DCO monthly and quarterly financial resource reporting and ad-hoc notifications regarding hardware or software malfunctions, cybersecurity incidents, or other incidents that impact the DCO's liquidity or financial resources; 7) review changes to DCOs' margin models; 8) conduct quantitative risk assessment and financial surveillance through the use of risk assessment tools, including automated systems to gather and analyze financial information, and to identify, quantify, and monitor the risks and financial impact posed by DCOs, clearing members, and market participants; and 9) participate in and lead international bodies that establish standards which have important impacts on DCOs (including with respect to their ability to compete internationally).

Justification of CFTC Request

The CFTC's unique mission is to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation. Strong and resilient DCOs are essential to the efficiency and stability of derivatives markets, as they provide crucial risk management services and reduce counterparty risk. The CFTC is focused on promoting the strength and resilience of DCOs through regular examinations, stress testing, capital requirements, financial reporting obligations, and ongoing risk monitoring, among many other supervisory tools. This budget request supports the Commission's efforts to continue to enhance the activities of the Division.

DCO Examinations

Cybersecurity is one of the biggest challenges facing the financial sector today. The automated systems of DCOs play a critical role in today's clearing environment, as do their corresponding business continuity and disaster recovery plans in ensuring the DCO will continue to provide clearing services during unplanned threats or disruptions. The importance of the CFTC's system safeguards oversight is critical given the unacceptable risks to the U.S. financial system and the world economy should certain DCOs become inoperative—even for a relatively short period of time. Activity in 2023 continues to reflect a dramatic increase in the number of cybersecurity and threat incidents launched against the financial service sector which includes the DCO community.

Third-party risk management (TPRM) is a critical component of a DCO's risk management strategy as it helps to ensure the security standards used by the third-party meet the DCO's minimum information

security standards. A third-party who does not have robust patching protocols can find it a victim of a ransomware attack and as a result may not be able to provide the contracted services. DCR examines the processes and programs of the DCO to ensure that third-party risk is risk-assessed, regularly monitored, and governed by the same principles that apply to services produced in-house.

DCR plans to gather and analyze the results of all CFTC-mandated cybersecurity tests for DCOs, which will increase the quality of the results of the risk assessments used to determine the targets and scopes of system safeguards examinations.

The number of DCOs that are clearing products in digital assets and utilizing digital innovation is increasing. Many of these contracts include a component for the physical delivery of the digital asset and a significant risk is the theft of the collateral by an employee of the DCO or a bad actor. The cryptocurrency risk and threat landscape are dominated by high profile bad actors using techniques such as brute force attacks, Distributed Denial of Service (DDoS) attacks launched from botnets and other compromised equipment, sophisticated social engineering efforts, and various other malware efforts and exploits. All DCOs need to employ top-notch data breach security solutions. However, those participating in the new digital innovation ecosystem are exposed to additional risks that must be assessed, mitigated, and monitored, then examined accordingly by the Division. Each new digital asset operates differently and with its own specialized set of threat vectors which each carry its own unique set of risks that need to be identified, assessed and then examined.

Cloud technology provides significant benefits for DCOs in the form of elastic storage and computing, which reduces costs and facilitates large-scale availability and resiliency solutions. This just-in-time computing growth and migration comes at a cost – namely, increased computing complexity and an increased surface area of attack for hackers. As DCOs view the services provided by the cloud service providers as an important component of their technology program, this represents a significant change to the DCOs' internal operations and the way they deliver services to their clearing members. As DCOs migrate clearing services using this technology, appropriate expertise to identify areas of concern regarding the gaps in tools to securely deploy cloud services, and the DCOs' implementation of this technology is required. Of particular concern is the information security that surrounds the clearing applications and data in the cloud, incidents that occur at cloud providers that could impact the DCOs' operational resilience, and the increased complexity that is inherent in distributing a new or existing clearing solution across a cloud environment. The Division is currently monitoring and assessing the movement of clearing services into the cloud for two large DCOs and estimates this activity will continue through 2026.

Examinations of DCOs' compliance with the CEA and implementing regulations will necessitate the use of new automated tools. Automated tools will be especially important in evaluating compliance in the areas of liquidity, default, backtesting, and stress testing. These new tools will aid examiners in identifying potential areas of risk and should significantly improve the effectiveness of the examination process.

Many DCOs are expanding their business to other jurisdictions around the world. Those jurisdictions look to the Commission to provide insight regarding the effectiveness of the programs implemented by the DCOs. The Commission supports information sharing and compliance discussions in the areas of cybersecurity, liquidity risk management, default management, and other significant risk management issues.

Swap Clearing Requirement and Risk Review

All DCOs are required to submit the swaps they offer for clearing to the Commission. The Commission then considers whether these swaps should be subject to a swap clearing requirement.

The CFTC promulgated the first rules associated with the required clearing of swaps in December 2012, and it expanded the interest rate swap clearing requirement in September 2016. It further amended its interest rate swap clearing requirement to account for the nearly complete interest rate swap market transition to swaps referencing risk-free rates, which occurred in mid-2023. This budget request will continue to support ongoing reviews as new swaps are offered for clearing by DCOs.

Relying on new data from DCOs and SDRs, the Commission will continue to analyze, by asset class, the percentage and volume of cleared and uncleared swaps, the level of risk transfer among market participants, the market dynamics with respect to new products, and the implied overall credit and market risk. This will help ensure that the Commission has an appropriate understanding of risk within the swaps markets. The Commission will also review data to monitor market participants, including swap dealers, for compliance with the swap clearing requirement and its exceptions and exemptions.

Registration and Compliance for DCOs

The FY 2025 budget request continues to support the Commission's registration and compliance activities for DCOs. The Commission devotes considerable effort to reviewing applications for DCO registration and applications for exemption from DCO registration for the clearing of swaps. These applications require staff to review hundreds of pages of documents and engage in numerous meetings and discussions with applicants over the course of many months. As of the end of FY 2023, the Commission had 15 registered DCOs and six pending applications for DCO registration, and four exempt DCOs and three pending applications for exemption.

This request provides resources not only for the Commission's review of applications but also for the Commission's oversight of registered DCOs on a day-to-day basis to ensure compliance with the CEA's statutory requirements and CFTC regulations. This includes review of their rules, operations, and procedures, as well as daily, quarterly, annual, and event-specific reports.

DCO Risk Surveillance

The Commission performs quantitative risk analysis of DCOs' margin models, including the review and evaluation of changes to those models and related risk management practices. Initial margin requirements often act as the first line of defense for a DCO and its clearing members.

A few DCOs are currently in the process of significant updates to their margin model methodologies. CME, for example, is in the process of replacing a margin model it has used for multiple decades with a new, more sophisticated version. This change, when fully implemented, will impact over 90% of the US futures and options markets and participants. This is a multi-year transition, with a few product classes already active, and as part of its rigorous review process, the Commission will continue to conduct quantitative risk analyses both pre- and post-implementation. ICE Clear US is in the process of a similar transition, which also will be implemented over a multi-year period.

As DCO margin models and associated methodologies grow in sophistication, it is critically important for the CFTC to be appropriately staffed with risk analysts with state-of-the-art training and expertise in advanced quantitative risk and financial engineering. In addition, the Commission needs access to relevant statistical and financial tools and applications to conduct rigorous quantitative analysis on these margin models. Tools currently in use, like dashboards and automated alerts, rely heavily on the granular, entity-level position and exposure data collected by the CFTC in its regulatory capacity. DCR anticipates investing additional resources into collecting, where applicable, and maintaining comprehensive, current financial information on DCOs, FCMs, and their clients to enhance these surveillance tools.

The enhancement of analytical tools is critical, as the CFTC is the only financial regulator, regardless of jurisdiction, that is able to aggregate and evaluate risk across all DCOs. Though each DCO has a full view of risk resulting from market participants clearing at that particular organization, many market participants, especially the largest market participants, will have positions at multiple clearinghouses and in more than one asset class. Much of the most recent tool development work has been focused on ensuring a full, and accurate, understanding of participant risk across these dimensions.

In the area of market-wide, systemic risk oversight, the Commission has been a thought leader in the area of supervisory stress tests (SSTs) of DCOs, having now published three exercises, with a fourth anticipated soon. However, the ability to expand this program, and to easily incorporate SST tools into daily monitoring efforts, is often constrained by the available tools and related resources. Additional investment in tool development and access will aid in these needed enhancements, re-emphasized by the volatile market events in the recent past (the early COVID period and the Ukrainian invasion in early 2022). In brief, surveillance activities would be greatly helped through investing additional

resources for 1) gathering the relevant information, 2) constructing appropriate models and metrics, and 3) conducting quantitative risk analysis to study and assess cleared market dynamics

International Policy Support

This budget request will fund continued participation in key international bodies setting standards for clearinghouses, with the aim of promoting appropriately rigorous standards. The Commission participates in or leads international groups such as the Committee on Payments and Market Infrastructures - IOSCO Steering Group, Policy Standing Group, Implementation Monitoring Standing Group, Working Group on Cyber-Resilience, the FSB's Resolution Steering Group and Financial Market Infrastructure Cross-Border Crisis Management Group.

These groups set international standards for clearing and clearinghouse regulations, and have a direct impact on U.S. DCOs, in particular those that operate internationally. Commission staff also participates in groups focused on individual clearinghouses, such as the Crisis Management Groups for LCH Ltd, LCH SA, and ICE Clear Europe.

Market Participants Division

Resource Overview

Table 8: Market Participants Request

	FY 2023 Actual	FY 2024 President's Budget	FY 2024 Continuing Resolution	FY 2025 Request	Change
BUDGET	\$23,961,115	\$28,395,239	\$26,160,316	\$28,488,411	+\$2,328,095
FTE	65	73	68	69	+1

Columns may not add due to rounding

Organization Description

The Market Participants Division (MPD) oversees the registration and compliance activities of SDs, MSPs, FCMs, IBs, CPOs, CTAs, RFEDs, and other swap and futures market participants. Commission regulations and MPD's oversight program are designed to ensure that these registered market participants are financially sound, protect customer property, and meet standards for fitness and conduct as set forth in the CEA and the Commission's regulations. MPD assesses and monitors SDs, FCMs, RFEDs, and IBs for compliance with applicable capital, margin, customer asset segregation, and customer protection requirements; internal and external business conduct standards; and reporting, disclosure, and record keeping obligations. MPD staff develop regulations, orders, and interpretive statements on issues relating to SDs, FCMs, and other market participants; review registration applications; review financial and other business data of registrants; design audit modules and conduct examinations of registrants for compliance with the CEA and Commission regulations; provide advice to other CFTC divisions and offices and NFA regarding issues involving SDs, FCMs, and other market participants; and assess the risk posed by SDs, FCMs and other market participants to the derivatives markets. MPD also oversees and examines NFA and other SROs.

Justification of CFTC Request

Registration and Compliance

The CFTC's thousands of registered market participants play a vital role in the Nation's financial system by connecting customers to global derivatives markets. As such, the Commission directs its registration and compliance resources to provide critical policy and regulatory guidance to market participants, both directly and in coordination with SROs, including CME and NFA. The Commission also uses these resources to ensure that registration rules, standards, and reporting requirements keep pace with the needs of the evolving marketplace.

Core activities funded through this function include:

- Drafting new rules and rule amendments to strengthen the CFTC's registration and compliance regime and, following Commission approval, overseeing effective rule implementation. Throughout this process, registrants engage CFTC staff to obtain interpretive guidance, seek no action relief for registration purposes, and/or discuss compliance matters requiring Commission guidance;
- Furnishing responses to other CFTC divisions and offices, Federal and state agencies, CFTC registrants, NFA, and the public with respect to registrant issues. These responses involve an array of activities, from responding to inquiries from market participants and registrants to briefing policymakers on major registration and compliance issues;
- Providing direct support to the international regulatory community with established agreements on substituted compliance matters. This support is central to overseeing the global

- activities of the derivatives industry, the implementation of key aspects of legislative mandates, and other high priority initiatives; and
- Preparing and delivering critical guidance to the SROs, which support the execution of the Commission's regulatory framework and delegated regulatory activities.

Economic and Legal Support and Examinations

In line with MPDs core work, MPD provides legal analysis and regulatory support (including through examinations) for registered market participant oversight activities such as:

- Providing draft rulemakings, interpretations, and opinions on questions of statutory and regulatory authority relevant to registrants and legal advice for substantive Commission actions relevant to such persons, including registration and futures association rule submission reviews, regulations, and exemptions;
- Drafting and administering the applicable capital, margin, segregation, financial reporting, and business conduct requirements for FCMs, SDs, MSPs, IBs, CPOs, and CTAs, as applicable, to include drafting related rulemakings, no-action letters, interpretations, and exemptions;
- Responding to informal requests for guidance from market participants, non-U.S. regulators, and the public;
- Coordinating capital, margin, business conduct, and financial reporting requirements with the SEC and Prudential Regulators regarding FCMs, SDs, and MSPs;
- Coordinating oversight of SD and FCM initial margin and capital models with relevant self-regulatory organizations. This includes both the initial approval of margin and capital models, as well as the continued compliance of such models with regulatory requirements;
- Participating and directing international working groups on enhancing initial margin requirements for SDs and MSPs. This includes participating in ongoing international assessments of initial margin model performance, and the development of revised upgrades to address identified issues or new swap asset classes;
- Providing technical advice to Congress with respect to draft legislation, including with respect to digital assets, and to international bodies with proposed to international regulatory initiatives;
- Providing guidance to the Commission with respect to novel market structures involving the vertical integration of market intermediaries, execution platforms, and clearing structures under common ownership or control;
- Reviewing and commenting on proposed CFTC enforcement actions and investigations involving FCMs, SDs, MSPs, IBs, CPOs, CTAs, and APs thereof;
- Ensuring compliance with ongoing obligations under the Paperwork Reduction Act;
- Providing guidance on the proper swap classification of novel derivatives products, often in conjunction with the SEC;
- Working closely with foreign regulators to reduce cross-border regulatory burdens with respect to swaps by, for example, implementing agreements and drafting comparability determinations that allow SDs and MSPs to be deemed in compliance with the CFTC's margin, capital, financial reporting, and business conduct rules, while remaining subject to the CFTC's examination and enforcement authority; supervising a regulatory program for substituted compliance regarding the offer and sale of futures and options to US customers by foreign brokers subject to generally

comparable customer protection standards to those set forth in the CEA and Commission regulations;

- Ensuring compliance with ongoing obligations of FCMs and IBs under the Bank Secrecy Act and related statutes and regulations by providing technical advice to other federal financial regulators and SROs, including NFA and CME; and
- Conducting day-to-day oversight and periodic examinations of market participants for compliance with Commission regulations, including regulations intended to ensure the protection of customer funds, and conducting period assessments of self-regulatory organization examination programs for compliance with Commission regulations.

Office of the Chief Economist

Resource Overview

Table 9: Office of the Chief Economist Request

	FY 2023	FY 2024	FY 2024	FY 2025	
	Actual	President's Budget	Continuing Resolution	Request	Change
BUDGET	\$6,714,356	\$7,386,706	\$7,072,612	\$7,992,556	+\$919,944
FTE	18	20	18	19	+1

Columns may not add due to rounding

Organization Description

The Office of the Chief Economist (OCE) conducts rigorous economic and econometric analyses of derivatives markets. The extensive research and analytical backgrounds of staff ensure that analyses reflect the forefront of economic knowledge and econometric techniques. The OCE collaborates with other CFTC divisions to integrate economic reasoning and data analysis into Commission policy and cost-benefit considerations. The dissemination of OCE research to market participants and the general public plays a key role in transparency initiatives of the Commission.

Justification of CFTC Request

The Commission is responsible for careful, systematic, and sustained research into the derivatives markets under the agency's jurisdiction. This research ensures that CFTC policy-making is informed by the latest thinking and empirical observations about markets and market participants. The results of the Commission's research also educates lawmakers, other regulators, both domestic and international, and the public about the markets in which the CFTC has particular data and expertise.

An important challenge facing this office is determining the best methods to process and analyze the enormous quantity of data reflecting activity in derivatives markets. Determinations are required on data issues such as: understanding data imperfections and ambiguities; merging regulatory and commercial data sets with different structures to study particular markets or market participants holistically; and having sufficient, highly skilled staff to work through these issues. The Commission requires staff that possess the ability to integrate and analyze disparate data sets comprised of tens of millions of rows of data. These and other highly technical skills are in high demand across the financial and technology industries, as well as academia.

In addition to data, useful and top-quality research requires a deep understanding of market participants and the markets themselves. Rigorous analysis of how market participants use derivatives and the risks they face requires knowledge of their business models. Studies of this sort encompass end users that range from farmers to life insurance companies; intermediaries that range from commodity brokers to swap dealers in bank holding companies; and, of course, clearinghouses. Rigorous analysis of the markets themselves requires knowledge of the workings of trading platforms, from those on futures exchanges to those on swap execution facilities, and from voice markets to electronic venues.

To leverage its limited resources relative to its research objectives, the Commission continues its program of partnerships with academic experts in relevant fields. Subject to the strictest procedures and controls to ensure data confidentiality, these partnerships facilitate the flow of ideas between the Commission and universities and encourage academics to work on areas of interest to the agency.

The FY 2025 budget request will address the impact of data and analysis migrating to a cloud-based environment. CFTC began the process of retiring its legacy high-performance data environments to

cloud hosted data environments. In the long run, this transition is expected to reduce maintenance costs while simultaneously allowing CFTC analysts to use a wider array of tools to analyze data in a more efficient fashion. Due to the change in data platform, however, staff must perform substantial work with novel tools in order to recover functionality available prior to the migration. Staff are required to implement variants of languages historically used, as well as programming languages not currently used. Ongoing projects with existing, legacy code must be recoded to accommodate the new environment; code must be structured differently and interact in new ways with data. Results utilizing the cloud-based data, and computed from the new code, must be validated against the output from existing code in order to diagnose problems with the code and/or new data.

The FY 2025 budget request will allow the CFTC to improve its understanding of how and why market participants use derivatives; study the risk profiles of market participants; assess the efficiency of trading platforms; evaluate how well derivatives products and markets serve end users, and; appraise the extent to which systemic risk might be generated by or might be transmitted through derivatives markets. The OCE will work to inform Commission policies and actions by disseminating its research findings within the Commission and to market participants and the general public.

The budget request also enables the Commission to continue to improve the analytical and empirical foundations of its policy and rules, as well as the cost-benefit considerations of its policy and rulemaking.

Office of the General Counsel

Resource Overview

Table 10: Office of the General Counsel Request

	FY 2023 Actual	FY 2024 President's Budget	FY 2024 Continuing Resolution	FY 2025 Request	Change
BUDGET	\$27,297,065	\$28,225,047	\$28,616,094	\$28,629,944	+\$13,850
FTE	58	59	60	56	-4

Columns may not add due to rounding

Organization Description

By statute, the Office of General Counsel (OGC) 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) assisting other program areas in preparing and drafting Commission regulations; 5) interpreting the CEA; 6) overseeing the Commission's ethics program and compliance with laws of general applicability; 7) providing advice on legislative, regulatory issues and FinTech innovation; and 8) maintaining compliance with the National Archives and Records Administration (NARA) requirements. The CFTC's Secretariat, Freedom of Information Act (FOIA) office, Records office, Privacy office, and E-Discovery Coordinator are also part of OGC.

Justification of CFTC Request

The Commission ensures consistency in the interpretation and application of the CEA, conducts reviews of proposed and final rules, enforcement and regulatory actions, and various forms of staff action within this area for legal sufficiency and administrative regularity. The CFTC interprets and applies the requirements of a variety of government-wide statutes, including, but not limited to, the Federal Advisory Committee Act, the Federal Information Security Management Act (FISMA), FOIA, and the Administrative Procedure Act. As a Federal entity, the CFTC assures the legal sufficiency of Commission actions concerning personnel laws, procurement laws and regulations, Federal records requirements, and other applicable laws as applied.

To support Federal records management, the Commission is continuing its effort to transition electronic processes and systems to manage records, and where not feasible, to transition legacy permanent, paper records to electronic form, and send those records to NARA.

The Commission also ensures it has proper representation when required to appear in the U.S. Courts of Appeals, U.S. District Courts, and other administrative proceedings in appeals stemming from enforcement actions and other matters including, regulatory challenges, bankruptcy, personnel litigation, labor disputes, and FOIA.

Office of International Affairs

Resource Overview

Table 11: Office of International Affairs Request

	FY 2023	FY 2024	FY 2024	FY 2025	
	Actual	President's Budget	Continuing Resolution	Request	Change
BUDGET	\$6,332,648	\$8,660,675	\$6,878,911	\$8,546,859	+\$1,667,948
FTE	16	20	17	19	+2

Columns may not add due to rounding

Organization Description

The Office of International Affairs (OIA) performs a range of important functions that include the following: advocates for CFTC objectives in international policy development through multilateral and bilateral fora; advises the Commission regarding international regulatory initiatives and policies; provides guidance regarding international issues raised in Commission matters; represents the CFTC in international fora, such as IOSCO, CPMI-IOSCO, and FSB; coordinates agency policy as it relates to priorities, policies, and initiatives of key foreign jurisdictions and the G20; coordinates with the U.S. Department of the Treasury and U.S. financial regulatory authorities on international matters; negotiates cooperative arrangements and responds to inquiries related to supervisory cooperation or information sharing; and provides technical assistance to foreign authorities, by providing guidance regarding regulatory and supervisory matters and organizing international training programs and regulatory symposia.

Justification of CFTC Request

The global nature of the futures and swaps markets makes it imperative that the Commission engage foreign regulators and participate in international policy development to enhance international cooperation and support the adoption, implementation, and enforcement of high-quality derivatives regulation. This request will allow the CFTC to: 1) advance the interests of the CFTC in bilateral and multilateral discussions with foreign counterparts and in international standard-setting and coordination fora; 2) facilitate information-sharing, cooperation and cross-border assistance; and 3) ensure international initiatives are consistent with the rules and policies of the CFTC.

The CFTC increased its efforts to respond to attempts by European authorities, particularly the European Securities and Markets Authority (ESMA), to expand their supervision of U.S. firms or apply their rules and requirements to U.S. firms and markets. Having successfully negotiated an enhanced mode of cooperation with ESMA, the CFTC is engaged in streamlining the implementation of the new arrangement. In addition, the CFTC will oversee the implementation of relevant European Union (EU) equivalence, recognition, and comparability determinations regarding central clearinghouses, trading platforms, and intermediary firms. Furthermore, the exit of the United Kingdom (UK) from the EU requires the Commission to increase engagement with UK and EU counterparts and stakeholders in concluding and implementing agreements and regulatory arrangements to respond to changing regulatory requirements that can affect U.S. markets and existing agreements and regulatory arrangements with the Commission. In this regard, the CFTC will oversee the implementation of relevant UK equivalence, recognition, and comparability determinations regarding central clearinghouses, trading platforms, and intermediary firms.

The Commission will continue to engage with other regulators regarding consistent regulatory requirements imposed on derivatives clearing organizations. The importance of central clearing to the derivatives markets makes it critical that the Commission ensures the strength and resiliency of clearinghouses, clearing members, and intermediaries.

The CFTC anticipates continuing engagement with the FSB and its working groups and committees that affect U.S. derivatives markets. The CFTC will continue its long-standing active engagement as a member of the Board of the IOSCO and assume or seek out leadership roles and participation within important policy committees, task forces, working groups, and networks that develop standards and policy guidance for the U.S. derivatives markets. The CFTC Chairman is Vice Chair of the IOSCO Board, an important leadership role in shaping IOSCO's direction and management. The Commission is a member of the Steering Committee of IOSCO's Financial Stability Engagement Group, the premier committee that coordinates IOSCO work on financial stability matters and engagement with the FSB. The CFTC Chairman is also Co-Chair of the CPMI-IOSCO Steering Group, the leading standard setting body for clearinghouses and other market infrastructures. In addition, the Commission will continue to participate in official sector regulatory dialogues with the EU, the UK, and India. Given developments with other jurisdictions relating to international trade, the Commission also expects to engage in official sector regulatory dialogues with Canada, China, Japan, and Mexico.

Furthermore, 2025 is a year in which the U.S. will be reviewed through the Financial Sector Assessment Program (FSAP) of the International Monetary Fund (IMF). Through this process, the IMF assesses leading jurisdictions as to their domestic implementation of international standards. The FSAP is an intensive process with frequent, high-level and detailed working-level engagement with the IMF. OIA will lead the CFTC's engagement in this process as well as the internal coordination of responses and feedback to the IMF as it undertakes and concludes this upcoming 5-yearly assessment.

The Commission continues to work to establish additional supervisory cooperation and information-sharing arrangements with counterparts worldwide. The CFTC also anticipates arrangements to encourage cross-border cooperation on FinTech and digital asset developments.

The Commission expects enhanced engagement with foreign stakeholders as a result of additional requests for technical assistance from regulatory and supervisory entities. Commission staff satisfies such requests by organizing and executing jurisdiction-specific training programs and multilateral symposia.

Division of Data

Resource Overview

Table 12: Division of Data Request

	FY 2023	FY 2024	FY 2024	FY 2025	
	Actual	President's Budget	Continuing Resolution	Request	Change
BUDGET	\$36,086,506	\$53,269,419	\$38,815,136	\$42,105,840	+\$3,290,703
FTE	35	43	36	41	+5

Columns may not add due to rounding

Organization Description

The Division of Data (DOD) develops and implements the CFTC’s enterprise data strategy, providing the specialized technical, analytical and related services necessary for the Commission to standardize, acquire, process, examine, govern and exploit mission critical market and industry data. As the agency’s designated authority on data issues, DOD provides CFTC regulatory and enforcement staff with the data and analytical capabilities needed to perform mission work, develops/oversees data sharing and protection agreements with external entities, and enables policymakers to make data-driven decisions for overseeing the U.S. derivative markets. In accordance with this mission, the responsibilities of DOD include establishing the Commission’s data strategy, data standards, data architecture and governance, and building/maintaining the agency’s core data infrastructure. DOD supports the Commission with registration applications, including compliance and testing of data requirements. DOD also collaborates with all the CFTC’s divisions to improve data quality through data standards, expand data availability, and provide effective and efficient analytics designed to meet both current and emerging mission needs. DOD leads the CFTC’s data governance efforts domestically to ensure the CFTC meets all federal mandates regarding data governance as well as represents the CFTC in global data standards and governance efforts to ensure global regulators can aggregate data to mitigate global systemic risk.

Justification of CFTC Request

Data Acquisition

The Commission will continue to leverage cloud and other new technology to enhance and transform its ability to collect, analyze and draw informed conclusions from market/industry data to conduct/support effective enforcement actions, oversee rapidly evolving markets and formulate sound regulatory policy. The FY 2025 budget outlined above for the Division of Data includes continuing efforts of adoption of cloud technology. Some key examples of these efforts are provided below:

Streamlining Data Storage and Enabling Best in Class Analytics In 2023, the CFTC continued the process of transitioning its legacy data environment, to the AWS Cloud. This initiative will reduce maintenance costs while simultaneously allowing CFTC analysts to use a wider array of tools to analyze data. Additionally, DOD enables the CFTC’s analytics capabilities by leading CFTC’s data science training initiatives. These training initiatives are focused on upskilling existing Commission staff and expanding CFTC use of advanced analytics tools, including AI.

In 2025, the CFTC will continue the process of expanding the AWS Cloud environment to include all market and financial data organized in a way that facilitates mission-facing analytics. CFTC staff will realize the following benefits:

- Enhanced analytical capabilities, through advanced cloud-based tools to more rapidly detect and identify market risks, market trends, and better target suspicious activity and behavior;
- Reduced administrative burden and costs on the CFTC;

- Greater investigative and regulatory oversight efficiencies and effectiveness;
- Greater insight and understanding of market patterns and associated evolutions in risk management, and better application of this knowledge to CFTC policies and regulations; and
- Stronger agency data governance capabilities.

Data Tools/Analysis As technology continues to reshape the 21st century markets, CFTC staff will require additional tools/capabilities to help make the large and complex data the Commission now receives more actionable and to improve the agency's ability to detect, assess and respond to market trends, threats, vulnerabilities, and other issues. The FY 2025 request will enable us to continue supporting tools that allow us to keep pace with evolving technology, and provide advanced data visualization tools. Supporting our data environment's maturity will also help the CFTC implement newer paradigms such as AI more efficiently. The Division of Data will also continue its efforts to refactor its custom-written mission-critical applications to cloud-native technologies, moving from client-server implementations to serverless applications using fully-managed databases in the AWS environment.

Enhancing Commission Rules

Enhancements to Commission Rules by the mission-facing divisions of the CFTC often require the development of data standards, technical guidance, and processes to receive and make available new data. This work must be performed by DOD before the data is available to Commission staff.

In FY 2024, the Commission is expected to consider a rulemaking that would update the Part 17 Rule such that large traders in the Futures and Options markets will be able to provide data on modern products such as digital assets. Following any rule update, DOD will issue reporting guidance, and develop the ability to receive and process modernized Part 17 data. The DOD will also work with the Part 17 reporting community to help them transition to the new format.

Enhancements to other rules by the mission-facing divisions will follow the same process: rules will be followed by implementation of technical guidance, standards and processes. DOD will continue to work with the reporting community to ensure understanding of reporting requirements, with the result that additional data is made available to the CFTC for its monitoring, surveillance and enforcement efforts.

Global Harmonization of Data Standards

DOD continues its efforts to implement globally accepted identifiers, including but not limited to, Legal Entity Identifiers, Unique Trade Identifiers, Unique Product Identifiers, and other Critical Data Elements. DOD implements these identifiers in order to facilitate more efficient multilateral collection, analysis, reporting, and understanding of participants and products in derivatives markets. DOD also participates in governance efforts overseeing the creation and dissemination of these identifiers by leading and/or participating in multilateral working groups and cooperating with both domestic and international regulators. These efforts support the G20's goals, after the 2009 financial crisis, of improving transparency, mitigating systemic risk, and preventing market abuse in over-the-counter derivatives by enabling data consistency across jurisdictions globally.

Data Management and Compliance

To effectively monitor markets and perform market surveillance, market data must be accompanied by the complete and accurate context of the data. CFTC needs a centralized knowledge repository providing clear, complete understanding of incoming data streams. The centralized knowledge repository will allow for physically storing and cataloging contextual metadata such as business definitions, privacy indicators, data access controls, valid values, linkages, etc. This will enable the data users at the Commission to understand the data, transform data into actionable information, search the inventory of data, improve data quality, and move towards self-service analytics, machine learning and artificial intelligence paradigms. Implementation of proper governance mechanisms will facilitate data management by establishing data ownership, stewardship, and information sharing across the agency.

In addition, DOD will apply the requirements of the Foundations for Evidence-Based Policymaking Act and create policies and procedures for the agency to adopt the associated requirements. Industry

standard data management practices such as data cataloging and metadata tools are part of the compliance with this Act.

Division of Administration

Resource Overview

Table 13: Administration Request

	FY 2023	FY 2024	FY 2024	FY 2025	
	Actual	President's Budget	Continuing Resolution	Request	Change
BUDGET	\$106,727,776	\$120,241,963	\$104,662,173	\$113,449,240	+\$8,787,067
FTE	128	136	129	129	+0

Columns may not add due to rounding

Organization Description

The Division of Administration (DA) directs the CFTC's core operational support and administration activities to include continuity of operations, the effective and efficient allocation of CFTC resources, management and administrative policy-making, and agency-wide program performance measurement and reporting. DA includes the following branches and offices: Business Operations (including logistics, procurement, and business operations), Financial Management (including budget, strategic and operational planning, accounting, travel, and internal controls), Human Resources (including talent management, workforce relations, performance management and compensation, and health and wellness programs), Information Technology (including IT infrastructure, systems, and program management), Cyber and Physical Security (including cyber security, and security emergency management), Risk Office (including Enterprise Risk Management), and Office of Proceedings (including administrative settlements, statutory disqualifications, and wage garnishment cases).

Justification of CFTC Request

Management and Administration Programs

The Commission continues to promote excellence through executive direction and leadership, organizational and individual performance management, and effective management of resources. Efforts to achieve these objectives will result in better-informed decision-making regarding the management and investment of the Commission's resources. The FY 2025 budget request will support the Commission's fiduciary posture by executing and evaluating careful investments to continue efficiency, innovation, and effectiveness. To that end, DA will continue to provide essential day-to-day financial management, human resources, building management, enterprise risk, proceeding, information technology, and information security functions, as well as maintain the centralized services model that supports the various CFTC divisions and offices in compliance with Federal administrative mandates.

The CFTC has taken an aggressive approach to streamline operations and will continue to realize efficiencies from actions taken in FY 2023, FY 2024 and planned for FY 2025. This approach aligned organizational structures, updated the agency's performance management policies, invested in the agency's multi-year cloud strategy, strengthened cybersecurity and network defenses, and streamlined operations where feasible. In accordance with Executive Order 14028, Improving the Nation's Cyber Security, the CFTC's Division of Administration is continuing to modernize and address security vulnerabilities in the Commission's IT infrastructure.

Information Technology and Cyber Security Milestones Reached in 2023

As part of its strategy to move the Information Technology infrastructure and tools to the cloud, and to enable the workforce to be mobile and productive, the Commission reached the following milestones in FY 2023, among others:

- *Datacenter Decommissioning:* The CFTC decommissioned two (2) datacenters to reduce its reliance on physical data centers and increase utilization of cloud technologies in order to improve availability and reliance of the technology footprint;
- *Cloud Migration:* In FY 2023, the CFTC completed the formal project to “lift and shift” the preponderance of its IT infrastructure to the cloud;
- *Laptop Refresh:* The Commission’s workforce is fully mobile and all employees and contractors who use standard computers have or will receive laptops with newer technology that improves performance and security by early FY 2024;
- *Evidentiary Data Management System:* The Commission implemented an on-premises translation tool embedded in the Commission’s evidentiary document management system that provides translation to/from over 20 foreign languages for the Division of Enforcement staff;
- *Autoload System:* The Commission also deployed an in-house-developed system to automate the ingestion of electronic subpoenaed productions into the Commission’s evidentiary document management system used by the Division of Enforcement;
- *Endpoint Detection & Response (EDR):* In FY 2023, CFTC completed the EDR implementation to improve protections at the endpoints; and
- *M21-31 Compliance:* CFTC is fully compliant with M21-31 Improving the Federal Government’s Investigative and Remediation Capabilities Related to Cybersecurity Incidents. This has enhanced CFTC’s detection and monitoring of network traffic and activities to mitigate against intrusions and insider risk.

Technology Plan for FY 2025

The Commission aims to further reduce its reliance on physical datacenters and increase the utilization of cloud technologies to improve availability and reliance of the Commission’s technology infrastructure. In FY 2023, the Commission completed the lift and shift phase of the cloud migration project. Currently, over 90% of the commission's infrastructure resides and operates from cloud environments. In FY 2024, the Commission plans to completely migrate its current customer service interface to a modern ticketing system where IT, Logistics and Human Capital services will be accessed by our internal customers through new system. This action is expected to significantly enhance the customer service experiences of our staff and gain efficiencies in cost as well as time in service delivery areas continuing into FY 2025. In FY 2024 and FY 2025, the Commission will analyze and take action so that its IT applications and systems function optimally in a cloud environment; focus will be on improving the functionality and reliability of those IT applications and systems.

In addition to the actions to be taken in the cloud to optimize migrated systems, the Commission will continue modernizing the “remain behind infrastructure” and applications. As noted earlier, some legacy applications may not be migrated to the cloud due to the obsolescence of their base technologies. Modernizing these applications and their associated hardware is a prerequisite for completely migrating all our systems to the cloud.

The Commission is committed to aggressively pursuing a cloud first strategy, and any new technology acquisitions, when, practicable, will be cloud-based Software as a Service (SaaS) or Platform as a Service (PaaS)

Cybersecurity Plan for FY 2025

CFTC is planning and implementing multiple programs to support the cybersecurity focus areas outlined in Executive Orders, OMB mandates and CISA Directives:

- Continue to achieve progress in zero trust deployments as outlined in OMB Memorandum M-22-09, Moving the U.S. Government Toward Zero Trust Cybersecurity Principles;

- Establishing a Data Protection Program, including data loss prevention technologies and processes to manage access to sensitive data and ensure it is tightly controlled and monitored;
- Advance the Insider Risk Program implementation to ensure compliance with E.O. 13587 and applicable standards and guidelines relating to National Insider Threat Policy and Minimum Standards;
- Extend the Enterprise Security Operations Center (eSOC) to ensure full 24x7 coverage. This will enhance CFTC's network detection and monitoring capabilities;
- Establish the Information Systems Security Officer (ISSO) Support Program to enhance security controls;
- Leverage advanced AI and ML for eSOC to enhance CFTC's ability to automate and augment threat detection and response; and
- Enhance the Cybersecurity Awareness and Cyber Workforce Continuous Education.

In addition, CFTC will continue to update outdated applications by rewriting the code to operate within a secure and modernized virtualized environment and integration of security within the System Development Life Cycle (SDLC). The Commission will continue to replace aging infrastructure which does not support advanced security enhancements. Also, the Commission will continue to improve compliance with FISMA by maintaining a comprehensive control inheritance model to enhance security while reducing the effort required to secure CFTC systems. Finally, CFTC will continue to adhere to DHS CISA's Cybersecurity Binding Operational and Emergency Directives and any related OMB security mandates supporting the protection of sensitive market participants and Commission's data.

Office of the Chairman and Commissioners

Resource Overview

Table 14: Chairman and Commissioners Request

	FY 2023 Actual	FY 2024 President's Budget	FY 2024 Continuing Resolution	FY 2025 Request	Change
BUDGET	\$15,855,977	\$16,962,805	\$16,959,667	\$17,670,461	+\$710,794
FTE	39	41	41	39	-2

Columns may not add due to rounding

Organization Description

The Offices of the Chairman and the Commissioners provide executive direction and leadership to the Commission—specifically, as it develops and adopts Commission policy that implements and enforces the CEA and other statutes, rules, and regulations. Commission policy is designed to foster the financial integrity and economic utility of derivatives 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. The Office of the Chairman includes the Offices of Public Affairs, Legislative and Intergovernmental Affairs, Minority and Women Inclusion, and Technology Innovation.

The Commissioners

The CFTC consists of five Commissioners. 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 represents the current CFTC Commissioners:

Rostin Behnam, Chairman

Rostin Behnam was unanimously confirmed as the Chairman of the CFTC by the U.S. Senate on December 15, 2021, and sworn into office on January 4, 2022. Prior to becoming Chairman, Mr. Behnam was designated Acting Chairman by his fellow Commissioner's on January 21, 2021, and was nominated by President Biden to serve as the Chairman on September 13, 2021. Mr. Behnam had served as a CFTC Commissioner since he was sworn in to serve as a Commissioner on September 6, 2017, after unanimous consent by the U.S. Senate on August 3, 2017. President Trump nominated him on July 13, 2017.

Kristin Johnson, Commissioner

Kristin Johnson was nominated by President Biden as a Commissioner of the CFTC on January 4, 2022, was unanimously confirmed by the Senate on March 28, 2022, and was sworn in to serve as a Commissioner on March 30, 2022, for the remainder of a five-year term expiring in April 2025.

Christy Goldsmith Romero, Commissioner

Christy Goldsmith Romero was nominated by President Biden as a Commissioner of the CFTC on January 4, 2022, was unanimously confirmed by the Senate on March 28, 2022, and was sworn in to serve as a Commissioner on March 30, 2022, for the remainder of a five-year term expiring in April 2024.

Summer Mersinger, Commissioner

Summer Mersinger was nominated by President Biden as a Commissioner of the CFTC on January 7, 2022, was unanimously confirmed by the Senate on March 28, 2022, and was sworn in to serve as a Commissioner on March 30, 2022, for the remainder of a five-year term expiring in April 2023. Ms. Mersinger was nominated by President Biden to a second term as a Commissioner on June 6, 2023,

and was unanimously confirmed by the Senate on February 26, 2024, for a five-year term expiring in April 2028.

Caroline Pham, Commissioner

Caroline Pham was nominated by President Biden as a Commissioner of the CFTC on January 7, 2022, was unanimously confirmed by the Senate on March 28, 2022, and was sworn in to serve as a Commissioner on April 14, 2022, for a five-year term expiring in April 2027.

Justification of CFTC Request

The FY 2025 budget request supports the Commission's leadership function, which includes the Offices of the Chairman and the full complement of Commissioners and support staff, as well as the Offices of Public Affairs, Legislative and Intergovernmental Affairs, Minority and Women Inclusion, and Office of Technology Innovation. This budget request assumes a full complement of Commissioners in FY 2025 and expects the Administration will nominate a replacement for any position that expires. The request also includes professional and administrative staff to support the four Commissioners and to assist each member with analysis of the increasing number of complex issues presented to the Commission for review and action. The budget provides resources to continue efforts to evaluate mandated reforms and focus on transparency and market integrity. The FY 2025 resources continue to support the CFTC in strategically embracing and embedding diversity, equity, inclusion, and accessibility principles and best practices into the Commission's culture, talent, recruiting, and business operations. The Chairman's office provides leadership to the Climate Risk Unit which continues to evaluate the role of derivatives in understanding, pricing, and mitigating climate-related risk, and supports the orderly transition to a low-carbon economy through market-based initiatives. In addition, this request includes funding for official reception and representation and the Commission's Advisory Committees.

Office of the Inspector General

Organization Description

The Office of the Inspector General (OIG) is an independent organizational unit of the CFTC. In accordance with the Inspector General Act of 1978, as amended, the mission of the OIG is to detect waste, fraud, and abuse and to promote integrity, economy, efficiency, and effectiveness in the CFTC’s programs and operations through audits, investigations, and other activities. As such, the OIG has the authority to review all of the Commission’s programs, activities, and records. The OIG issues reports to the Commission, Congress, and the public detailing its activities, findings, and recommendations.

Budget Request

The total FY 2025 budget request as described below includes the OIG request of \$5,642,000 for estimated direct salary and benefit costs of 16 FTE, along with travel, training, and contracted audits (including the annual financial statement audit), including an estimated contribution of \$26,000 to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The request also includes overhead of approximately \$938,562. Overhead is estimated by the Commission and is added to the OIG direct budget request. Overhead represents a proportional share of estimated operating costs, such as the lease of space, utilities, printing, supplies, equipment, and other services used by or available to all divisions and offices, including the OIG. CFTC allocates overhead to all divisions and offices in this budget presentation based on a per FTE distribution.

Table 15: Inspector General’s Budget Request

Budget Year	Total Budget	OIG Requested Budget	Estimated Overhead	Training Budget Estimate	CIGIE	FTE
FY 2025	\$6,580,562	\$5,642,000	\$938,562	\$104,000	\$26,000	16

Inspector General's FY 2025 Budget Request



U.S. COMMODITY FUTURES TRADING COMMISSION

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December 7, 2023

TO: Rostin Behnam, Chairman
 Kristin Johnson, Commissioner
 Christy Goldsmith Romero, Commissioner
 Summer Mersinger, Commissioner
 Caroline Pham, Commissioner

FROM: Dr. Brett M. Baker
 Acting Inspector General

SUBJECT: FY 2025 Office of Inspector General (OIG) Budget

In accordance with the Inspector General Act of 1978, as amended (IG Act), I am requesting the Fiscal Year (FY) 2025 budget to operate my office. Through audits, investigations, reviews, inspections, and other projects, OIG assists in improving the economy, efficiency, and effectiveness of operations, as well as in detecting and preventing fraud, waste, and mismanagement. OIG consists of an immediate office (two full-time equivalent employees (FTE)); the Office of Audits (four FTE); and the Office of Investigations. We are currently authorized for 11 FTE.

For FY 2025 I am requesting \$5,642,000 for our operating budget, representing an incremental increase (2%) over our requested FY 2024 operating budget (\$5,532,000) to cover anticipated cost increases. Our FY 2024 request increased OIG staff full-time equivalents (FTE) from 11 to 16. Staffing at that level is crucial to building and improving a compliant OIG that performs all work to a standard including quality assurance. Our FY 2025 request will support salaries/benefits for 16 FTE and consultants, as well as audit and service contracts. Of this amount, \$104,000 is budgeted for training purposes and will satisfy all training requirements. Finally, we include an estimated OIG contribution to the Council of the Inspectors General on Integrity and Efficiency (CIGIE), as the IG Act requires.

CFTC calculates overhead on a per-FTE basis agency-wide. CFTC is adding \$938,562 in overhead to the OIG operating budget, and this brings the total OIG budget request to \$6,580,562. The agency will remove overhead from the OIG earmark during the course of FY 2025. We respectfully request that Appropriations language or commentary **limit OIG overhead to the amount determined by Congress.**

To ensure we have the necessary resources to focus on oversight and to cover non-standard expenses that can impact smaller offices in harmful ways, I am respectfully requesting two-year funding to provide for investigations and contracts going across fiscal years. The FY 2023 appropriation for CFTC provides “not less than \$20,000,000 shall remain available until September 30, 2024,” with no further instruction. I am proposing that the FY 2025 OIG earmark state: “of which not less than \$6,580,562 shall be for expenses of the Office of the Inspector General, to remain available until September 30, 2026.”

Office of Inspector General FY 2025 Budget Request:

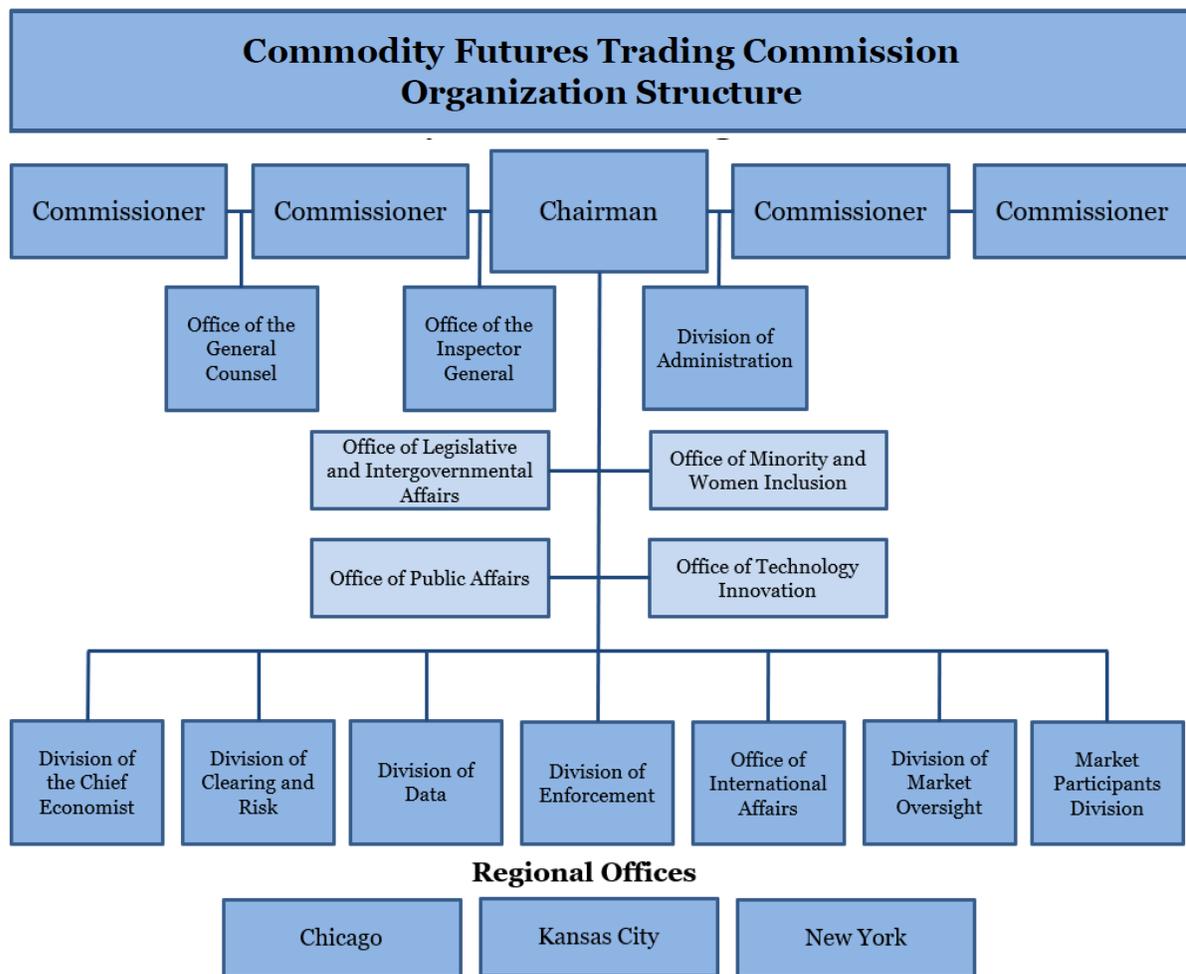
Salaries and Benefits (16 FTE)	\$4,918,000
Travel	\$104,000
Training	\$104,000
Contract Audits	\$414,000
Contract Services	\$76,000
CIGIE Contribution	\$26,000
Total Direct OIG Costs	\$5,642,000
CFTC-wide overhead (OIG portion)	\$938,562
TOTAL OIG FY 2025 BUDGET REQUEST (\$5,642,000 plus overhead)	\$6,580,562
FTE	16

APPENDIX 1

Organizational Divisions and Offices

The Office of the Chairman oversees the Commission's principal divisions and offices that administer and enforce the CEA and the regulations, policies, and guidance thereunder. The four programmatic divisions—the Division of Clearing and Risk, Division of Enforcement, Division of Market Oversight, and the Market Participants Division —are supported by a number of offices and divisions, including the Office of the Chief Economist, Division of Data, Division of Administration, Office of the General Counsel, and the Office of International Affairs. The Office of the Inspector General is an independent office of the Commission. The CFTC's headquarters is located in Washington, D.C., and the regional offices are located in Chicago, Kansas City, and New York.

Figure 1: Organization Structure



APPENDIX 2

CFTC Facility Leasing and Rent

CFTC maintains a facility portfolio that includes four locations: the Washington, D.C. Headquarters office and three regional offices in Kansas City, Chicago, and New York. The chart below depicts CFTC's annualized rent costs and associated lease expiration date, if applicable.

Facility Leasing Expirations and Estimated Rent Costs⁹ by Location

Table 16: CFTC Facility Rent Costs by Location

CFTC Facility Rent Costs by Location ¹⁰				
		FY 2023	FY 2024	FY 2025
Facility Location	CFTC Lease Expiration	Actual	Estimate	Estimate
		\$(000)		
Kansas City				
GSA Assignment		\$325	\$313	\$316
Chicago				
GSA Assignment		\$1,666	\$1,625	\$1,633
New York				
GSA Assignment		\$2,068	\$2,072	\$2,083
Washington, D.C.				
Legacy CFTC Lease	September 2025	\$20,657	\$21,277	\$21,915
GSA Assignment		\$0	\$0	\$1,543
Washington, D.C. Subtotal		\$20,657	\$21,277	\$23,458
COOP Site¹¹		\$232	\$45	\$0
Grand Total		\$24,948	\$25,332	\$27,490

Columns may not add due to rounding

⁹ The actual and estimate columns of the facility portfolio exclude the overhead distribution that is reflected in other charts in this budget presentation.

¹⁰ FY 2025 require a duplicate lease payment during the relocation phase of the project.

¹¹ The COOP sublease with the Federal Reserve Board facility ended on 12/31/2023. The new COOP location will be in the New York location with no additional leasing costs.

APPENDIX 3

Administration's Proposal on User Fees¹²

Table 17: FY 2025 Budgetary Resources and Offsetting Collections

	FY 2025 Request \$ (000)
Salaries and Expenses	\$392,419
Office of the Inspector General	\$6,581
Total Appropriation	\$399,000
Offsetting Collections	(\$25,000)
Net Appropriation	\$374,000

Proposal and Impact

This budget reflects the Administration's intention to propose authorizing legislation to collect user fees of \$25 million to fund a portion of the Commission's activities. Fees and charges assessed by the Commission would be credited to an offsetting collections account, which would be available until expended for necessary expenses of the CFTC. The total amount appropriated from the general fund for FY 2025 would be offset by the collections, resulting in a net FY 2025 appropriation from the general fund of approximately \$374 million. CFTC fees would be designed in a way that supports market access, liquidity, and the efficiency of the Nation's derivatives markets. The Commission oversees the most complex markets of any U.S. regulator, and supports whatever funding mechanism Congress deems appropriate that secures the CFTC the resources it needs.

Background

CFTC ensures the integrity and effectiveness of the U.S. futures, options, and swaps markets through administration of the CEA, as amended. CFTC is the only Federal financial regulator that does not derive its funding from the specialized entities it regulates, and since the CFTC's programs provide clear benefits to market participants, it may be appropriate for those participants to at least partially offset or contribute toward the cost of providing those programs. The Administration has historically proposed a user fee for the CFTC.

CFTC seeks to promote responsible innovation and development that is consistent with its statutory mission to enhance derivative trading markets and to prohibit fraud and manipulation in connection with commodities in interstate commerce. The resources would allow the CFTC to build upon its knowledge of the increasingly complex futures markets.

¹² The Administration has proposed a two-year, phased in fee approach following enactment of authorizing legislation that includes user fees. The Administration plans to increase the fee proposal amount from \$25M in Year 1 to a higher, previously requested fee proposal amount in Year 2.

APPENDIX 4

Statement of Availability on Basis of Obligations

Table 18: FY 2023 to 2025 Statement of Availability on Basis of Obligations

	FY 2023 Actual	FY 2024 Continuing Resolution ¹³	FY 2025 Estimate
	\$ (000)	\$ (000)	\$ (000)
New Appropriations	\$365,000	\$365,000	\$399,000
Carryover from Prior Year	70,459	80,340	23,300
Transfers between expired/unexpired accounts	0	0	0
Recoveries of Prior Year Obligations	624	1,000	1,000
Total Available	<u>\$436,083</u>	<u>\$446,340</u>	<u>\$423,300</u>
Obligations	333,452	403,306	395,680
Lease-Related Amount Transferred to No-Year Account (amount reduces negative lease obligation)¹⁴	18,953	19,333	19,720
Balance Available	<u>\$83,677</u>	<u>\$23,700</u>	<u>\$7,900</u>
Lapsing Appropriations	<u>(3,338)</u>	<u>(400)</u>	<u>(400)</u>
Total Available or Estimate	\$80,340	\$23,300	\$7,500

Columns may not add due to rounding

¹³ FY 2023 amounts provided in the "Consolidated Appropriations Act, 2023," (Division E of P.L. 117-328).

¹⁴ The estimated lease obligations exclude the proportionate share of building operating costs overages (taxes, utilities, and maintenance passed onto CFTC) that are not included in the lease-related no-year account.

APPENDIX 5

Information Technology Resources

The tables below represent the budget request for IT by budget program and IT Portfolio Cost Type. IT expenses are funded from the Commission's primary PPA, Salaries and Expenses (S&E) and an indirect overhead allocation, which is a proportional share of estimated agency-wide operating costs such as the lease of space, utilities, supplies, equipment and other services used by or available to all CFTC organizations. CFTC allocates indirect overhead to all divisions and offices in this budget presentation based on a per FTE distribution.

Table 19: Summary of IT Budget by Program and Cost Type

IT Budget by Program	FY 2023 Actual	FY 2024 President's Budget	FY 2024 Continuing Resolution	FY 2025 Estimate
Personnel	\$25,957,131	\$33,470,330	\$29,716,478	\$33,315,794
Operating	85,735,517	109,252,377	82,595,000	91,123,737
Indirect Overhead	5,305,149	5,821,927	5,241,530	5,631,374
Total IT Portfolio	\$116,997,796	\$148,544,634	\$117,553,008	\$130,070,905

IT Portfolio by Cost Type	FY 2023 Actual	FY 2024 President's Budget	FY 2024 Continuing Resolution	FY 2025 Estimate
Development, Modernization, and Enhancement (DME)	\$9,717,377	\$21,003,035	\$15,030,267	\$15,553,186
Operations and Maintenance (O&M)	76,018,139	88,249,342	67,564,733	75,570,551
S&E (Non-DME/O&M)	25,957,131	33,470,330	29,716,478	33,315,794
Indirect Overhead	5,305,159	5,821,927	5,241,530	5,631,374
Total IT Portfolio	\$116,997,796	\$148,544,634	\$117,553,008	\$130,070,905

Columns may not add due to rounding

DEFINITION OF TERMS

DME: Costs related to the development, modernization, and enhancement of technology, including personnel.

O&M: Costs related to the operations and maintenance of technology, including personnel.

S&E: Costs related to the Salaries and Expenses Program.

Personnel: Costs of government personnel/FTE for salary and benefits only.

Operating: Costs related to the purchase of hardware, software, and data and technology services.

Indirect Overhead: Overhead related to leases and other centrally funded costs.

APPENDIX 6

The Commission and the Industry It Regulates

The mission of the CFTC is to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation. The CFTC is focused on resolving unfinished business and preparing for the future. The Commission works to support five strategic goals: 1) strengthen the resilience and integrity of our derivatives markets while fostering vibrancy, 2) regulate our derivatives markets to promote the interests of all Americans, 3) encourage innovation and enhance the regulatory experience for market participants at home and abroad, 4) be tough on those who break the law, and 5) focus on our unique mission and improve our operational effectiveness. As a key mechanism for performing its 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 swap dealers and intermediaries, the CFTC oversight occurs in coordination with the SRO system. While the designated SROs 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 designated SRO activities. Revisions to the Commission's regulatory requirements have required additional focus on the oversight of designated SROs in their implementation of requirements for market participants. As the CFTC seeks to strengthen and refine its regulatory framework, the Commission will continue to work closely with the SROs to emphasize priority areas such as risk management, internal controls, legal compliance and FCM and swap dealer examinations.

CFTC Regulatory Landscape Matrix

The matrix, as detailed in Table 20, reflects how the Commission administers its oversight authorities for each regulated entity by CFTC function. In summary, regulatory oversight is managed as follows:

- *CFTC Core.* All activities under this category are reflected as “CFTC” in Table 20. Activities under this category apply to core functions central to the Commission’s mission. Examples include major enforcement actions, rulemaking, policy, legal interpretations, and no action determinations.
- *CFTC Delegated.* All activities under this category are reflected in Table 20 as “NFA/CFTC” or “designated self-regulatory organizations (DSRO)/CFTC”, or “SRO/CFTC”, as appropriate. This category captures mission activities that involve the delegation of certain regulatory functions to the NFA or other SROs. Examples include cyclical intermediary examinations, certain enforcement actions, and reporting requirements. However, in all cases of delegation, the CFTC is responsible for the review and oversight of the SRO processes, products, procedures, to ensure and validate compliance with all applicable regulations. This work includes quarterly reviews of SRO examinations activities, review/approval of proposed SRO rules and policies, and guidance and legal interpretations.
- *CFTC Shared.* All activities under this category are reflected in Table 20 as “CFTC/DCO Regulator” or “CFTC/Federal Reserve.” For SIDCOs, the CFTC shares regulatory authority with the Federal Reserve. For exempt DCOs, the CFTC shares regulatory authority with the DCO’s home regulatory authority with respect to oversight of swaps clearing by U.S. persons. For registered FBOTs, the CFTC shares regulatory authority with the FBOT’s home regulatory authority with respect to oversight over direct access trading from the U.S. and review of products to be offered for trading by direct access. The FBOT’s home regulatory authority has responsibility for the remaining mission functions. For intermediaries, the CFTC retains certain direct responsibilities and those that have been delegated to SROs, CFTC remains responsible for oversight of such responsibilities and/or delegates regulatory authority to SROs by CFTC mission function.

Table 20: U.S. Regulated Entities and Registrants by CFTC Function

Entity	Acronym	CFTC Function					
		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
Foreign Board of Trade	FBOT	CFTC/FBOT Regulator	CFTC/FBOT Regulator	FBOT Regulator	FBOT Regulator	FBOT Regulator	FBOT Regulator
Clearing Entities							
Derivatives Clearing Organization	DCO	CFTC	CFTC	CFTC	CFTC	CFTC	CFTC
Exempt Derivatives Clearing Organizations	Exempt DCO	CFTC/DCO Regulator	CFTC/DCO Regulator	CFTC/DCO Regulator	CFTC/DCO Regulator	CFTC/DCO Regulator	CFTC/DCO Regulator
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/CFTC	N/A	NFA/CFTC	NFA	NFA/CFTC	CFTC
Commodity Pool Operator	CPO	NFA/CFTC	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

Number of Regulated Entities and Registrants

The Commission's regulatory framework continues to evolve in response to market forces, technology impacts, legislative mandates, and other factors. The number of registrants operating within this framework is similarly impacted by these drivers, and as such, their number will fluctuate over time. The numbers as of FY 2023 are provided below.

Table 21: Number of Regulated Entities/Registrants

Entity	Acronym	As of FY 2023
Trading Entities		
Designated Contract Market	DCM	16
Foreign Board of Trade ¹⁵	FBOT	24
Swap Execution Facility	SEF	23
Clearing Entities		
Derivatives Clearing Organization ¹⁶	DCO	15
Exempt Derivatives Clearing Organization	Exempt DCO	4
Systemically Important DCO	SIDCO	2
Data Repositories		
Swap Data Repository ¹⁷	SDR	4
Registrants—Intermediaries ¹⁸		
Futures Commission Merchant ¹⁹	FCM	61
Major Swap Participant	MSP	0
Retail Foreign Exchange Dealer	RFED	4
Swap Dealer	SD	105
Registrants—Managed Funds		
Commodity Pool Operator	CPO	1,196
Commodity Trading Advisor	CTA	1,279
Other Registrants		
Associated Person	AP	41,607
Introducing Broker	IB	952
Floor Broker	FB	248
Floor Trader	FT	18

¹⁵ FBOTs are registered with the Commission, which allows the FBOT to permit its members and other participants in the United States to enter orders directly into the FBOT's trade-matching system.

¹⁶ The number of DCOs includes the two SIDCOs.

¹⁷ The three SDRs are provisionally registered with the CFTC.

¹⁸ Registrants include companies and individuals, who handle customer funds, solicit or accept orders, or give training advice for profit or compensation. The CFTC registration process is handled through the NFA, an SRO with delegated oversight authority from the Commission.

¹⁹ Excludes FCMs that are also 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 in the markets affecting the Commission.

Data and Trend Charts:

- Volume of futures and option contracts traded;
- Volume of swaps traded on SEFs;
- Swap volume reported to SDRs, cleared vs. uncleared;
- Actively traded futures and option contracts;
- Notional value of futures and swaps contracts;
- Customer funds held at FCMs;
- Margin requirements; and
- CFTC-supported data streams received from the industry.

Trading Entities:

- SEFs registered with the CFTC; and
- DCMs designated by the CFTC.

Clearing Entities:

- DCOs registered with the CFTC;
- Systemically important DCOs; and
- Exempt DCOs.

Intermediaries:

- FCMs and RFEDs registered with the CFTC; and
- Swap dealers provisionally registered with the CFTC.

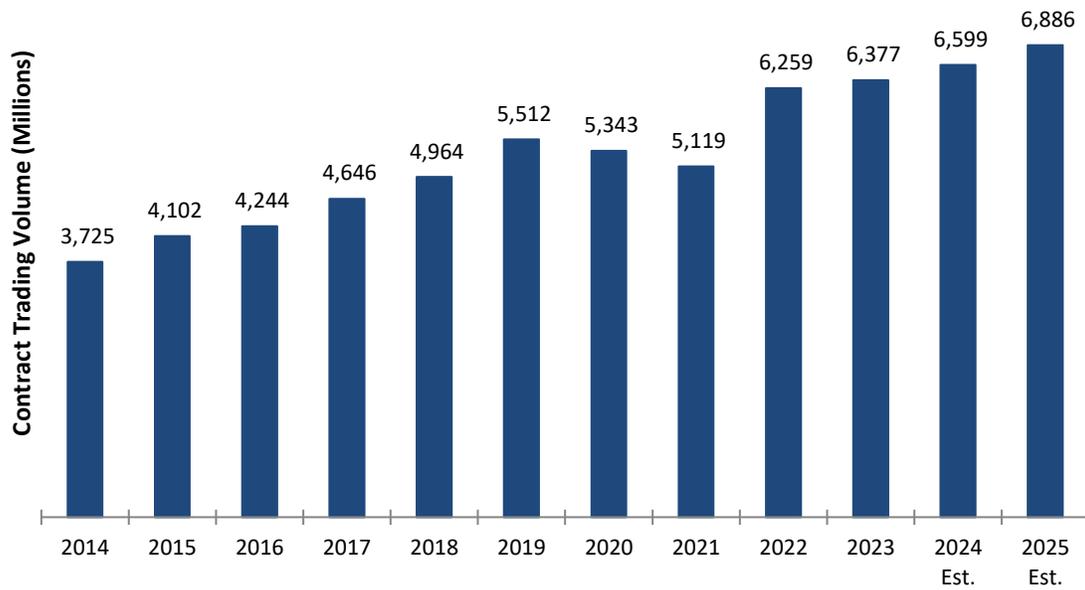
Data Repositories:

- SDRs provisionally registered with the CFTC.

Volume of Futures and Option Contracts Traded^{20,21}

Trading volume for CFTC-regulated contracts has 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 Commission must conduct trade practice and market surveillance for a larger number of transactions.

Figure 2: Growth of Volume of Contracts Traded



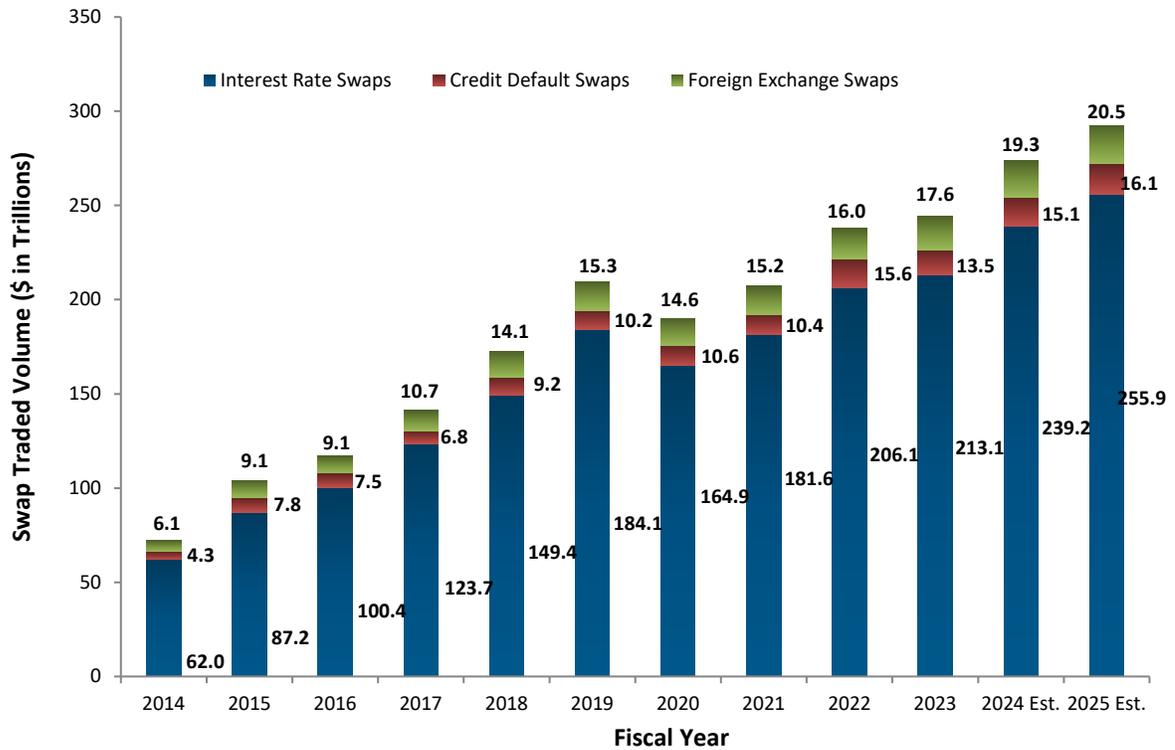
²⁰ Data Source: Futures Industry Association, CFTC estimates.

²¹ Volume for prior year may have changed due to data revisions.

Volume of Swaps Traded on Swap Execution Facilities²²

SEFs, a type of CFTC-regulated platform for trading swaps, began operating on October 2, 2013 (FY 2014). The Futures Industry Association publishes data on volume and market share trends for interest rate, credit default, and foreign exchange products traded on SEFs. As the volume of swaps traded on SEFs increases, CFTC workload increases as well, largely due to growth in the amount of data received and increased trade practice surveillance and market surveillance activities, and the resulting increase in requirements.

Figure 3: Volume of Swaps Traded on Swap Execution Facilities



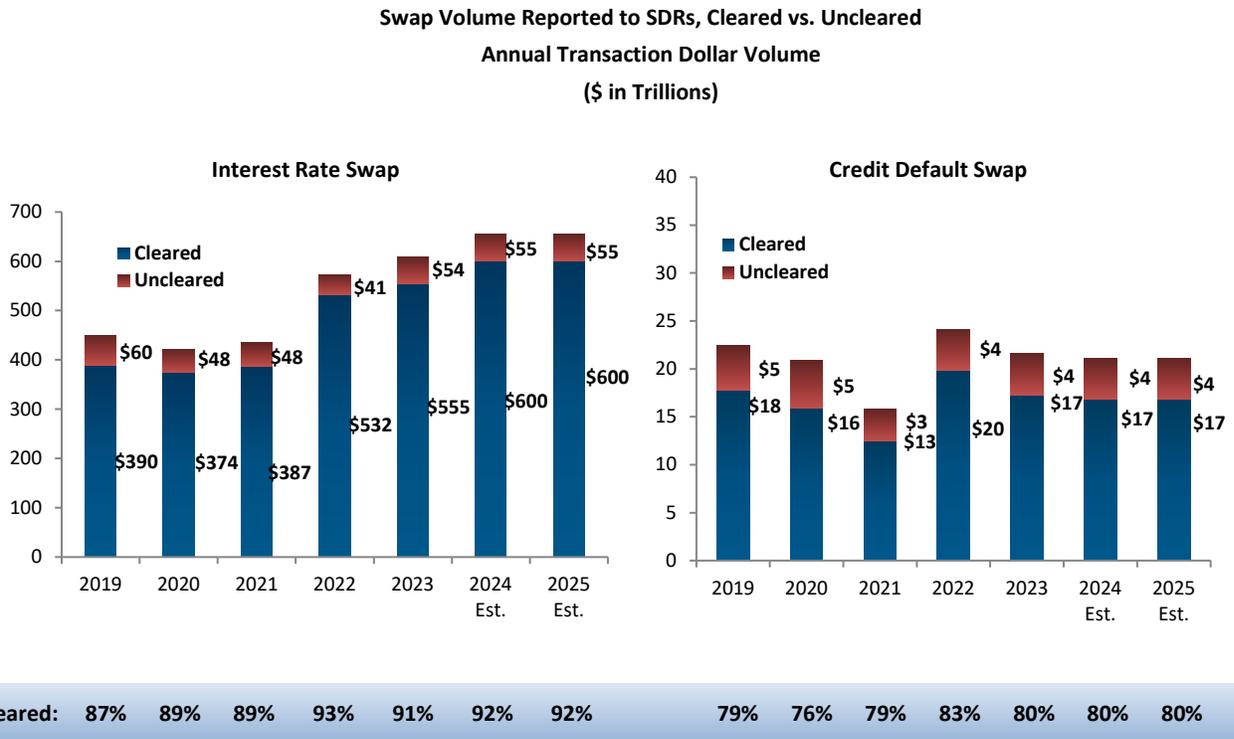
²² Data Source: Futures Industry Association, CFTC estimates.

Swap Volume Reported to Swap Data Repositories, Cleared versus Uncleared²³

Based on data reported to SDRs, as shown in the chart below, more than 90 percent of total interest rate swap transactions in recent years were cleared. This is compared to estimates by the International Swaps and Derivatives Association that only 16 percent by notional value of outstanding interest rate swaps were cleared in December 2007. With regard to index credit default swaps, more than 80 percent of transactions were cleared in recent years.

Since cleared and uncleared swaps exhibit different types of risks, the proper mix of Commission resources depends on the absolute and relative sizes of these two types of transactions. Uncleared swaps are bilateral trades between two entities, such as a transaction between a dealer and customer. Cleared swaps act to reduce counterparty risk by replacing a swap between, for example, a dealer and a customer with one swap between the dealer and the central counterparty, and an offsetting swap between the customer and the central counterparty.

Figure 4: Swaps Volume, Cleared vs. Uncleared

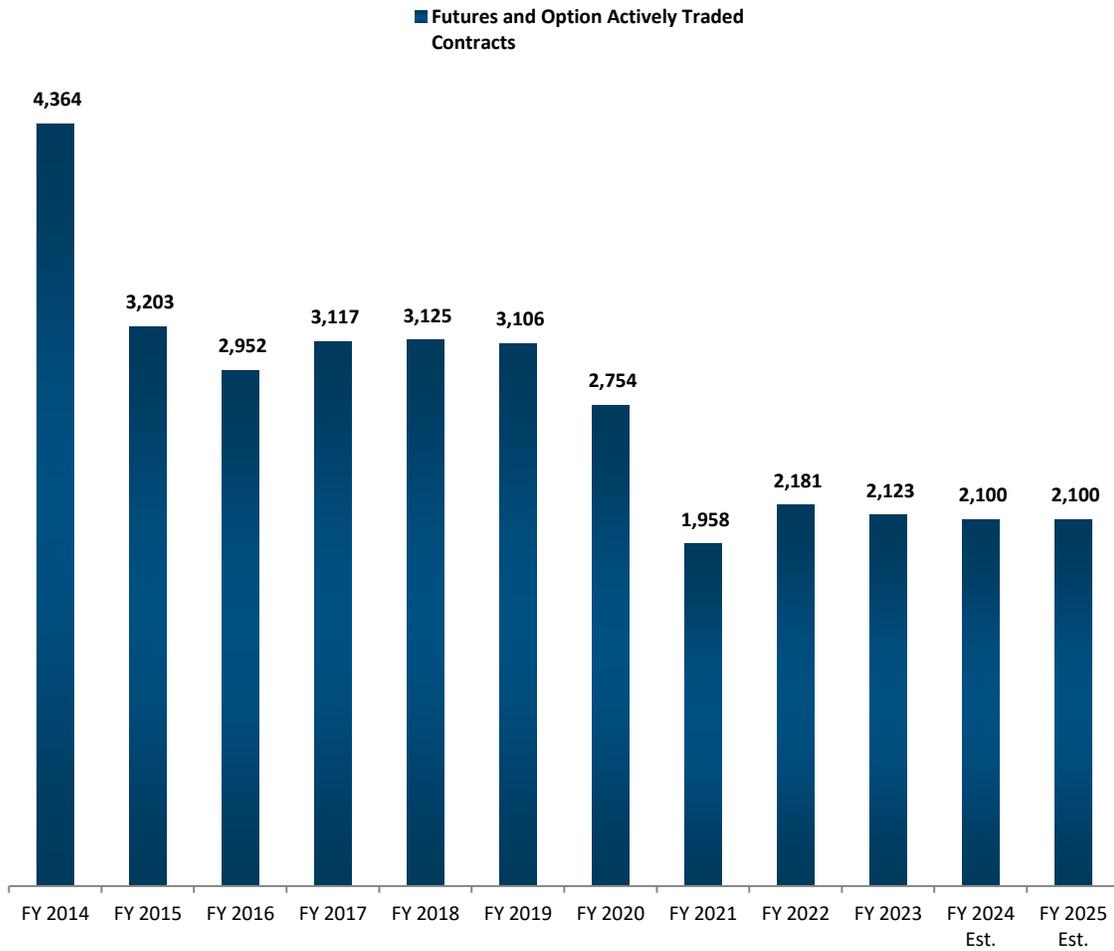


²³ Data Source: CFTC Weekly Swaps Report located at <http://www.cftc.gov/MarketReports/SwapsReports/index.htm>.

Actively Traded Futures and Option Contracts^{24,25}

The number of actively traded contracts on U.S. exchanges (contracts that trade at least ten contracts on at least one day in the year) has declined in recent years but remains at very high levels (over 2,000 contracts). A large number of actively traded contracts increases the CFTC workload since the CFTC has to conduct market surveillance for a larger number of products.

Figure 5: Number of Actively Traded Futures and Option Contracts



²⁴ Data Source: CFTC Integrated Surveillance System, CFTC Estimates

²⁵ Data for prior year may have changed due to data revisions.

Notional Value of Futures and Swaps Contracts²⁶

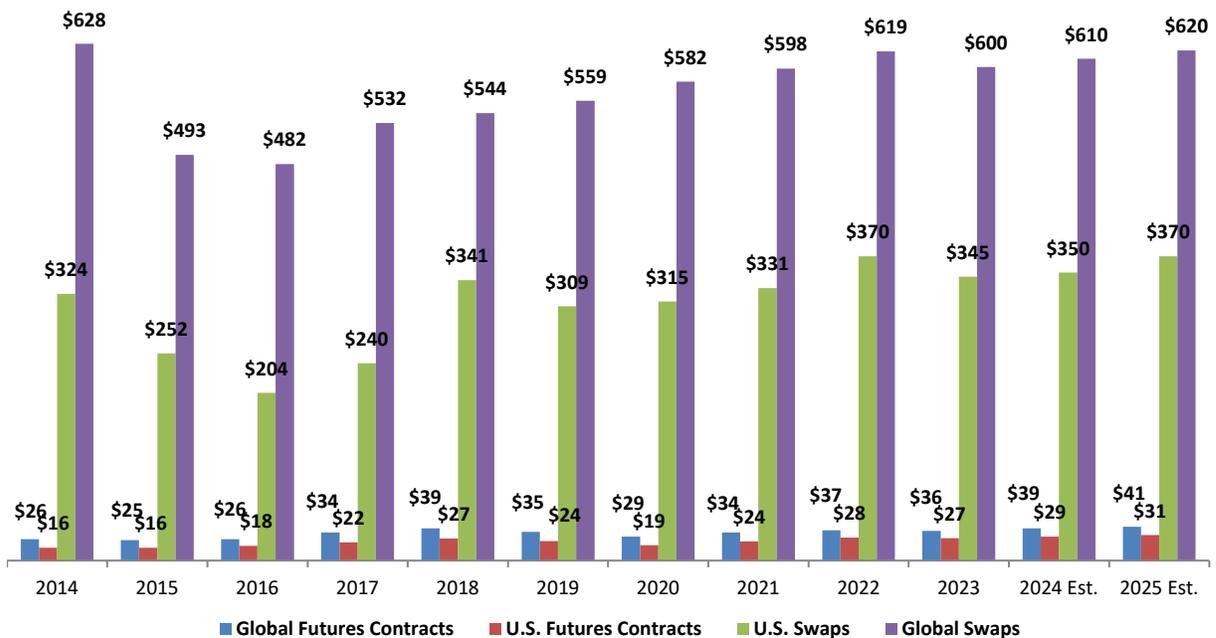
The notional value of the U.S. swaps markets, as reported in the CFTC weekly swaps report, is a significant portion of the global over-the-counter (OTC) market. U.S. swaps market data currently include data from all SDRs and reflects data relating to interest rates, credit default swaps and foreign exchange swaps. The Commission expects to include additional asset classes in the future.

Notional values do not solely reflect risk. Because exchange-traded and OTC contracts have different risk characteristics, the proper mix of Commission resources depends on the absolute and relative sizes of these two types of transactions.

The Commission’s ability to monitor derivatives trading activity has been enhanced in recent years with the development of SDRs. CFTC continues to render the data into a more useable form so that it can be used for economic analyses and to conduct market surveillance.

Figure 6: Notional Value of Global and U.S. Swaps and Futures Contracts

(Dollars in Trillions)



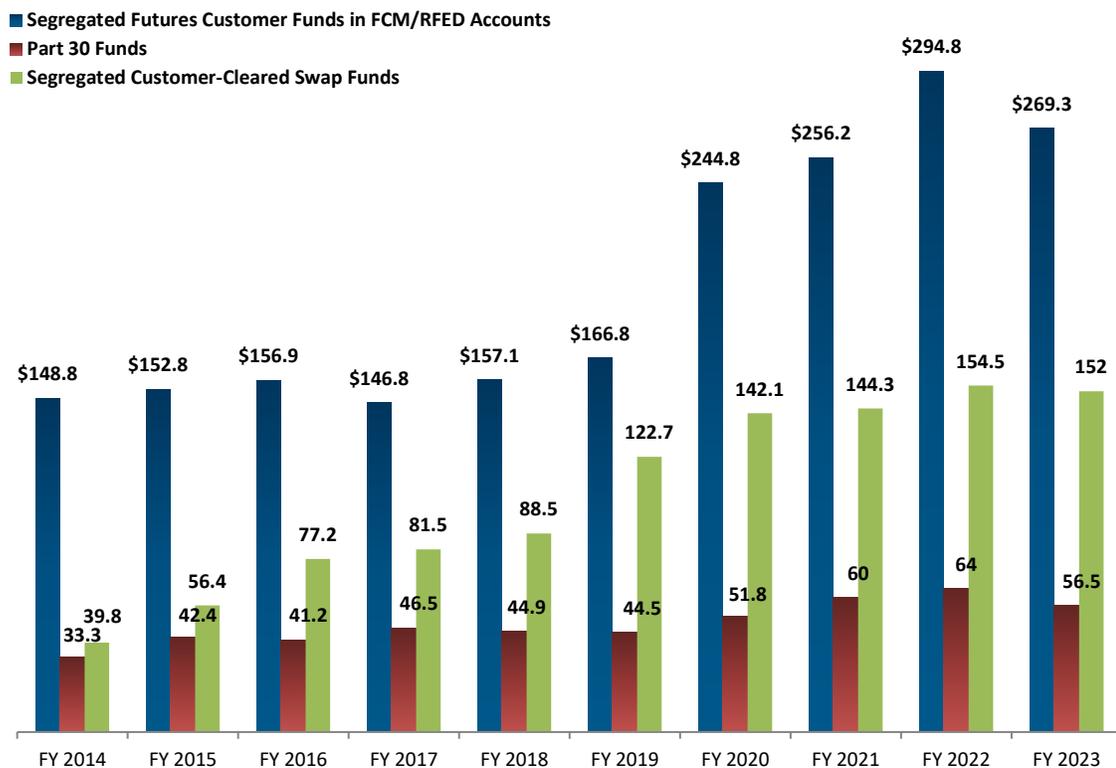
²⁶ Global Swaps reflect notional outstanding for all swap contracts globally, as reported by the Bank of International Settlements. U.S. Swaps reflect contracts reported from three SDRs as reported by the CFTC Weekly Swaps Report. From 2017 onwards U.S. Swaps include notional outstanding for interest rate, foreign exchange, and credit default swaps. Prior to 2017 U.S. swaps include interest rate and credit default swaps only. U.S Futures Contracts reflect interest rate and foreign exchange contracts for North America, as reported by the Bank of International Settlements. Global Futures Contracts reflect interest rate and foreign exchange contracts globally, as report by the Bank of International Settlements.

Customer Funds in Futures Commission Merchants Accounts²⁷

As a key component of the Commission's regulatory framework, all customer funds held by an FCM for trading on DCMs (exchanges) and SEFs must be segregated from the FCM's own funds—this includes cash deposits and any securities or other property deposited by such customers to margin or guarantee their futures and cleared swaps trading. In addition, Part 30 of the CFTC's regulations also requires FCMs to hold apart from their own funds any money, securities, or other property deposited by customers to margin futures contracts listed on foreign exchanges.

Figure 7: Customer Funds in FCM Accounts

(Dollars in Billions)



²⁷ Data Source: CFTC Monthly, FCMs Financial Reporting

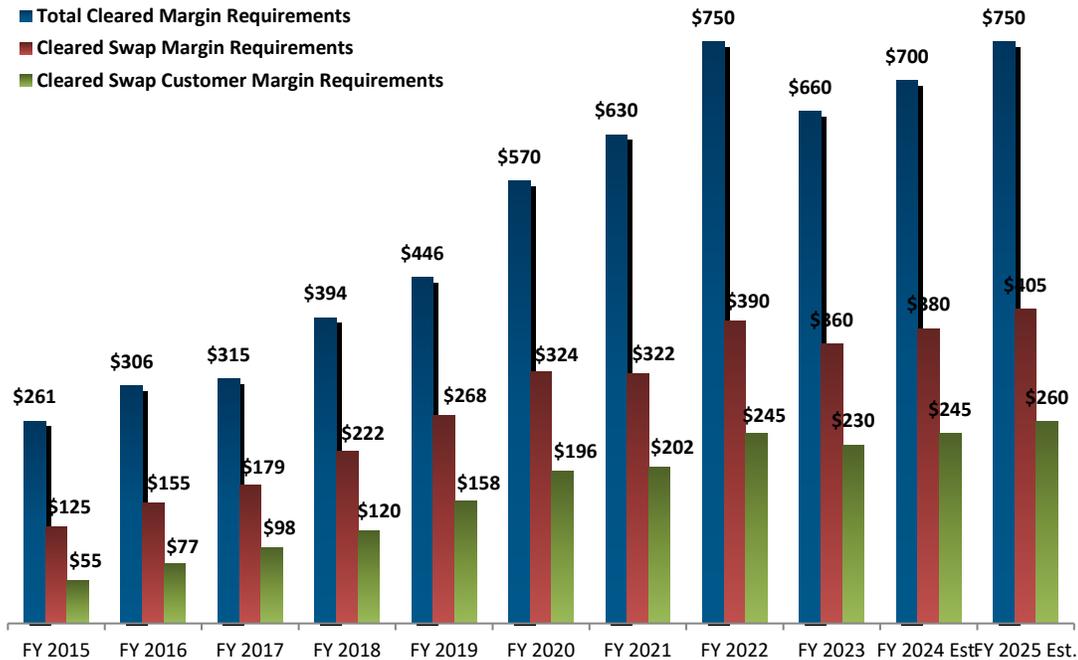
Margin Requirements²⁸

Margin is the collateral that holders of financial instruments have to deposit with DCOs to cover the initial margin requirement of their positions. The initial margin requirement is calculated to encompass some or all of the risk of the positions within a portfolio. Collateral must be in the form of cash or highly liquid securities.

CFTC has observed increases in both the number of market participants it oversees and the sizes of their cleared positions, leading to increases in margin requirements. Total cleared margin (futures and swaps combined) has increased by \$400 billion, or 153 percent, from 2015 to 2023. DCOs only accept trades from their members. If a market participant is not a member of the DCO, it must clear through a member as its customer. Customer swap clearing has continued to grow rapidly, increasing by \$175 billion or 318 percent from 2015 to 2023.

Figure 8: Margin Requirements

(Dollars in Billions)

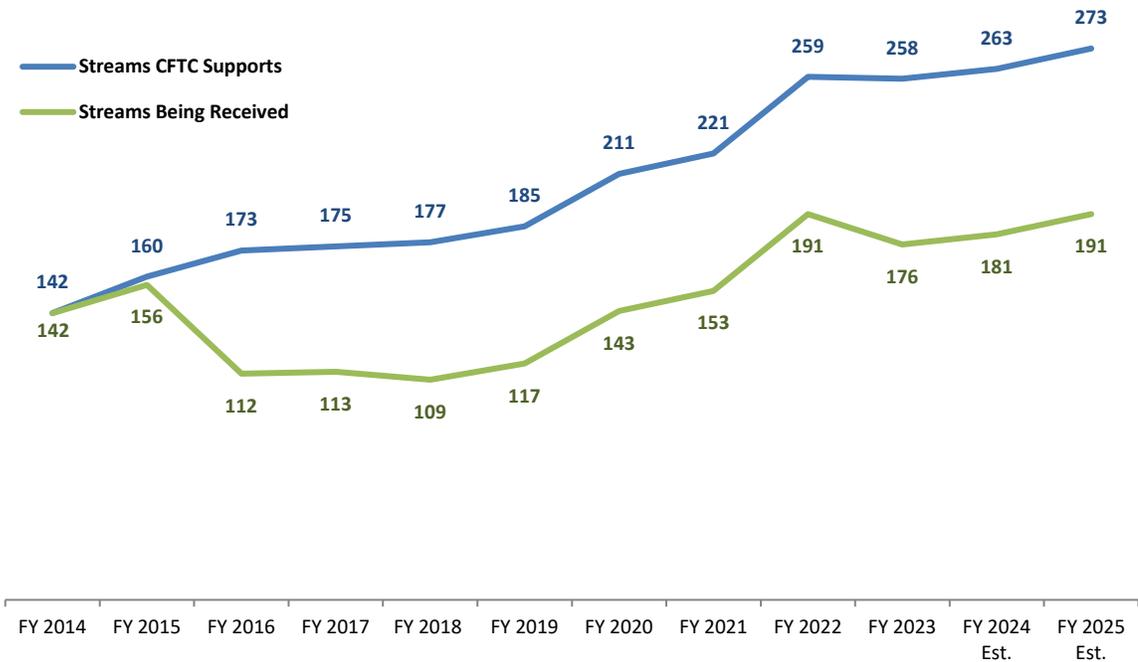


²⁸ Data Source: Part 39 data filings provided daily by DCOs.

Data Streams Supported and Being Received²⁹

The chart is a historical depiction of the number of CFTC-supported data streams received from industry. Working with industry to add values to certain files reduced the number of reporting requirements between FY 2016-FY 2017. The blue line illustrates the number of types of files that have been ingested over time, while the green line depicts the number of types of files that the Commission currently receives.

Figure 9: CFTC-Supported Data Streams Received from Industry



²⁹ CFTC Division of Data estimates

Swap Execution Facilities Registered with the CFTC

The CFTC finalized its rules for SEFs in FY 2013. At the end of FY 2023, 20 SEFs were registered with the Commission. These SEFs are diverse, but each is required to operate in accordance with the same core principles. These core principles provide a framework that includes obligations to establish and enforce rules, as well as policies and procedures that enable transparent and efficient trading. Before adopting new rules or amending rules, SEFs must submit their rules and rule amendments for review by the Commission and make the rules and rule amendments publicly available. SEFs must make trading information publicly available, put into place system safeguards, and maintain financial, operational, and managerial resources to discharge their responsibilities. SEFs are subject to rule enforcement reviews that assess compliance with the core principles and Commission regulations, including those that relate to audit trail, trade practice surveillance, market surveillance, and disciplinary programs.

Each SEF electronically submits several data sets to the Commission every business day. These data sets are a major source of input to the Commission's oversight. The number of new contracts listed by SEFs each year will add to the agency's workload in several ways. New contract terms and conditions and amendments to existing contract terms and conditions submitted to the Commission by a SEF are defined and entered to the internal database systems, and those submissions are reviewed and analyzed to fully understand the product characteristics and to ensure that they comply with the relevant Core Principles.

Figure 10: Number of SEFs Registered with the CFTC

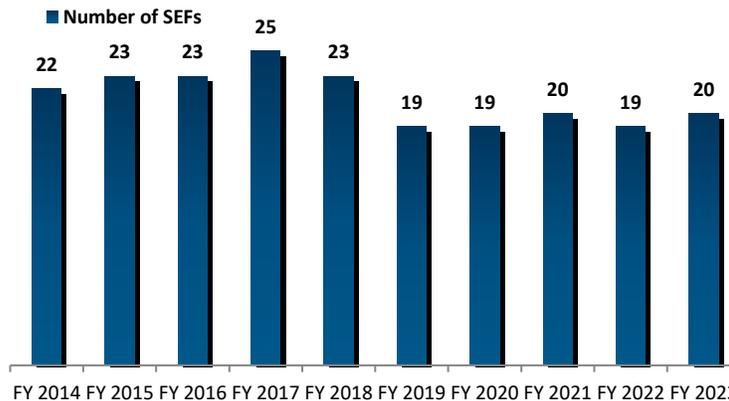


Table 22: FY 2023 List of SEFs

1	360 Trading Networks, Inc.	11	iSwap Euro BV
2	AEGIS SEF, LLC	12	LatAm SEF, LLC
3	BGC Derivatives Markets, L.P.	13	LedgerX LLC
4	Bloomberg SEF LLC	14	NEX SEF Limited
5	Cboe SEF, LLC	15	LSEG FX SEF
6	Clear Markets North America, Inc.	16	RTX SEF FinTech and Research LLC
7	DW SEF LLC	17	SpectrAxe SEF
8	GFI Swaps Exchange LLC	18	tpSEF Inc.
9	ICAP Global Derivatives Limited	19	Tradition SEF, Inc.
10	ICE Swap Trade LLC	20	TW SEF LLC

Contract Markets Designated by the CFTC

The following DCMs are boards of trade or exchanges that meet the criteria and core principles to list futures, options, or swaps to be traded by both institutional and retail participants. Currently, 16 DCM participants meet criteria and core principles to list for trading futures, options, and swaps. In addition, the Commission is reviewing seven DCM applications. The DCMs are subject to statutory core principles that provide a framework that includes obligations to establish and enforce rules, as well as policies and procedures that enable transparent and efficient trading. Before adopting new rules or amending rules, DCMs must submit their rules and rule amendments for review by the Commission and make the rules and rule amendments publicly available. DCMs must make trading information publicly available, put into place system safeguards, and maintain financial, operational, and managerial resources to discharge their responsibilities. DCMs are subject to rule enforcement reviews that assess compliance with the core principles and Commission regulations, including those that relate to audit trail, trade practice surveillance, market surveillance, and disciplinary programs.

For each business day, each DCM electronically submits several data sets to the CFTC. These data sets are a major source of input for multiple functions throughout the Commission. Per CFTC Regulation 16.01, basic market level product data are submitted that includes information on trading volume, open contracts, and prices. This information is reported for futures, options, and swaps. Per CFTC Regulation 16.00, clearing member end of day position data by proprietary and customer trading are received. Customer data is the aggregation of customer positions cleared through the clearing member. Data elements include positions, bought and sold quantities, exchange of futures for related positions, and delivery notices. On a daily basis, per CFTC Rule 16.02, DCMs submit transaction-level trade data and related order information for each futures or option contract. This information includes elements such as trade quantity, time of trade, price, market participant account numbers, etc. These data sets, along with large trader data submitted pursuant to CFTC Regulation 17.00, by reporting markets, 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 DCMs each year adds to the agency's workload in several ways. New contract terms and conditions and amendments to existing contract terms and conditions submitted to the Commission by a DCM are defined and entered to the internal database systems, and those submissions are reviewed and analyzed for a complete understanding of the product characteristics and to ensure that they comply with the relevant Core Principles.

Figure 11: Number of Contract Markets Designated by the CFTC

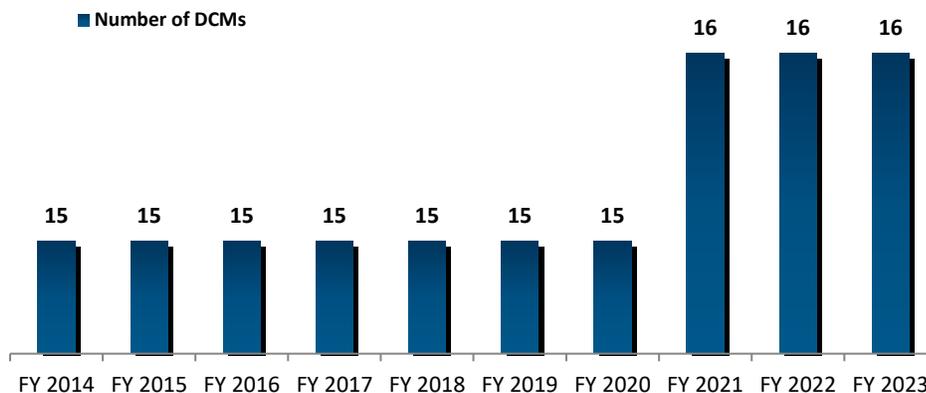


Table 23: FY 2023 List of DCMs

1	Bitnomial Exchange, LLC	9	KalshiEx, LLC
2	CBOE Digital Exchange ³⁰	10	DBA FTX US Derivatives
3	Cboe Futures Exchange, Inc.	11	DBA Coinbase US
4	Chicago Board of Trade	12	Minneapolis Grain Exchange, Inc.
5	Chicago Mercantile Exchange, Inc.	13	New York Mercantile Exchange, Inc.
6	Commodity Exchange Inc.	14	Nodal Exchange, LLC
7	FMX Futures Exchange ³¹	15	North American Derivatives Exchange, Inc.
8	ICE Futures U.S., Inc.	16	Small Exchange, Inc.

³⁰ Formerly Eris Exchange

³¹ Formerly Cantor Futures Exchange, LP

Registered Derivatives Clearing Organizations with the CFTC

Section 5b(a) of the CEA requires a DCO that seeks to provide clearing services with respect to futures contracts, options on futures contracts, or swaps to register with the Commission. In order to be registered and to maintain registration, a DCO must comply with core principles set forth in the CEA and any requirement that the Commission imposes by rule or regulation. As of the end of FY 2023, 15 DCOs were registered with the CFTC, and six applications for registration were pending. The number of registered DCOs does not include foreign DCOs that have received an exemption from registration from the Commission.

Figure 12: Number of DCOs Registered with the CFTC

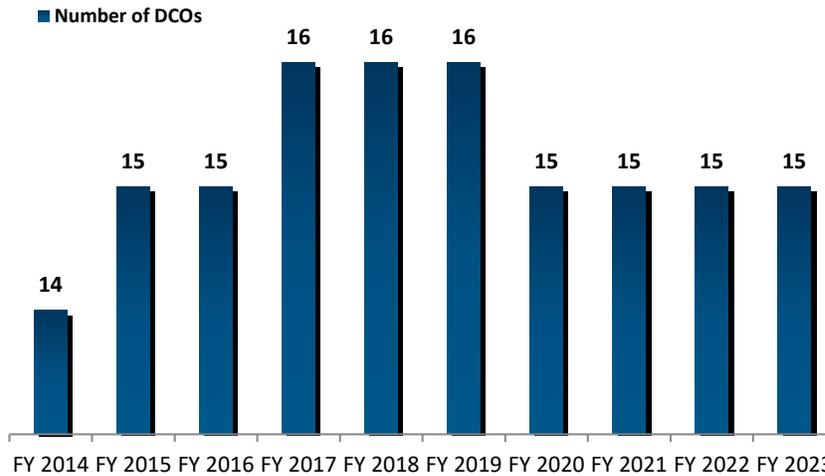


Table 24: FY 2023 List of DCOs Registered with the CFTC

1	Cboe Clear Digital, LLC	9	LCH. Ltd
2	Chicago Mercantile Exchange, Inc.	10	LCH. SA
3	CX Clearinghouse, L.P.	11	LedgerX, LLC
4	Eurex Clearing AG	12	Minneapolis Grain Exchange, Inc.
5	ICE Clear Credit, LLC	13	Nodal Clear, LLC
6	ICE Clear Europe Ltd	14	North American Derivatives Exchange, Inc.
7	ICE Clear US, Inc.	15	Options Clearing Corporation
8	ICE NGX Canada Inc.		

Systemically Important Derivatives Clearing Organizations³²

CFTC regulations define a systemically important derivatives clearing organization (SIDCO) as a financial market utility (FMU) that is a DCO registered with the Commission, which has been designated as systemically important by the FSOC, pursuant to its authority under Title VIII of the Dodd-Frank Act, and for which the Commission acts as the Supervisory Agency. The designation of an FMU as systemically important means the failure of or a disruption to the functioning of the FMU could create, or increase, the risk of significant liquidity or credit problems spreading among financial institutions or markets and thereby threaten the stability of the U.S. financial system.³³

Under Title VIII, the Federal agency that has primary jurisdiction over the designated FMU (DFMU) is the Supervisory Agency, and the CFTC is the Supervisory Agency for two DCOs that were designated in 2012.³⁴ The two SIDCOs are listed in the table below:

Table 25: FY 2023 List of SIDCOs

- 1 Chicago Mercantile Exchange, Inc.
- 2 ICE Clear Credit, LLC

Section 806(e) of the Dodd-Frank Act requires a DFMU to provide notice to its Supervisory Agency 60 days in advance of any proposed change to its rules, procedures, or operations that could materially affect the nature or level of risks presented by the DFMU. The DFMU may implement the change if it has not received an objection from the Supervisory Agency before the review period expires. The Supervisory Agency must consult with the Federal Reserve Board in reviewing the change.

Under Section 807(a) of the Dodd-Frank Act, the Supervisory Agency is required to examine each DFMU at least once annually in order to determine the nature of the operations of and the risks borne by the DFMU; the financial and operational risks presented by the DFMU to financial institutions, critical markets, or the broader financial system; the resources and capabilities of the DFMU to monitor and control risks; the safety and soundness of the DFMU, and the DFMU's compliance with Title VIII and the rules and orders prescribed thereunder. In addition, the Supervisory Agency must consult with the Federal Reserve Board regarding the scope and methodology of each examination, and the Federal Reserve Board may participate in the examination led by the Supervisory Agency.³⁵

³² The CFTC also considers two U.K.-based registered DCOs to be systemically important to the United States even though they have not been designated as such by the FSOC. They are LCH Limited. and ICE Clear Europe Limited.

³³ See Section 807(d) of the Dodd-Frank Act.

³⁴ A third registered DCO, Options Clearing Corporation, was also designated, but the SEC is its Supervisory Agency.

³⁵ See Section 807(d) of the Dodd-Frank Act.

Exempt Derivatives Clearing Organizations

Section 5b(h) of the CEA permits the Commission to exempt, conditionally or unconditionally, a DCO from registration with the Commission for the clearing of swaps to the extent that the Commission determines that such DCO is subject to comparable, comprehensive supervision by appropriate government authorities in the DCO's home country.

Exempt DCOs are limited to clearing proprietary swap transactions for US persons. In order to receive an exemption from registration, a DCO must observe the Committee on Payments and Market Infrastructures-IOSCO Principles for Financial Market Infrastructures (PFMIs) in all material aspects and, after receiving an exemption, must submit an annual certification of its continued observance of the PFMIs. In addition, a memorandum of understanding or similar arrangement satisfactory to the Commission must be in effect between the Commission and the DCO's home country regulator. On an annual basis, the home country regulator must submit to the Commission a written representation that the exempt DCO is in good regulatory standing. As of the end of FY 2023, the Commission has four exempt DCOs and three pending applications for exemption.

Figure 13: Number of Exempt DCOs

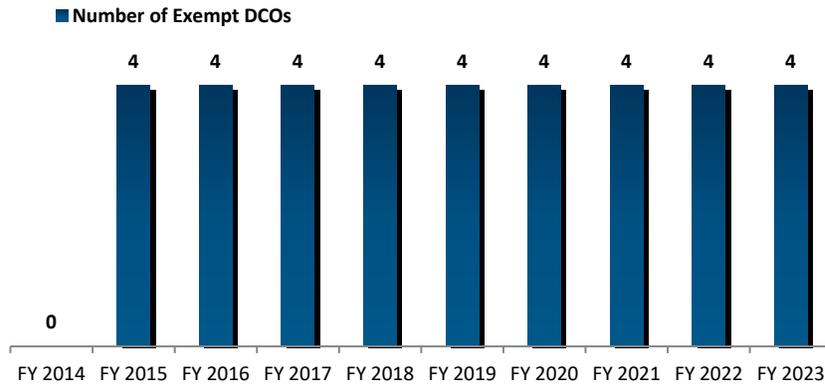


Table 26: FY 2023 List of Exempt DCOs

- 1 ASX Clear (Futures) Pty Limited
- 2 Japan Securities Clearing Corporation
- 3 Korea Exchange, Inc.
- 4 OTC Clearing Hong Kong Limited

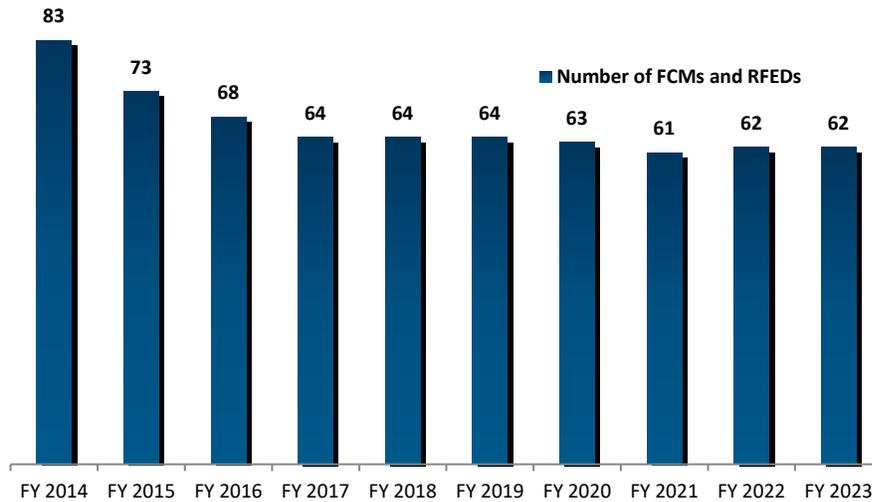
Futures Commission Merchants and Retail Foreign Exchange Dealers Registered with the CFTC

In FY 2023, there were 62 total entities registered as FCMs and two entities registered as RFEDs. Two of the 62 FCMs were also dually-registered as RFEDs.

FCMs serve an integral role in the execution and clearing of futures and swap transactions for market participants. FCMs are primarily engaged in soliciting or accepting orders from customers for futures, options on futures, and swap transactions executed on or subject to the rules of an exchange, and in connection therewith accepting money, securities or property to margin, guarantee or secure such transactions. The number of registered FCMs has steadily declined, despite the continued growth in the futures and cleared swaps markets. As a result, the concentration of customer funds held at fewer FCMs has increased.

RFEDs engage in off-exchange retail foreign currency transactions with retail participants. As such, the RFED is the counterparty to the retail participant.

Figure 14: Number of FCMs and RFED Registered with the CFTC



The next page contains a listing of FCMs and RFEDs by name.

Table 27: FY 2023 List of FCMs and RFEDs

1	ABN AMRO Clearing Chicago, LLC	22	Futu Futures Inc	43	Nanhua USA LLC
2	ADM Investor Services, Inc.	23	GAIN Capital Group, LLC ³⁶	44	Natwest Markets Securities, Inc
3	Advantage Futures LLC	24	G.H. Financials, LLC	45	NinjaTrader Clearing LLC
4	AMP Global Clearing LLC	25	Goldman Sachs & Co. LLC	46	Nomura Securities International Inc. International, Inc. Nomura Securities International, Inc.
5	Apex Clearing Corporation	26	Hidden Road Partners CIV US LLC	47	OANDA Corporation ³⁷
6	Barclays Capital Inc.	27	HSBC Securities (USA) Inc.	48	Phillip Capital Inc.
7	Bitnomial Clearing LLC	28	IG US LLC	49	Pictet Overseas Inc.
8	BNP Paribas Securities Corp.	29	Interactive Brokers LLC	50	RBC Capital Markets LLC
9	BOFA Securities, Inc	30	Ironbeam Inc.	51	R.J. O'Brien & Associates, LLC
10	Cantor Fitzgerald & Co.	31	Jefferies LLC	52	Santander Investment Securities Inc.
11	Charles Schwab Futures & Forex LLC	32	J.P. Morgan Securities LLC	53	Scotia Capital (USA) Inc.
12	CHS Hedging, LLC	33	Lime Trading Corp	54	SG Americas Securities, LLC
13	Citigroup Global Markets Inc.	34	Macquarie Futures USA LLC	55	StoneX Financial Inc
14	Coinbase Financial Markets Inc.	35	Marex Capital Markets Inc.	56	Straits Financial LLC
15	Credit Suisse Securities (USA) LLC	36	Marex North America LLC	57	TradeStation Securities Inc
16	Cunningham Commodities LLC	37	McVean Trading & Investments, LLC	58	Trading.com Markets Inc
17	Daiwa Capital Markets America Inc.	38	MFI Funding LLC	59	UBS Financial Services Inc.
18	Deutsche Bank Securities Inc.	39	MID-CO Commodities, Inc.	60	UBS Securities LLC
19	Direct Access USA LLC	40	Mint Brokers	61	Wedbush Securities Inc.
20	Dorman Trading, LLC	41	Mizuho Securities USA LLC	62	Wells Fargo Securities, LLC
21	E *TRADE Futures LLC	42	Morgan Stanley & Co, LLC		

³⁶ GAIN Capital Group, LLC is an FCM that is also registered as an RFED.

³⁷ OANDA Corporation is an FCM that is also registered as an RFED.

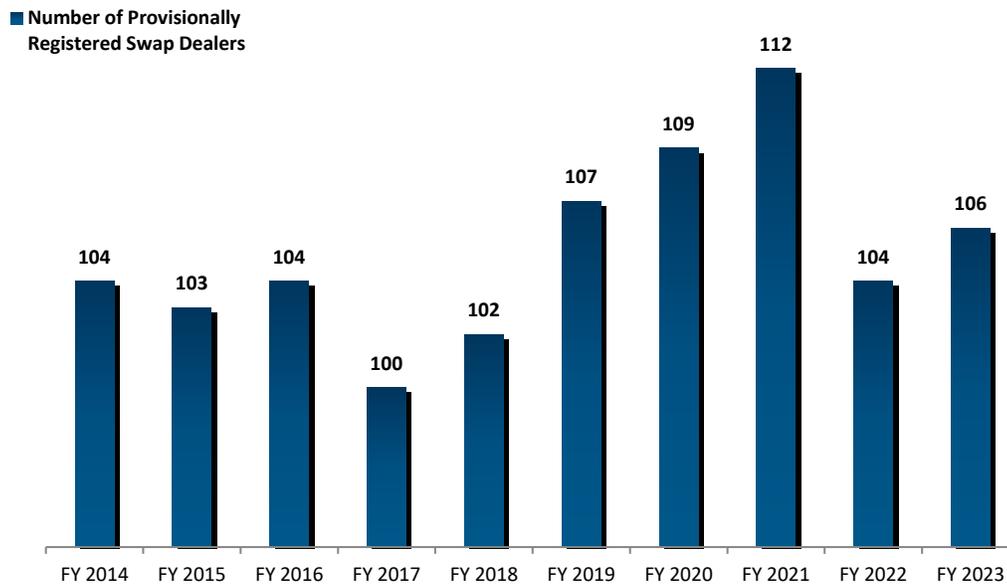
Swap Dealers Provisionally Registered with the CFTC

Swap dealer is a registration category created by the Dodd-Frank Act to regulate dealing activities in the swaps market. A registered swap dealer is subject to various entity and transactional requirements primarily located in Part 23 of the Commission's regulations. A swap dealer must register with the Commission only after its dealing activity exceeds a gross notional threshold set by regulation. The Commission has delegated swap dealer registration to the NFA.

The first swap dealers were provisionally registered on December 31, 2012. Over the following two years, the number of swap dealers increased over 50% as more swap dealers exceeded the *de minimis* threshold until the number exceeded 100. Since that time, the total number of provisionally registered swap dealers has fluctuated somewhat from year to year as new dealers registered and existing dealers deregistered.

In November 2018, the Commission approved a final rule amending the swap dealer registration activity threshold and permanently set the *de minimis* threshold at \$8 billion in aggregate gross notional dealing activity in any preceding 12 month period.

Figure 15: Number of SD Provisionally Registered with the CFTC



The next page contains a listing of Swap Dealers as of September 30, 2023³⁸.

³⁸ Data in the figure and table were obtained from the NFA swap dealer registry.

Table 28: FY 2023 List of Provisionally Registered SDs

1	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD	28	CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK	55	JP MORGAN SECURITIES LLC	82	NOMURA GLOBAL FINANCIAL PRODUCTS INC
2	BANCO BILBAO VIZCAYA ARGENTARIA SA	29	CREDIT SUISSE CAPITAL LLC	56	JP MORGAN SECURITIES PLC	83	NOMURA INTERNATIONAL PLC
3	BANCO SANTANDER SA	30	DANSKE BANK AS	57	JPMORGAN CHASE BANK NATIONAL ASSOCIATION	84	NORDEA BANK ABP
4	BANK OF AMERICA EUROPE DAC	31	DARBY SWAP TRADING LLC	58	KEYBANK NATIONAL ASSOCIATION	85	NORTHERN TRUST COMPANY THE
5	BANK OF AMERICA NA	32	DEUTSCHE BANK AG	59	LLOYDS BANK CORPORATE MARKETS PLC	86	PNC BANK NATIONAL ASSOCIATION
6	BANK OF MONTREAL	33	FALCONX BRAVO INC	60	MACQUARIE BANK LIMITED	87	RJ OBRIEN ASSOCIATES LLC
7	BANK OF NEW YORK MELLON THE	34	FIFTH THIRD BANK NATIONAL ASSOCIATION	61	MAKOR SECURITIES LONDON LTD	88	ROYAL BANK OF CANADA
8	BANK OF NOVA SCOTIA THE	35	GFI SECURITIES LIMITED	62	MERRILL LYNCH CAPITAL SERVICES INC	89	SHELL TRADING RISK MANAGEMENT LLC
9	BARCLAYS BANK IRELAND PLC	36	GOLDMAN SACHS & CO LLC	63	MERRILL LYNCH COMMODITIES INC	90	SKANDINAVISKA ENSKILDA BANKEN AB PUBL
10	BARCLAYS BANK PLC	37	GOLDMAN SACHS BANK EUROPE SE	64	MERRILL LYNCH INTERNATIONAL	91	SMBC CAPITAL MARKETS INC
11	BNP PARIBAS SA	38	GOLDMAN SACHS BANK USA	65	MIZUHO CAPITAL MARKETS LLC	92	SOCIETE GENERALE S A
12	BOFA SECURITIES EUROPE SA	39	GOLDMAN SACHS FINANCIAL MARKETS LP	66	MORGAN STANLEY & CO INTERNATIONAL PLC	93	STANDARD CHARTERED BANK
13	BOFA SECURITIES JAPAN CO LTD	40	GOLDMAN SACHS FINANCIAL MARKETS PTY LTD	67	MORGAN STANLEY & CO LLC	94	STATE STREET BANK AND TRUST COMPANY
14	BP ENERGY COMPANY	41	GOLDMAN SACHS INTERNATIONAL	68	MORGAN STANLEY BANK INTERNATIONAL LIMITED	95	STONEX MARKETS LLC
15	CANADIAN IMPERIAL BANK OF COMMERCE	42	GOLDMAN SACHS JAPAN CO LTD	69	MORGAN STANLEY BANK NA	96	TFS DERIVATIVES LTD
16	CAPITAL ONE NATIONAL ASSOCIATION	43	GOLDMAN SACHS MEXICO CASA DE BOLSA SA DE CV	70	MORGAN STANLEY CAPITAL GROUP INC	97	TORONTO DOMINION BANK THE
17	CARGILL INCORPORATED	44	GOLDMAN SACHS MITSUI MARINE DERIVATIVE PRODUCTS LP	71	MORGAN STANLEY CAPITAL GROUP SINGAPORE PTE	98	TP ICAP BROKING LIMITED
18	CASA DE BOLSA FINAMEX SAB DE CV	45	GOLDMAN SACHS PARIS INC ET CIE	72	MORGAN STANLEY CAPITAL SERVICES LLC	99	TRUIST BANK
19	CITADEL SECURITIES SWAP DEALER LLC	46	HSBC BANK PLC	73	MORGAN STANLEY EUROPE SE	100	UBS AG
20	CITIBANK N A	47	HSBC BANK USA NA	74	MORGAN STANLEY MEXICO CASA DE BOLSA SA DE CV	101	UNICREDIT BANK AG
21	CITIGROUP ENERGY INC	48	ICBC STANDARD BANK PLC	75	MORGAN STANLEY MUFG SECURITIES CO LTD	102	US BANK NA
22	CITIGROUP GLOBAL MARKETS EUROPE AG	49	ING CAPITAL MARKETS LLC	76	MUFG BANK LTD	103	WELLS FARGO BANK NATIONAL ASSOCIATION
23	CITIGROUP GLOBAL MARKETS INC	50	INTESA SANPAOLO SPA	77	MUFG SECURITIES EMEA PLC	104	WESTPAC BANKING CORPORATION
24	CITIGROUP GLOBAL MARKETS LIMITED	51	J ARON & COMPANY LLC	78	NATIONAL AUSTRALIA BANK LIMITED	105	XP INVESTMENTS US LLC
25	COMMERZBANK AG	52	J ARON & COMPANY SINGAPORE PTE	79	NATIONAL BANK OF CANADA	106	XTX MARKETS LIMITED
26	COMMONWEALTH BANK OF AUSTRALIA	53	JB DRAX HONORE UK LTD	80	NATIXIS		
27	COOPERATIEVE RABOBANK UA	54	JEFFERIES FINANCIAL SERVICES INC	81	NATWEST MARKETS PLC		

Swap Data Repositories Provisionally Registered with the CFTC

SDRs are entities created by the Dodd-Frank Act in order to provide a central facility for swap data reporting and recordkeeping. Under the Dodd-Frank Act, all swaps, whether cleared or uncleared, are required to be reported to registered SDRs. The Dodd-Frank Act added Section 21 to the CEA, which established registration requirements and core duties and responsibilities for SDRs. The Commission, in turn, created Part 49 of the Commission's regulations to implement Section 21. SDRs are required to register with the Commission and comply with the Commission's regulations. These regulations include requirements for public reporting of swap transaction and pricing data and for providing swap data to the Commission.

Figure 16: Number of Provisionally Registered SDRs

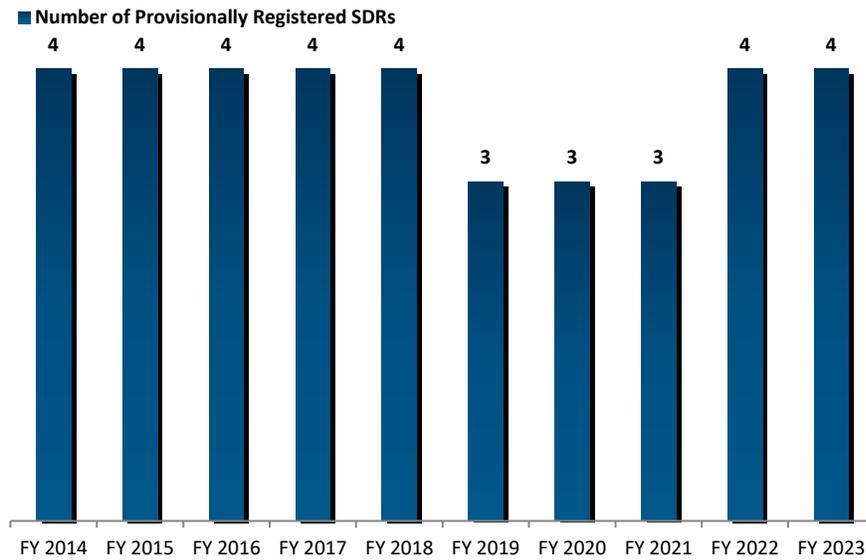


Table 29: FY 2023 List of SDRs

- 1 Chicago Mercantile Exchange, Inc.
- 2 DTCC Data Repository, LLC
- 3 ICE Trade Vault, LLC
- 4 KOR Reporting Inc.

APPENDIX 7

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, and 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 (CPF) 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 the Customer Education Program.

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, often communicating with whistleblowers or their counsel to address questions or concerns.
- *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 Claims Review Staff (CRS), advises the CRS as needed on the whistleblower provisions and rules, and memorializes the CRS’s decisions. Those determinations lead to Final Orders of the Commission through a review process that WBO also coordinates. Finally, WBO processes award claims that do not meet minimum requirements under the Whistleblower Rules, 17 CFR part 165.

In FY 2023, the CFTC granted seven applications for whistleblower awards, totaling approximately \$16 million, to individuals who voluntarily provided original information that led to successful enforcement actions.

All whistleblower award payments are made out of the CPF established by Congress, financed entirely through monetary sanctions paid to the CFTC by violators of the CEA.

In FY 2025, the Commission will continue its communications with market participants and voluntary whistleblowers about the protections and incentives afforded by the Whistleblower Program. WBO will also continue processing whistleblower submissions and award claims with the goal of continued efficiency.

Management of the Office of Customer Education and Outreach

The Office of Customer Education and Outreach (OCEO) administers the Customer Education and Outreach Program for the development and implementation of public education initiatives designed to help customers protect themselves against fraud or other violations of the CEA.

OCEO serves as the focal point for providing information to retail customers who historically have been most at-risk for fraud. OCEO provides new and engaging fraud awareness educational content for CFTC.gov and contributes to improving the Commission's overall online presence through the use of social media.

In FY 2023, OCEO focused on raising awareness about digital-asset frauds, updating fraud prevention content, participating in virtual customer education programming, adding fraud prevention messages to the Commission's social media channels, and working with Federal, international, and private-sector partners to improve customer protection education. As part of these efforts, OCEO introduced traditional financial educators to the risks of digital asset fraud through more than 20 hours of presentations. OCEO also saw continued growth in its digital outreach. Traffic to educational content on CFTC.gov increased more than 23 percent year-over-year.

In FY 2025 and beyond, OCEO looks forward to continuing its efforts to add fraud prevention content to CFTC.gov, as well as on social media and in the press with the aim of preventing victimization. OCEO anticipates hiring an outside advertising agency to assist with a public service awareness (PSA) campaign to raise the public's awareness of the threat of certain fraudulent schemes that impact retail customers, such as those related to digital assets, romance frauds, and precious metals frauds. OCEO also plans to engage with industry to alert them to these frauds. As part of these efforts, OCEO will continue to build its relationships with public and private sector financial educators and organizations.

Operation of the CFTC Customer Protection Fund

The CPF 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 CPF whenever the balance in the CPF at the time of the deposit is less than or equal to \$100 million. The Commission pays whistleblower awards and finances customer education initiatives from the CPF, but does not deposit restitution awarded to victims into the CPF. Program values include allocated CFTC administrative expenses.

In FY 2025, the CFTC estimates that it will use up to \$226.5 million:

- Up to \$10.4 million will be used to finance customer education initiatives, administrative expenses, and 11 FTE.
- Whistleblower award payouts are estimated at approximately \$210 million.
- Up to \$6.1 million will be used for the WBO to fund administrative expenses and 12 FTE.

Table 30: Customer Protection Fund

	FY 2023 Actual \$ (000)	FY 2024 Estimate \$ (000)	FY 2025 Estimate \$ (000)
Budget Authority – Prior Year	\$269,793	\$261,359	\$106,477
Budget Authority – New Year	13,160	68,000	234,000
Prior Year Recoveries	1	216	216
Sequestration	(750)	(3,876)	(13,338)
Transfer	0	0	8,882
Total Budget Authority	282,204	325,699	336,237
Whistleblower Program	3,989	6,000	6,055
Whistleblower Awards	15,672	210,000	210,000
Customer Education Program	1,184	3,222	10,353
Total Planned Expenditures	20,845	219,222	226,409
Total Available or Estimate	\$261,359	\$106,477	\$109,829

Table 31: Customer Protection Fund – Multi-Year Account³⁹

	FY 2023 Actual \$ (000)	FY 2024 Estimate \$ (000)	FY 2025 Estimate \$ (000)
Budget Authority – Prior Year	\$8,882	\$8,882	\$8,882
Budget Authority – New Year	0	0	0
Prior Year Recoveries	0	0	0
Transfer	0	0	(8,882)
Total Budget Authority	8,882	8,882	0
Whistleblower Program	0	0	0
Customer Education Program	0	0	0
Total Planned Expenditures	0	0	0
Total Available or Estimate	\$8,882	\$8,882	\$0

³⁹ Public Law 117-25 provided the CFTC with one-time authority to set aside \$10 million from the primary CPF Fund into a separate, multi-year account to fund non-whistleblower costs (e.g., payroll, contracts, etc.) whenever the unobligated balance of the Fund is insufficient. Public Law 117-328 provided the CFTC with the authority to transfer an additional \$10 million from the primary CPF Fund into the separate, multi-year account for the same purposes as Public Law 117-25. All funds in the account are available until October 1, 2024.

APPENDIX 8

Budget Summary Tables – FY 2024 President's Budget

The tables included in this appendix display the change amounts between the FY 2024 President's Budget and the FY 2025 Budget Request. These tables are for informational purposes only.

Table 32: Summary of FY 2023 to 2025 by Program– FY 2024 President's Budget Comparison

	FY 2023 Actual \$ (000)	FY 2024 President's Budget \$ (000)	FY 2025 Request \$ (000)	Change \$ (000)
Salaries and Expenses	\$348,018	\$404,755	\$392,419	(\$12,335)
Office of the Inspector General	\$3,493	\$6,245	\$6,581	\$335
Total Annual Request	\$351,511	\$411,000	\$399,000	(\$12,000)

Columns may not add due to rounding

Table 33: Summary of FY 2023 to 2025 by Division– FY 2024 President's Budget Comparison

	FY 2023		FY 2024		FY 2025		Change	
	FTE	Actual \$ (000)	FTE	President's Budget \$ (000)	FTE	Request \$ (000)	FTE	\$ (000)
Enforcement	162	\$66,633	172	\$70,559	163	\$73,997	(9)	\$3,438
Market Oversight	77	\$27,762	93	\$36,060	88	\$35,987	(5)	(474)
Clearing and Risk	84	\$30,648	91	\$34,994	86	\$35,553	(5)	\$559
Market Participants	65	\$23,961	73	\$28,395	69	\$28,488	(4)	\$93
Office of the Chief Economist	18	\$6,714	20	\$7,387	19	\$7,993	(1)	\$606
Office of the General Counsel	58	\$27,297	59	\$28,225	56	\$28,630	(3)	\$405
Office of International Affairs	16	\$6,333	20	\$8,661	19	\$8,547	(1)	(\$114)
Data	35	\$36,087	43	\$53,269	41	\$42,106	(2)	(\$11,164)
Administration	128	\$106,728	136	\$120,242	129	\$113,449	(7)	(\$6,793)
Office of the Chairman & Commissioners	39	\$15,856	41	\$16,963	39	\$17,670	(2)	\$708
Office of the Inspector General	7	\$3,493	16	\$6,245	16	\$6,581	0	\$335
Total	689	\$351,511	764	\$411,000	725	\$399,000	(39)	(\$12,000)

Columns may not add due to rounding

Table 34: Summary of FY 2023 to 2025 by Object Class – FY 2024 President's Budget Comparison

Annual Baseline Request	FY 2023 Actual	FY 2024 President's Budget	FY 2025 Request	Change
	\$ (000)	\$ (000)	\$ (000)	\$ (000)
11.0 Personnel Compensation	\$152,694	\$180,130	\$184,840	\$4,710
12.0 Personnel Benefits	\$56,534	\$63,302	\$65,360	\$2,058
21.0 Travel and Transportation of Persons	\$1,065	\$2,293	\$1,240	(\$1,053)
22.0 Transportation of Things	\$57	\$55	\$56	\$1
23.1 Rental Payments to GSA	\$3,964	\$3,503	\$5,575	\$2,072
23.2 Rental Payments to Others	\$21,526	\$26,541	\$23,060	(\$3,481)
23.3 Communication, Utilities, & Misc.	\$2,704	\$3,388	\$3,497	\$109
24.0 Printing and Reproduction	\$634	\$690	\$691	\$1
25.0 Other Services	\$105,144	\$122,150	\$105,698	(\$16,452)
26.0 Supplies and Materials	\$4,529	\$2,765	\$2,657	(\$107)
31.0 Equipment	\$2,654	\$6,165	\$6,323	\$158
32.0 Building and Fixed Equipment	\$0	\$17	\$2	(\$15)
42.0 Litigation Fees and Awards	\$8	\$0	\$0	\$0
Total	\$351,511	\$411,000	\$399,000	(\$12,000)

Columns may not add due to rounding

APPENDIX 9

Table of Acronyms

U.S. Federal Law

CEA	Commodity Exchange Act
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
FISMA	Federal Information Security Management Act
FOIA	Freedom of Information Act

CFTC Divisions and Offices

DA	Division of Administration
DCR	Division of Clearing and Risk
DMO	Division of Market Oversight
DOD	Division of Data
DOE	Division of Enforcement
MPD	Market Participants Division
OCE	Office of the Chief Economist
OCEO	Office of Customer Education and Outreach
OGC	Office of the General Counsel
OIA	Office of International Affairs
OIG	Office of the Inspector General
WBO	Whistleblower Office

U.S. Federal Departments and Agencies

CFTC	U.S. Commodity Futures Trading Commission
GSA	U.S. General Services Administration
OMB	Office of Management and Budget
SEC	U.S. Securities and Exchange Commission

Other Abbreviations

AI	Artificial Intelligence
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CME	Chicago Mercantile Exchange
CMP	Civil Monetary Penalties
CPF	Customer Protection Fund
CPO	Commodity Pool Operator
CTA	Commodity Trading Advisor
DCM	Designated Contract Market
DCO	Derivatives Clearing Organization
DFMU	Designated Financial Market Utility
DSRO	Designated Self-Regulatory Organization
EU	European Union
FBOT	Foreign Board of Trade
FCM	Futures Commission Merchant
FinTech	Financial Technology

FSB	Financial Stability Board
FSOC	Financial Stability Oversight Council
FTE	Full-time Equivalent
FX	Foreign Exchange
FY	Fiscal Year
ICE	Intercontinental Exchange
IOSCO	International Organization of Securities Commissions
IRS	Interest Rate Swaps
IT	Information Technology
ML	Machine Learning
MSP	Major Swap Participant
NIST	National Institute of Standards and Technology
NFA	National Futures Association
OTC	Over-the-Counter
PPA	Program, Project, and Activity
RER	Rule Enforcement Review
RFED	Retail Foreign Exchange Dealer
S&E	Salaries and Expenses
SDR	Swap Data Repository
SEF	Swap Execution Facility
SIDCO	Systemically Important Derivatives Clearing Organization
SRO	Self-Regulatory Organization
TPRM	Third-Party Risk Management
UK	United Kingdom