



COMMODITY FUTURES TRADING COMMISSION
SUMMARY OF PERFORMANCE
AND FINANCIAL INFORMATION

PROTECTING COMMODITY FUTURES, OPTION AND SWAPS MARKETS...

From Wall Street to Main Street



Fiscal Year
2013



COMMODITY FUTURES TRADING COMMISSION

Gary Gensler
Chairman

Tony Thompson
Executive Director

Mark Carney
Chief Financial Officer

February 2014

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COMMODITY FUTURES TRADING COMMISSION

SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

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CFTC MISSION

TO PROTECT MARKET USERS AND THE PUBLIC FROM FRAUD, MANIPULATION, ABUSIVE PRACTICES AND SYSTEMIC RISK RELATED TO DERIVATIVES THAT ARE SUBJECT TO THE COMMODITY EXCHANGE ACT, AND TO FOSTER OPEN, COMPETITIVE, AND FINANCIALLY SOUND MARKETS.



Gary Gensler, chairman of the Commodity Futures Trading Commission (CFTC), stands for a photograph after a Bloomberg Television interview at the Sandler O'Neill + Partners Conference in New York, U.S., on Thursday, June 6, 2013. The Commodity Futures Trading Commission won't delay enforcement of a June 10 deadline for swaps-market participants from hedge funds to small banks to start having their trades backed by clearinghouses, said Gensler.

(Photo by Peter Foley/Bloomberg via Getty Images)

A MESSAGE FROM THE CHAIRMAN

I am pleased to present the Summary of Performance and Financial Information for Fiscal Year (FY) 2013. This has been a year of remarkable progress in bringing transparency, access and competition to the swaps market.

Five years ago, the U.S. economy was in a free fall. Five years ago, the financial system and the financial regulatory system failed the American public. Five years ago, the unregulated swaps market was at the center of the crisis.

With 94 percent of private sector jobs outside of finance, President Obama was looking for solutions to ensure finance better serves the rest of the economy.

The reforms of the 1930s had tasked the Commodity Futures Trading Commission (CFTC or Commission) to swim in a very important lane – derivatives. The futures market has allowed farmers, ranchers and producers to lock in the price of a commodity since the 1860s. The derivatives lane, though, got a lot deeper a century later with the emergency of the vast swaps market. Both futures and swaps are essential to our economy and the way that businesses and investors manage risk.

The President placed great confidence in the CFTC when he asked the agency to help bring much-needed transparency and oversight to the dark, closed swaps market.

This confidence in the CFTC was well placed. As we've seen time and again in our nation's history, when faced with real challenges, we Americans from different walks of life and perspectives find a way to come together to solve them.

The talented CFTC staff and my fellow Commissioners – Mike Dunn, Jill Sommers, Bart Chilton, Scott O’Malia and Mark Wetjen – really have delivered for the American public.

The CFTC has finalized 68 rules, orders and guidances. We have completed nearly all of the agency’s rulemakings, and the initial major compliance dates are behind us.

These reforms took into account nearly 60,000 public comments and input from more than 2,200 meetings and 21 public roundtables.

During this process, the Commission largely found consensus. In fact, two-thirds of our final actions have been unanimous, and nearly 85 percent have been bipartisan.

Now, bright lights of transparency are shining on the \$380 trillion swaps market. Now, a majority of the swaps market is being centrally cleared – lowering risk and bringing access to anyone wishing to compete.

Now, 91 swap dealers have registered and – for the first time – are being overseen for their swaps activity.

Five years after the financial crisis, the swaps marketplace truly has been transformed.

TRANSPARENCY

Foremost, the swaps marketplace has been transformed with transparency.

First, the public can see the price and volume of each swap transaction as it occurs.

This information is available, free of charge, to everyone in the public. The data is listed in real time – like a modern-day tickertape – on the websites of the three swap data repositories (SDRs).

Second, building on the CFTC’s long tradition of promoting transparency, we recently began publishing a Weekly Swaps Report to provide the public with a detailed view of the swaps marketplace.

Third, regulators also have gained transparency into the details on each of the 1.8 million transactions and positions in the SDRs.



Gary Gensler, chairman of the U.S. Commodity Futures Trading Commission (CFTC), speaks during the International Financial Services conference in London, U.K., on Monday, April 22, 2013. U.K. inflation expectations tumbled to the lowest in almost four months this week as energy prices fell and government reports signaled growth is slowing, gilt yields show. (Photo by Simon Dawson/Bloomberg via Getty Images)

Fourth, starting this fall, the public – for the first time – is benefitting from new transparency, impartial access and competition on regulated swap trading platforms.

We now have 19 temporarily registered swap execution facilities (SEFs) where more than a quarter of a trillion dollars in swaps trading is occurring on average per day.

This pre-trade transparency lowers costs for investors, businesses and consumers, as it shifts information from dealers to the broader public.

Fifth, I anticipate that by mid-February, the congressionally mandated trade execution requirement will become effective for a significant portion of the interest rate and credit index swap markets.

CLEARING

The swaps market also has been transformed with mandated central clearing for financial entities as well as dealers.

Central clearing lowers risk and fosters competition by allowing customers ready access to the market.

Clearinghouses have operated successfully at the center of the futures market for over 100 years – through two world wars, the Great Depression and the 2008 crisis.

Reforms have taken us from only 21 percent of the interest rate swaps market being cleared five years ago to more than 70 percent of the market this fall. More than 60 percent of new credit index swaps are being cleared.

Further, we no longer have the significant time delays that were once associated with swaps clearing.

Five years ago, swaps clearing happened either at the end of the day or even just once a week. This left a significant period of bilateral credit risk in the market, undermining a key benefit of central clearing.

Now reforms require pre-trade credit checks and straight-through processing for swaps trades intended for clearing.

With 99 percent of swaps clearing occurring within 10 seconds, market participants no longer have to worry about credit risk when entering into swap trades intended to be cleared.



Gary Gensler, chairman of the Commodity Futures Trading Commission (CFTC), from left, Ben S. Bernanke, chairman of the U.S. Federal Reserve, Jacob 'Jack' Lew, U.S. Treasury secretary, Martin Gruenberg, chairman of the Federal Deposit Insurance Corp. (FDIC), and Mary Jo White, chairman of the U.S. Securities and Exchange Commission (SEC), attend a Financial Stability Oversight Council (FSOC) meeting at the U.S. Treasury in Washington, D.C., on Monday, December 9, 2013. The FSOC discussed cybersecurity and received a presentation from the Office of Financial Research on financial market developments.

(Photo by Andrew Harrer/Bloomberg via Getty Images)

SWAP DEALERS

The market also has been transformed for swap dealers.

Five years ago, swap dealers had no specific requirements with regard to their swap dealing activity. AIG's downfall was a clear example of what happens with no registration or licensing requirement for such dealers.

Today, all of the world's largest financial institutions in the global swaps market are coming under reforms.

These reforms include new business conduct standards for risk management, documentation of swap transactions, confirmations, sales practices, recordkeeping and reporting.

With the approval of the Volcker Rule, swap dealers associated with banking entities will have to comply with new risk-reducing requirements prohibiting proprietary trading.

Further, the transformed marketplace covers the far-flung operations of U.S. enterprises, including their offshore branches and guaranteed affiliates.

The President and Congress were clear in financial reform that we had to learn the lessons of the 2008 financial crisis.

AIG nearly brought down the U.S. economy through its guaranteed affiliate operating under a French bank license in London.

Lehman Brothers had 3,300 legal entities when it failed. Its main overseas affiliate was guaranteed here in the United States, and it had 130,000 outstanding swap transactions.

The lessons of modern finance are clear. If reform does not cover the far flung operations of U.S. enterprises, trades inevitably would just be booked in offshore branches or affiliates. If reform does not cover these far-flung operations, rather than reforming the financial system, we simply would be providing a significant loophole.

BENCHMARK INTEREST RATES

Five years ago, as the public now knows, multiple banks were pervasively rigging the world's most important benchmark interest rates.

The public trust has been violated through bad actors readily manipulating these benchmark interest rates.

I wish I could say that this won't happen again, but I can't.

As London Interbank Offered Rate (LIBOR) and Euro Interbank Offered Rate (Euribor) are not anchored in observable transactions, they are more akin to fiction than fact.

That's the fundamental challenge that the CFTC and law enforcement agencies around the globe have so dramatically revealed.

We've made progress addressing governance and conflicts of interest regarding such benchmarks. But this alone will not resolve the fundamental vulnerability of these benchmarks – the lack of transactions in the interbank market underlying them.

That is why the work of the Financial Stability Board to find replacements for LIBOR and to recommend a means to transition to such alternatives is so critical. The CFTC looks forward to continuing work with the international community on these much-needed reforms.

CUSTOMER PROTECTION

Market events in the last five years highlighted the need to further ensure for the protection of customer funds. Segregation and the protection of customer funds is the core foundation of the futures and swaps markets.

The CFTC went through a two-year process with market participants – and six sets of finalized rules – to comprehensively reform the customer protection regime for futures and swaps.

RESOURCES

One of the most remarkable things about the CFTC is that today, it's only five percent larger than it was 20 years ago.

Since then, though, this small, effective agency has taken on the job of overseeing the \$380 trillion swaps market, which is a dozen times the size of the futures market we have historically overseen. Further, the futures market itself has grown fivefold since the 1990s.



Ben S. Bernanke, chairman of the U.S. Federal Reserve, from left, Gary Gensler, chairman of the Commodity Futures Trading Commission (CFTC), and Jacob 'Jack' Lew, U.S. Treasury secretary, talk following a Financial Stability Oversight Council (FSOC) meeting at the U.S. Treasury in Washington, D.C., on Monday, December 9, 2013. The FSOC discussed cybersecurity and received a presentation from the Office of Financial Research on financial market developments. (Photo by Andrew Harrer/Bloomberg via Getty Images)

Due to the budget challenges in Washington, not only has the CFTC been shrinking, but we had to notify employees of administrative furloughs.

Though the agency has yet to secure necessary funding from Congress, I continue to have faith that one day the CFTC will be funded at levels aligned with its vastly expanded mission.

THE JOURNEY AHEAD

Though the CFTC has completed nearly all the rules of the road for the swaps market, reform is an ongoing journey.

Just as our nation has come together on financial reform these last five years, our regulations will continuously need to evolve. We always need to be open to changes in the markets and how best to promote transparency, competition and protect the public.

The journey is not over in transitioning to a replacement for LIBOR or in adequately funding the CFTC.

I think that we're in very firm setting on clearing, data reporting, real-time reporting, and business conduct reforms – all of which have been implemented. There are likely to be further challenges, however, with regard to the appropriate

level of pre-trade transparency on trading platforms, as well as the scope of the cross-border application of reform.

I couldn't be more proud of the dedicated group of public servants at the CFTC. I am honored to have served along with them during such a remarkable time in the history of the agency.

Our nation benefits from free market capitalism, but it's critical that we have common-sense rules of road to ensure that finance best serves the public at large.

AGENCY FINANCIAL REPORT

The CFTC places a strong emphasis on being an effective steward of its operating funds. I am pleased that for the ninth consecutive year, the Commission has received an unqualified opinion on its financial statements. For the seventh consecutive year, the auditors disclosed no material instances of noncompliance with laws and regulations. I can also report that the CFTC had no material internal control weaknesses and that the financial and performance data in this report are reliable and complete under the Office of Management and Budget (OMB) guidance.



Gary Gensler
December 16, 2013



Gary Gensler, chairman of the Commodity Futures Trading Commission (CFTC), listens during an interview with Reuters in London October 2, 2012. Gensler vowed to push ahead with a new rule to curb speculation in commodity markets after a court threw out the CFTC's plans last week. Gensler, who was travelling in Europe, told Reuters in an interview that the U.S. Congress had issued a clear mandate to the CFTC to introduce limits on the positions commodity traders can hold. (CFTC-LIBOR/ REUTERS/Simon Newman via Corbis)

FY 2013 COMMISSIONERS

Gary Gensler, Chairman



Gary Gensler was sworn in as the Chairman of the Commodity Futures Trading Commission on May 26, 2009. Chairman Gensler previously served at the U.S. Department of the Treasury as Under Secretary of Domestic Finance (1999-2001) and as Assistant Secretary of Financial Markets (1997-1999). He subsequently served as

a Senior Advisor to the Chairman of the U.S. Senate Banking Committee, Senator Paul Sarbanes, on the Sarbanes-Oxley Act, reforming corporate responsibility, accounting and securities laws.

As Under Secretary of the Treasury, Chairman Gensler was the principal advisor to Treasury Secretary Robert Rubin and later to Secretary Lawrence Summers on all aspects of domestic finance. The office was responsible for formulating policy and legislation in the areas of U.S. financial markets, public debt management, the banking system, financial services, fiscal affairs, federal lending, Government Sponsored Enterprises, and community development. In recognition of this service, he was awarded Treasury's highest honor, the Alexander Hamilton Award.

Prior to joining Treasury, Chairman Gensler worked for 18 years at Goldman Sachs, where he was selected as a partner; in his last role he was Co-head of Finance.

Chairman Gensler is the co-author of a book, *The Great Mutual Fund Trap*, which presents common sense investment advice for middle income Americans.

He is a summa cum laude graduate from the University of Pennsylvania's Wharton School in 1978, with a Bachelor of Science in Economics and a Master of Business Administration from the Wharton School's graduate division in 1979. He lives with his three daughters outside of Baltimore, Maryland.

Bart Chilton, Commissioner



Bart Chilton was nominated by President Bush and confirmed by the U.S. Senate in 2007. In 2009, he was re-nominated by President Obama and reconfirmed by the Senate. He has served as the Chairman of the CFTC's Energy and Environmental Markets Advisory Committee (EEMAC). His career spans 25 years in government

service—working on Capitol Hill in the House of Representatives and the Senate, and serving the Executive Branch during the Clinton, Bush, and Obama Administrations.

Prior to joining the CFTC, Mr. Chilton was the Chief of Staff and Vice President for Government Relations at the National Farmers Union where he represented family farmers. In 2005, Mr. Chilton was a Schedule C political appointee of President Bush at the U.S. Farm Credit Administration where he served as an Executive Assistant to the Board. From 2001 to 2005, Mr. Chilton was a Senior Advisor to Senator Tom Daschle, the Democrat Leader of the United States Senate, where he worked on myriad issues including, but not limited to, agriculture and transportation policy.

From 1995 to 2001, Mr. Chilton was a Schedule C political appointee of President Clinton where he rose to Deputy Chief of Staff to the U.S. Secretary of Agriculture Dan Glickman. In this role, Mr. Chilton became a member of the Senior Executive Service (SES)—government executives selected for their leadership qualifications to serve in the key positions just below the most senior Presidential appointees. As an SES member, Mr. Chilton served as a liaison between Secretary Glickman and the Federal workforce at the U.S. Department of Agriculture (USDA).

From 1985 to 1995, Mr. Chilton worked in the U.S. House of Representatives where he served as Legislative Director for three different Members of Congress on Capitol Hill and as the Executive Director of the bipartisan Congressional Rural Caucus.

Mr. Chilton previously served on the Boards of Directors of Bion Environmental Technologies and the Association of Family Farms.

Mr. Chilton was born in Delaware and spent his youth in Indiana, where he attended Purdue University (1979—1982). He studied political science and communications and was a collegiate leader of several organizations. Mr. Chilton and his wife, Sherry Daggett Chilton, split their time between Washington, D.C. and Arkansas.

Scott O'Malia, Commissioner



Scott O'Malia was confirmed by the U.S. Senate on October 8, 2009, as Commissioner of the Commodity Futures Trading Commission, and was sworn in on October 16, 2009. He is currently serving a five-year term that expires in April 2015.

Born in South Bend, Indiana and raised in Williamston, Michigan, Commissioner O'Malia learned about commodity prices firsthand growing up on a small family farm. As a Commissioner of the Commodity Futures Trading Commission (CFTC), he brings both his agricultural background and experience in energy markets, where he has focused his professional career.

Before starting his term at the CFTC, Commissioner O'Malia served as the Staff Director to the U.S. Senate Appropriations Subcommittee on Energy and Water Development, where he focused on expanding U.S. investment in clean-energy technologies, specifically promoting low-cost financing and technical innovation in the domestic energy sector.

From 2003 to 2004, Commissioner O'Malia served on the U.S. Senate Energy and National Resources Committee under Chairman Pete Domenici (R-N.M.), as Senior Policy Advisor on oil, coal and gas issues. From 1992 to 2001, he served as Senior

Legislative Assistant to U.S. Sen. Mitch McConnell (R-Ky.), now the Senate Minority Leader. During his career, O'Malia also founded the Washington office of Mirant Corp., where he worked on rules and standards for corporate risk management and energy trading among wholesale power producers.

In his time at the CFTC, Commissioner O'Malia has advanced the use of technology to more effectively meet the Commission's oversight responsibilities. As chairman of the Technology Advisory Committee (TAC), Commissioner O'Malia works to harness the expertise of the TAC membership to establish technological best practices for oversight and surveillance considering such issues as algorithmic and high frequency trading, data collection standards, and technological surveillance and compliance.

Commissioner O'Malia earned his Bachelor's Degree from the University of Michigan. He and his wife, Marissa, currently live in Northern Virginia with their three daughters.

Mark Wetjen, Commissioner



Mark P. Wetjen was sworn in as a Commissioner of the U.S. Commodity Futures Trading Commission on October 25, 2011. Commissioner Wetjen worked for seven years in the U.S. Senate as a senior leadership staffer advising on all financial-services-related matters, including the Dodd-Frank Act.

Before his service in the U.S. Senate, Commissioner Wetjen was a lawyer in private practice and represented clients in a variety of litigation, transactional and regulatory matters.

Born and raised in Dubuque, Iowa, Commissioner Wetjen received a bachelor's degree from Creighton University and a law degree from the University Of Iowa College Of Law. He lives with his wife, Nicole, and two sons.

Jill E. Sommers also served as a Commissioner until July 8, 2013. Her seat is presently vacant.



COMMISSION AT A GLANCE

WHO WE ARE

The Commission 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 Office of the Chairman oversees the Commission's principal divisions and offices that administer and enforce the Commodity Exchange Act (CEA) and the regulations, policies, and guidance thereunder.

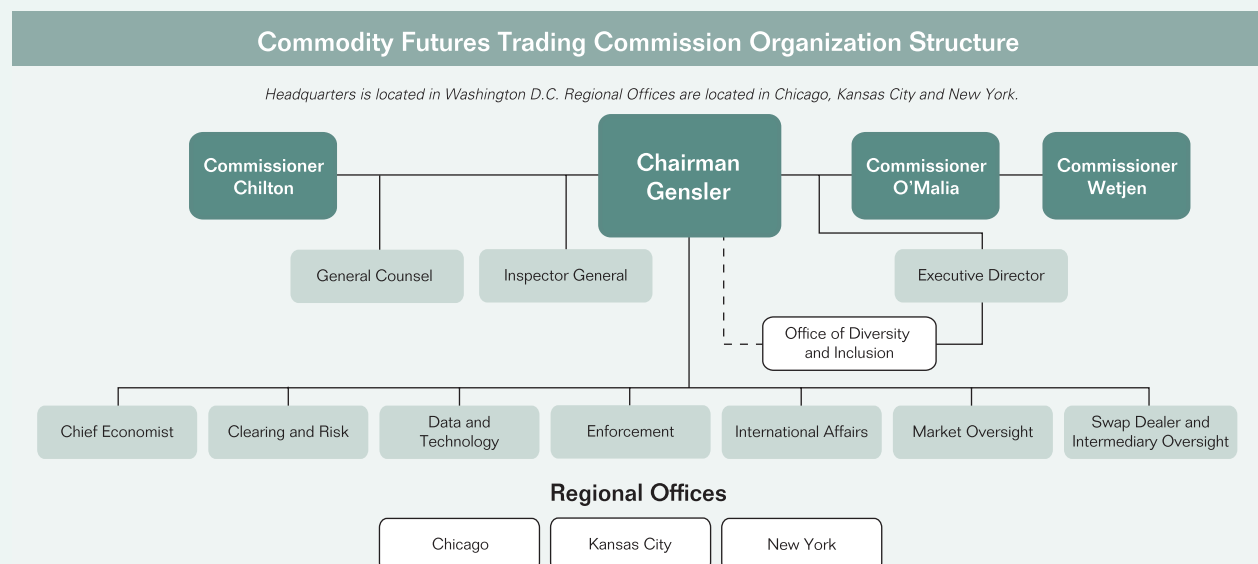
The Commission is organized largely along programmatic and functional lines. The four programmatic divisions—the Division of Clearing and Risk (DCR), Division of Enforcement

(DOE), Division of Market Oversight (DMO), and the Division of Swap Dealer and Intermediary Oversight (DSIO)—are partnered with, and supported by, a number of offices, including the Office of the Chief Economist (OCE), Office of Data and Technology (ODT), Office of the Executive Director (OED), Office of the General Counsel (OGC), and the Office of International Affairs (OIA). The Office of the Inspector General (OIG) is an independent office of the Commission.

The Dodd-Frank Act 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. In 2012, the Commission established the Whistleblower Office (WBO) and the Office of Consumer Outreach (OCO) to administer the whistleblower and customer education programs.

CFTC ORGANIZATION STRUCTURE, LOCATIONS AND FACILITIES

The Commission is headquartered in Washington D.C. Regional offices are located in Chicago, Kansas City and New York.



WHY WE EXIST

CFTC MISSION

TO PROTECT MARKET USERS AND THE PUBLIC FROM FRAUD, MANIPULATION, ABUSIVE PRACTICES AND SYSTEMIC RISK RELATED TO DERIVATIVES THAT ARE SUBJECT TO THE COMMODITY EXCHANGE ACT, AND TO FOSTER OPEN, COMPETITIVE, AND FINANCIALLY SOUND MARKETS.

The Commission administers the CEA, 7 U.S.C. section 1, *et seq.* The 1974 Act brought under Federal regulation futures trading in all goods, articles, services, rights and interests; commodity options trading; leverage trading in gold and silver bullion and coins; and otherwise strengthened the regulation of the commodity futures trading industry. The Commission's mandate has been renewed and expanded several time since then, most recently by the 2010 Dodd-Frank Act.

The first derivatives—called futures—began trading at the time of the Civil War, when grain merchants came together and created this new marketplace. When the Commission was founded in 1974, the vast majority of derivatives trading consisted of futures trading in agricultural sector products. These contracts gave farmers, ranchers, distributors, and end-users of products ranging from corn to cattle an efficient and effective set of tools to hedge against price risk. Over the years, the futures industry has become increasingly diversified. Highly complex financial contracts based on interest rates, foreign currencies, Treasury bonds, security indexes, and other products have far outgrown the agricultural contracts in trading volume.

Electronic integration of cross-border markets and firms, as well as cross-border alliances, mergers and other business activities have transformed the futures markets and firms into a global industry. With the passage of the Dodd-Frank Act, the Commission was tasked with bringing regulatory reform to the swaps marketplace. These products which had not previously been regulated in the United States were at the center of the 2008 financial crises.

REGULATING FUTURES AND SWAPS MARKETS

Regulate Market Participants

- Market participants are subject to capital and margin requirements to lower risk in the system.
- Market participants are required to meet robust business conduct standards to lower risk and promote market integrity.
- Market participants are required to meet recordkeeping and reporting requirements so that regulators can police the markets.

Increase Transparency and Improve Pricing in the Derivatives Marketplace

- Standardized derivatives are required to be traded on regulated exchanges or SEFs.
- Transparent trading of swaps will increase competition and bring better pricing to the marketplace. This will lower costs for businesses and their consumers.

Lower Risk to the American Public

- Standardized derivatives are being moved into central clearinghouses to lower risk in the financial system.
- Clearinghouses act as middlemen between two parties in a transaction and take on the risk that one counterparty defaults on its obligations.
- Clearinghouses have lowered risk in the futures marketplace since the early 1900s. The Dodd-Frank Act brought this crucial market innovation to the swaps marketplace.



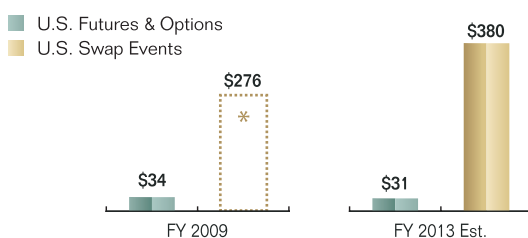
Marketplace Oversight

The purpose of the CEA is to serve the public interest through a system of effective regulation of trading facilities, clearing systems, market participants, and market professionals under the oversight of the Commission.

INDUSTRY OVERSIGHT—MARKETPLACE

In a marketplace driven by change, as are the futures and swaps industries, it may be helpful to look back at the way the industries and CFTC have trended since 2009. The charts that follow reflect many of those changes affecting the CFTC. In 2009, prior to the Dodd-Frank Act, only futures and options were under CFTC jurisdiction.

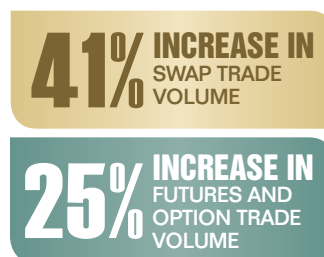
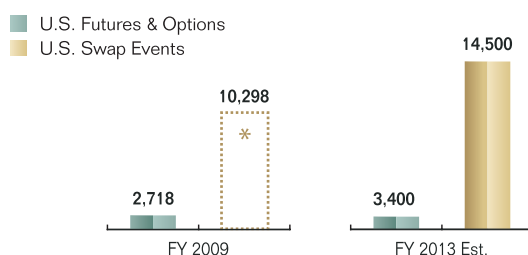
Change in Notional Value from 2009 to 2013 (\$ in trillions)



Estimated 2013 notional value of the U.S. markets:



Change in Trading Volume from 2009 to 2013 (Number of Contracts)



* In 2009, prior to the Dodd-Frank Act, only futures and options were under CFTC jurisdiction.



INDUSTRY OVERSIGHT—CLEARING

Clearing has existed since the 1890s. It lowers risk to the market. The Commission oversees the clearing of futures, options, options on futures, and swaps by DCOs and other market participants that may pose a risk to the clearing process including FCMs, SDs, MSPs, and large traders.

FY 2013 REGULATED ENTITIES	
Trading Entities	
Designated Contract Market (DCM)	19
Swap Execution Facility (SEF)	17
Foreign Board of Trade (FBOT)	1
Clearing Entities	
Derivatives Clearing Organization (DCO)	13
Clearing Members	191
Systemically Important DCO (SIDCO)	2
Data Repositories	
Swap Data Repository (SDR)	3
Registrants	
Futures Commission Merchant (FCM)	105
Swap Dealer (SD)	82
Major Swap Participant (MSP)	2
Retail Foreign Exchange Dealer (RFED)	9
Commodity Trading Advisor (CTA)	2,636
Commodity Pool Operator (CPO)	1,811
Introducing Broker (IB)	1,328
Floor Broker (FB)	5,123
Floor Trader (FT)	955
Associated Person (AP)	56,190

Promoting Access & Lowering Risk

Clearinghouses reduce risk that one entity's failure could spread to the public by standing between two parties and maintain resources to cover defaults. Clearinghouses value every position daily and require parties to post adequate margin on a regular basis. Clearing also fosters access for the broad market as it ensures that each participant no longer has to individually worry about its counterparty's credit circumstances.

\$70.0 Billion

AGGREGATE SUM OF ORIGINAL
OR INITIAL MARGIN ON DEPOSIT
BY CLEARING MEMBER FIRMS
AS OF SEPTEMBER 2013

\$181.3 Billion

CUSTOMER FUNDS HELD
IN FCM ACCOUNTS
AS OF SEPTEMBER 2013



INDUSTRY OVERSIGHT—ENFORCEMENT

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

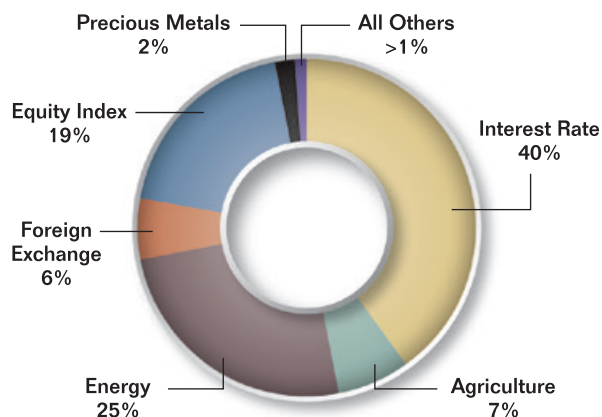
Protecting Market Users and the Public

The Commission investigates and prosecutes alleged violations of the CEA and Commission regulations. The Commission takes enforcement actions against individuals and firms registered with the Commission, those who are engaged in commodity futures, option and swaps trading on designated domestic exchanges, and those who improperly market futures, option and swaps contracts.

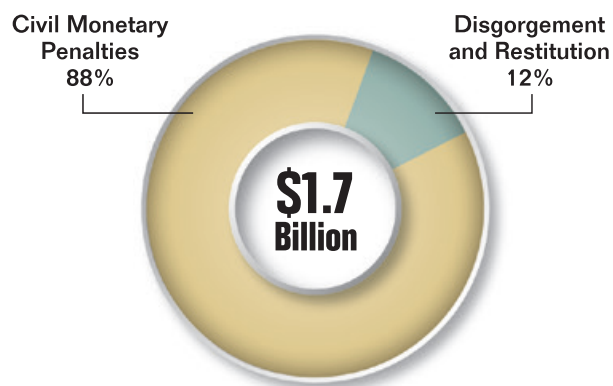
290 NEW INVESTIGATIONS OPENED IN FY 2013

82 ENFORCEMENT ACTIONS FILED IN FY 2013

Commodity Futures Trading Activity FY 2013



Money Sanctions Assessed FY 2013



HOW WE OPERATE

STRATEGIC RESPONSE

The Commission's updated Strategic Plan was published in February 2011 and is located at <http://www.cftc.gov/reports/strategic-plan/2015/index.htm>. It integrated the expanded responsibilities under the Dodd-Frank Act. As a set of guiding principles for implementing new regulatory and mission activities, this plan provides direction during a time of uncertainty. These strategic goals were constructed in a focused way, lending credence to unifying goals found within the CEA and Dodd-Frank Act.

The CFTC organizational programs support the strategic plan goals through nine key mission activities identified by the Commission.



MISSION ACTIVITIES

Registration

The Commission performs a thorough review of the registration applications of all entities seeking to be registered as designated contract markets (DCMs), SEFs, SDRs, and DCOs. Multi-disciplinary review teams of attorneys, industry economists, trade practice analysts and risk analysts ensure that the Commission undertakes a thorough analysis of such applications to ensure compliance with the applicable statutory core principles and Commission regulations. Site visits may be required to validate required technical and self-regulatory capabilities.

Product Reviews

The Commission reviews new product filings as well as issues no-action letters related to product issues. The CFTC's traditional scope of work includes reviewing new futures and options contract filings, reviewing contract rule submissions, and developing new rules and policies to accommodate innovations in the industry. Currently, the Commission conducts due diligence reviews of new contract filings to ensure that the contracts are not readily susceptible to manipulation or price distortion, and that the contracts are subject to appropriate position limits or position accountability. The Commission also analyzes amendments to contract terms and conditions to ensure that the amendments do not render the amended contracts readily susceptible to manipulation and do not otherwise affect the value of existing positions.

Surveillance

The Commission performs three broad types of surveillance: market and trade practice, financial and risk, and business analytics. The Commission monitors trading and positions of market participants on an on-going basis. Commission staff screen for potential market manipulations and disruptive trading practices, as well as trade practice violations. The Commission also monitors changing market conditions and developments, such as shifting patterns of commercial or speculative trading or the introduction of new trading activities, to assess possible market impacts on internal review techniques and/or evaluate the impact such changes may have on exchange trading rules and contracts. The Commission also conducts risk and financial surveillance of DCOs, clearing FCMs, and other market participants such as SDs, MSPs, and large traders that may pose a risk to the clearing process. CFTC also maintains a business analytics platform for performing data analysis. The platform allows staff analyzing industry data to keep pace with the continuing growth in industry data volume and complexity. The Commission established a Strategic Plan objective to ensure that IT systems support the Commission's existing and expanded responsibilities to ensure financially sound markets, mitigate systemic risk, and monitor intermediaries.

Examinations

Examinations are formal, structured assessments of regulated entities' operations or oversight programs to assess on-going compliance with statutory and regulatory mandates. Regular examinations are an effective method of ensuring that the entities' are complying with the core principles established in the CEA (as amended). Examinations are performed by multi-disciplinary teams of individuals, attorneys, industry economists, trade practice analysts, risk analysts, quantitative risk management specialist, IT specialists and accountants depending on the scope.

Enforcement

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

International Policy

The global nature of the futures and swaps markets makes it imperative that the United States consult and coordinate with foreign authorities. The Commission is actively communicating internationally to promote robust and consistent standards, to avoid conflicting requirements, and to engage in cooperative supervision, wherever possible. The Commission participates in numerous international working groups regarding swaps, including the IOSCO Task Force on over-the-counter (OTC) derivatives, and the Basel Committee on Banking Supervision, Committee on Payment and Settlement Systems, IOSCO Joint Working Group on Capital Treatment for Bank Exposures to Central Counterparties, both of which the CFTC co-chairs. The CFTC, the SEC, European Commission and European Securities Market Authority are intensifying discussions through a technical working group. The Commission also is consulting with many other jurisdictions such as Hong Kong, Singapore, Japan, and Canada.

Discussions have focused on the details of the Dodd-Frank rules, including mandatory clearing, trading, reporting and regulation of derivatives market intermediaries. The Commission's international outreach efforts directly support global consistency in the oversight of the swaps markets.

Economic and Legal Analysis

The Commission supports an in-depth, analytical research program that focuses on innovations in trading technology, developments in trading instruments, and the role of market participants in the futures, options, and swap markets. A team of specialized economists supports the Commission's numerous divisions by analyzing these constantly evolving components of markets to help anticipate and mitigate significant regulatory, surveillance, clearing, and enforcement challenges. Economic expertise is especially important for the development and implementation of new financial regulations related to the Dodd Frank Act and the oversight of a new swaps regime.

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

Data and Technology Support

The Commission's over-arching information technology (IT) strategy is to increase the integration of IT into the Commission operating model, which is described in Goal Five of the Strategic Plan. This strategy has become increasingly more important and complex as the Commission's regulatory scope has expanded faster than its resources. In order to do this rapidly with the most practical investment, the Commission's approach is to manage data as an enterprise asset, promote and adopt industry data standards, give priority to services that provide the greatest mission benefit, architect services using small components that can be assembled and reassembled with agility, and deliver solutions in short, iterative phases. The first area of focus must be on data understanding and ingestion—particularly because CFTC has a unique imperative to aggregate various types of data from multiple industry sources across multiple markets, much of which is new to the Commission staff. Receipt and analysis of the first wave of registrant reporting will give Commission staff insight into the markets and business process, which can be used to firm-up requirements and designs for internal surveillance systems. Likewise, the same business analytics tools used for data understanding and *ad hoc* mining of mature datasets will also be used to automate transparency reporting.

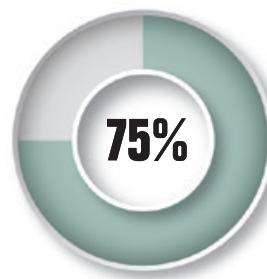
Agency Direction and Management

As stated in the CFTC's Strategic Plan, the Commission's ability to achieve its mission of protecting the public, derivative market participants, U.S. economy, and the U.S. position in global markets is driven by well-informed and reasoned executive direction, strong and focused management, and an efficiently-resourced, dedicated, and productive workforce. These attributes of an effective organization combine to lead and support the critical work of the Commission to provide sound regulatory oversight and enforcement programs for the U.S. public. To ensure the Commission's continued success, continuity of operations, and adaptation to the ever-changing markets it is charged with regulating, the Commission must lead effectively and maintain a well-qualified workforce supported by a modern IT infrastructure and working environment.

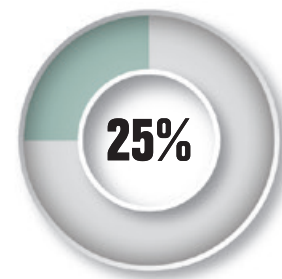
OUR PEOPLE

Collectively, the Commission employs 680 full-time permanent employees that comprise 507 programmatic staff (attorneys, economists, auditors, risk and trade analysts, and other financial specialists) and 173 management and support staff to accomplish five strategic goals and nine key mission activities in the regulation of commodity futures, options, and swaps.

Program Staff



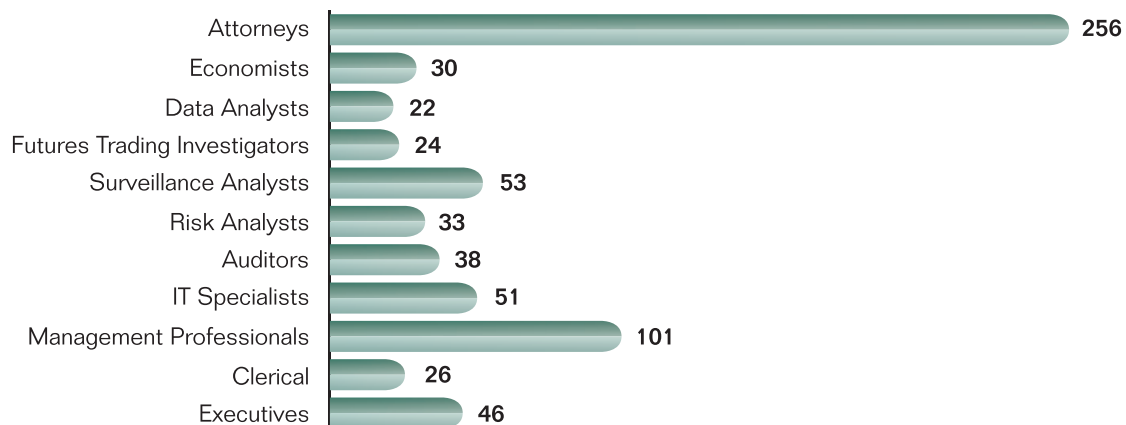
Support Staff



PERSONNEL BY POSITION TYPE

Among the full-time personnel, the majority of Commission staff is analytical professionals with strong academic records and specialized skills in the commodities industry.

Personnel by Position Type





Attorneys across the CFTC's divisions and offices represent the Commission in administrative and civil proceedings, assist U.S. Attorneys in criminal proceedings involving violations of the CEA, develop regulations and policies governing clearinghouses, exchanges and intermediaries, and monitor compliance with applicable rules.



Auditors, Investigators, Risk Analysts, and Trade Practice Analysts examine records and operations of derivatives exchanges, clearinghouses, and intermediaries for compliance with the provisions of the CEA and the Commission's regulations.



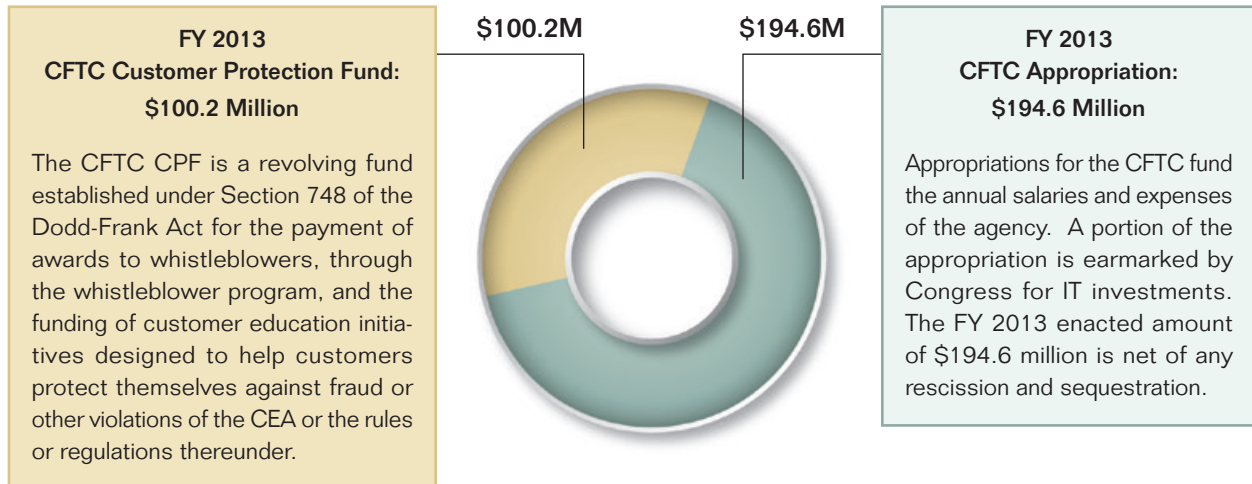
Economists and Data Analysts monitor trading activities and price relationships in derivatives markets to detect and deter price manipulation and other potential market disruptions. Economists also analyze the economic effect of various Commission and industry actions and events, evaluate policy issues and advise the Commission accordingly.



Management Professionals support the CFTC mission by performing strategic planning, information technology, human resources, staffing, training, accounting, budgeting, contracting, procurement, and other management operations.

OUR RESOURCES

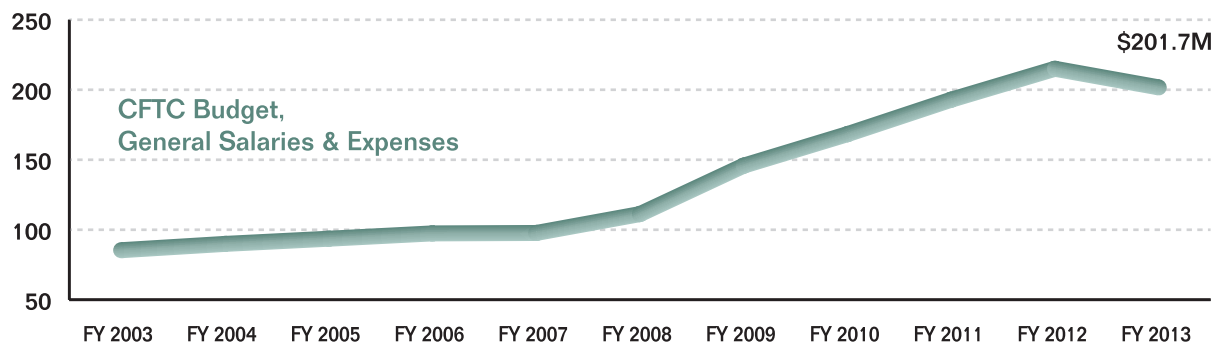
FY 2013 CFTC BUDGETARY RESOURCES



SUMMARY OF CFTC OBLIGATIONS

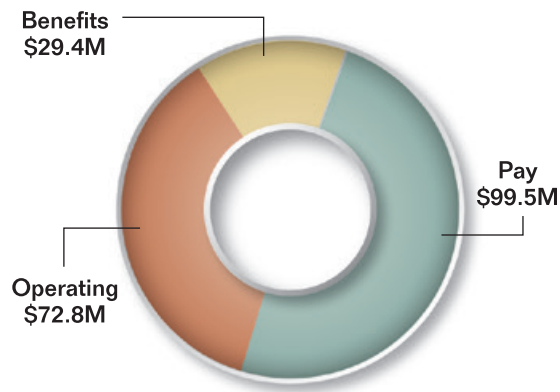
10-Year Obligation Trends (Appropriated Funds)

The following graph shows trending data for total obligations from FY 2003 to FY 2013. Increases in obligations are due, in part, to multi-year funding which began in FY 2011, and to investments in financial regulatory reform in response to the 2008 financial crises.



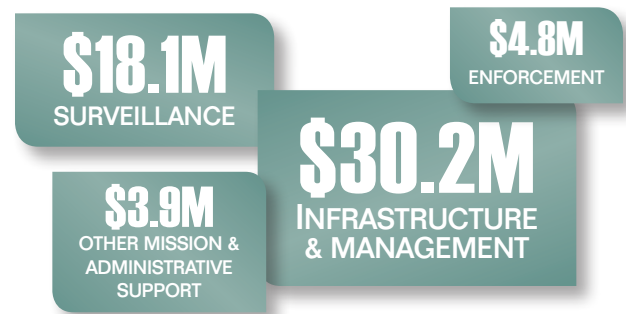
Pay, Benefits and Operating

Personnel costs were 64 percent of the Commission's total obligations in FY 2013.



Technology Portfolio

In FY 2013, the obligated \$50 million to operate and maintain IT systems and infrastructure for surveillance, enforcement, other mission areas, and mission support. In addition, the Commission invested \$5 million in developing, modernizing, and enhancing surveillance and enforcement systems and \$2 million in developing, modernizing, and enhancing other systems and IT infrastructure.



FY 2013 Obligations by Strategic Goal and Mission Activity

The Commission's strategic goals are defined in the 2011-2015 Strategic Plan located on the Commission's website at: <http://www.cftc.gov/reports/strategicplan/2015/index.htm>. In FY 2013, the Commission spent \$157.8 million conducting mission activities in support of the Commission's top four strategic plan goals and spent \$43.9 conducting mission support activities in support of regulatory and organizational excellence.

Strategic Goals (Abbreviated)	Dollars in Millions	FTE ¹
STRATEGIC GOAL 1: MARKET INTEGRITY	\$ 56.0	212
STRATEGIC GOAL 2: FINANCIAL INTEGRITY	\$ 48.2	209
STRATEGIC GOAL 3: ROBUST ENFORCEMENT	\$ 48.8	170
STRATEGIC GOAL 4: CROSS-BORDER COOPERATION	\$ 4.8	20

2013 Mission Activities	Percent Invested by Mission Activity
1. Registration and Registration Compliance	5%
2. Product Reviews	3%
3. Surveillance	21%
4. Examinations	9%
5. Enforcement	19%
6. International Policy	2%

Strategic Support Goals (Abbreviated)	Dollars in Millions	FTE
STRATEGIC GOAL 5: REGULATORY AND ORGANIZATIONAL EXCELLENCE	\$ 43.9	71

2013 Mission Support Activities	Percent Invested by Mission Activity
1. Economic and Legal Counsel	15%
2. Data Infrastructure and Technology Support	13%
3. Agency Direction, Management and Administration	13%

TOTAL	\$201.7	682
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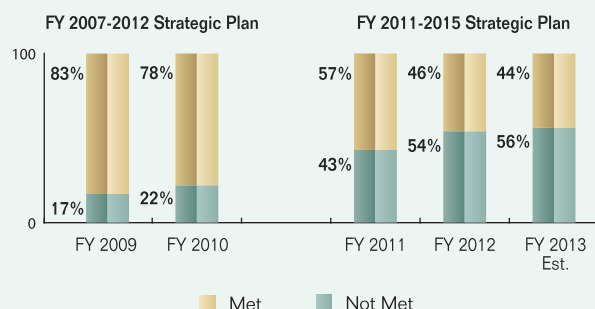
¹ Full-time equivalents (FTE) include full-time and part-time employees and interns.



PERFORMANCE HIGHLIGHTS

SUMMARY OF PERFORMANCE RESULTS

The following bar graph presents the ratings distribution for performance results reported from FYs 2009 through 2013. Preliminary results for FY 2013 indicate that the Commission met 44 percent of its performance targets. This represents a two percent decline over FY 2012.



STRATEGIC PLAN OVERVIEW

The 2011-2015 CFTC Strategic Plan was written in the wake of the Dodd-Frank Act. It guided the CFTC through unprecedented change and exponential growth in responsibilities and oversight. With the effort to write the rules winding down and the implementation of those rules ramping up, FY 2013 proved to be very challenging. The CFTC accomplished three key items during FY 2013: transparency, central clearing, and oversight of SDs and other intermediaries.

Transparency

A key benefit of swaps reform is providing critical transparency and access to businesses and other end-users that use the swaps market to lock in a price or hedge a risk. Transparency and access—longstanding hallmarks of the futures market—lower costs for investors, consumers, and businesses.

The public and regulators are benefitting from significant new transparency. The public now can see the price and volume of each swap transaction as it occurs. This post-trade transparency spans the entire market, regardless of product, counterparty, or whether it's a standardized or customized transaction. Regulators get even greater transparency. Regulators now are able to see and filter the details on each of the 1.8 million transactions and positions in the data repositories. The CFTC now has pricing, transactional, counterparty and valuation information in the data repositories for more than \$380 trillion in outstanding swaps. This covers all the different asset classes, including interest rate swaps, credit index swaps, foreign currency swaps, energy swaps, metals swaps and agriculture swaps. In addition, all swaps trading facilities are required to register. SEFs are required to provide all market participants with impartial access. They must provide dealers and non-dealers alike the ability to make and respond to bids, offers and requests for quotes.

Central Clearing

Clearinghouses have operated in the futures markets since the late 19th century to lower risk and improve access for market participants. Clearinghouses reduce the risk that one entity's failure could spread to the public by standing between the parties and maintaining resources to cover defaults. They value every position daily and require the parties to post adequate margin on a regular basis. Clearing also fosters access for the broad market as it ensures that each participant no longer has to individually worry about its counterparty's credit characteristics. The CFTC has implemented the following two principal reforms of the Dodd-Frank Act relating to clearing:

- The Commission adopted a comprehensive set of rules for the risk management of clearinghouses. These final rules provided a strong set of protections for customer money posted to clearinghouses, including the gross margining as well as segregation of customer money at the clearinghouse.
- The CFTC adopted rules to implement the Dodd-Frank Act's requirement that standardized swaps be cleared. The Commission approved the first clearing requirement in November 2012, following through on the U.S. commitment at the 2009 G-20 meeting that standardized swaps be cleared by the end of 2012. The Commission has determined that swaps in four interest rate swap classes, (U.S. Dollar, Euro, Sterling and Yen) and in two credit index swap classes (CDX and iTraxx) are subject to the clearing requirement. These asset classes account for the vast majority of interest rate and credit default index swaps.

Oversight of Swap Dealers and Other Intermediaries

The final piece of swaps market reform is oversight of SDs and investment funds operating in the swaps market. By December 2012, SDs began to provisionally register. CFTC now has 82 SDs and two MSPs provisionally registered. This group includes the largest domestic and international financial institutions dealing in swaps, including the 16 institutions commonly referred to as the G16 dealers.

Other Major Strategic Accomplishments

While the above includes the major strategic accomplishments of the CFTC, there were many more tactical successes as well:

Market Oversight

- The CFTC completed and began implementing the rules providing registration and operation requirements for SEFs that became effective on May 16, 2013 and provisionally registered 17 SEFs by September 30, 2013.
- The Commission completed the "Made Available to Trade" rulemaking, effective on May 16, 2013, that allows a DCM or SEF to subject a swap that it determines is "available to trade" to the trade execution requirement.

Clearing and Risk

- The CFTC issued a final order to exempt contracts, agreements, and transactions for the purchase and sale of certain electric energy related products from the provisions of the CEA and CFTC regulations except for the Commission's anti-fraud and anti-manipulation authority, and scienter-based prohibitions.
- The Commission adopted final regulations to enhance risk management standards for systemically important DCOs that are involved in activities with a more complex risk profile or that are systemically important in multiple jurisdictions, the prohibited use of assessments by systemically important DCOs in calculating their available default resources, and enhanced system safeguards for systemically important DCOs for business continuity and disaster recovery (BC-DR).

Swaps

- In the aftermath of Hurricane Sandy, the CFTC coordinated with the SEC and FINRA and issued a joint staff advisory on lessons learned in disaster recovery to strengthen future cooperation and planning efforts and to share best practices among these organizations in preparation for future catastrophic events.

Enforcement

- CFTC filed 82 enforcement actions in FY 2013 and obtained orders imposing more than \$1.7 billion in sanctions, including orders for more than \$1.5 billion in civil monetary penalties and more than \$200 million in restitution and disgorgement.
- CFTC's benchmark cases in FY 2013 brought enforcement actions against five major financial institutions and

corporate market participants – UBS AG, UBS Securities Japan Co., Ltd., Royal Bank of Scotland, RBS Japan Securities Ltd., and ICAP Europe Limited – for their unlawful manipulative conduct and false reporting with respect to LIBOR and other benchmark interest rates. The CFTC imposed over \$1 billion in civil monetary penalties in these actions and required compliance with specific undertakings designed to ensure the integrity of the LIBOR and other benchmark interest rate markets in the future. The CFTC’s enforcement efforts regarding the LIBOR and other benchmark interest rates in FY 2013 (which continue today) are of significant national, and international, importance given that these benchmark rates are incorporated into a broad array of financial transactions, including mortgages, loans, credit card fees, and certain financial derivatives.

- The CFTC also filed and settled cases totaling \$380 million in areas such as the protection of customer funds (MF Global, Peregrine, and others), trading violations, futures commission merchant and introducing broker supervision violations, and precious metals fraud charges.

General Counsel

- The general counsel successfully defended the Commission in *Investment Company Institute v. CFTC*. In that case, the Investment Company Institute (ICI) and U.S. Chamber of Commerce sued the CFTC to overturn 2012 rule amendments concerning certain SEC-registered investment companies operating commodity pools. The CFTC won a complete victory in the U.S. District Court for the District of Columbia, which was affirmed by a unanimous panel of the U.S. Court of Appeals for the D.C. Circuit.
- In *Bloomberg, L.P. v. CFTC*, the general counsel successfully defended against a challenge to a 2011 rule concerning margin requirements for clearing swaps and futures. Bloomberg argued that the Commission failed to give proper notice or consider the costs and benefits of the margin requirements and that the difference in margin calculation would harm the SEF industry and thereby undermine Dodd-Frank. OGC successfully persuaded the U.S. District Court for the District of Columbia to dismiss the case on the basis that Bloomberg had no standing to challenge the rule.

- At a July 12, 2013 meeting, the Commission approved interpretive guidance and a policy statement regarding the cross-border application of the swaps provisions of the Dodd-Frank Act. The OGC was involved with complex legal questions regarding the interpretation of the Commission’s cross-border authority under section 2(i) of the CEA. The cross-border guidance provides a comprehensive statement of the Commission’s policy in several important areas, including swap dealer registration and the application of the Dodd-Frank Act to swaps with non-U.S. persons, reflecting a careful balancing of interests.

International

- The Commission worked with leaders of international authorities with responsibility for the regulation of the OTC derivatives markets in major market jurisdictions to support the adoption and enforcement of rigorous and consistent standards in and across jurisdictions and to develop concrete and practical solutions to conflicting application of rules and identify inconsistent or duplicative requirements.
- The CFTC worked throughout the year with foreign authorities, including the European Commission, European Securities Market Authority, and other foreign regulators to coordinate policies and to develop memorandum of understanding and other cooperative arrangements that will be needed to implement final Commission Dodd-Frank rules for market infrastructure and participants (*e.g.*, with regard to SDRs, SDs, DCOs, and SEFs).

Executive Direction and Economics

- Through system and process modernization, CFTC implemented a web-based time and attendance system eliminating the need for a paper-based process; an enterprise-wide business information system providing standardized, authoritative source data for budget formulation and archival change records; and new budget program activity codes resulting in systemic efficiencies and effective processing of financial management data.
- CFTC’s economists conducted detailed cost/benefit analyses on all proposed and final Dodd-Frank rulemakings, and provided specialized quantitative and economic analyses for enforcement investigations.

FINANCIAL HIGHLIGHTS

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER



The public accounting firm, KPMG LLP, on behalf of the Inspector General, reported that the Commission's financial statements were presented fairly, in all material respects, and were in conformity with U.S. generally accepted accounting principles. For the seventh consecutive year the Commission had no material weaknesses, and was compliant with laws and regulations.

The CFTC leverages a financial management systems platform operated by the U.S. Department of Transportation's (DOT) Enterprise Services Center, an Office of Management and

Budget (OMB) designated financial management service provider. As a consequence, the CFTC is able to accumulate, analyze, and present reliable financial information, or provide reliable, timely information for managing current operations and timely reporting of financial information to central agencies. Furthermore, our system is in substantial compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996 (although CFTC is not required to comply with FFMIA, it has elected to do so).

Mark Carney
Mark Carney
Chief Financial Officer
December 16, 2013

Summary of FY 2013 Financial Statement Audit

Audit Opinion:	Unmodified (Unqualified)				
Restatement:	No				
MATERIAL WEAKNESS	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	ENDING BALANCE
	0	0			0

Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA § 2)						
Statement of Assurance:		Unqualified				
MATERIAL WEAKNESS	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
	0	0				0
EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA § 2)						
Statement of Assurance:		Unqualified				
MATERIAL WEAKNESS	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
	0	0				0
CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA § 4)						
Statement of Assurance:		Systems conform to financial management system requirements				
NON-CONFORMANCE	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
	0	0				0
COMPLIANCE WITH FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)						
	AGENCY			AUDITOR		
Overall Substantial Compliance	No Noncompliance noted			No Noncompliance noted		
1. System Requirements	No Noncompliance noted					
2. Accounting Standards	No Noncompliance noted					
3. USSGL at Transaction Level	No Noncompliance noted					



5-YEAR FINANCIAL SUMMARY

The table below presents trend information for each major component of the Commission's balance sheets and statements of net cost for FY 2009 through FY 2013. The Net Cost of Operations by Strategic Goal is presented beginning with FY 2010 to align with the Commission's Strategic Plan updated in February 2011. The table is immediately followed by a discussion and analysis of the Commission's major financial highlights for FY 2013.

HIGHLIGHTS	2013	2012	2011	2010	2009
CONDENSED BALANCE SHEET DATA					
Fund Balance with Treasury	\$ 36,467,970	\$ 82,557,690	\$ 81,785,717	\$ 44,321,898	\$ 43,961,950
Investments	95,000,000	77,135,901	–	–	–
Accounts Receivable	13,252	20,976	59,226	4,836	18,207
Prepayments	1,541,681	1,803,497	1,109,626	641,957	558,081
Custodial Receivables, Net	69,744,626	4,140,347	2,574,173	2,319,934	1,703,220
General Property, Plant, and Equipment, Net	58,251,172	53,410,435	42,346,895	25,203,787	10,346,721
Deferred Costs	220,953	1,234,223	6,254,873	6,303,367	–
TOTAL ASSETS	\$ 261,239,654	\$ 220,303,069	\$ 134,130,510	\$ 78,795,779	\$ 56,588,179
FECA Liabilities	\$ 596,353	\$ 764,243	\$ 528,512	\$ 256,801	\$ 207,532
Accounts Payable	5,092,410	7,217,772	7,092,349	7,650,033	4,081,180
Accrued Funded Payroll and Annual Leave	11,651,586	16,477,676	15,464,338	14,460,136	11,529,246
Custodial Liabilities	69,744,626	4,140,347	2,574,173	2,319,934	1,703,220
Deposit Fund Liabilities	83,997	77,098	57,127	22,226	142,279
Deferred Lease Liabilities	25,241,114	24,808,042	21,974,782	12,174,352	3,226,161
Other	19,600	19,050	19,649	7,226	7,513
TOTAL LIABILITIES	\$ 112,429,686	\$ 53,504,228	\$ 47,710,930	\$ 36,890,708	\$ 20,897,131
Cumulative Results of Operations – Dedicated Collections	99,904,291	99,996,749	23,755,000	–	–
Cumulative Results of Operations	23,898,749	20,452,619	17,998,424	11,455,579	491,751
Unexpended Appropriations	25,006,928	46,349,473	44,666,156	30,449,492	35,199,297
Total Net Position	148,809,968	166,798,841	86,419,580	41,905,071	35,691,048
TOTAL LIABILITIES AND NET POSITION	\$ 261,239,654	\$ 220,303,069	\$ 134,130,510	\$ 78,795,779	\$ 56,588,179
CONDENSED STATEMENTS OF NET COST					
Gross Costs	\$ 218,155,538	\$ 207,618,265	\$ 187,648,360	\$ 169,540,777	\$ 131,435,739
Earned Revenue	(99,987)	(227,504)	(88,720)	(71,840)	(101,965)
TOTAL NET COST OF OPERATIONS	\$ 218,055,551	\$ 207,390,761	\$ 187,559,640	\$ 169,468,937	\$ 131,333,774
NET COST OF OPERATIONS BY STRATEGIC GOAL					
Goal One – Market Integrity	\$ 62,211,249	\$ 59,168,584	\$ 48,390,387	\$ 43,172,212	N/A
Goal Two – Clearing Integrity	57,457,638	54,647,465	43,701,396	39,081,231	N/A
Goal Three – Protect Market Users and Public	64,108,331	60,972,883	61,144,442	54,902,851	N/A
Goal Four – Cross-Border Cooperation	7,304,861	6,947,591	8,440,184	7,488,832	N/A
Goal Five – Organizational and Management Excellence	26,973,472	25,654,238	25,883,231	24,823,811	N/A
	\$218,055,551	\$207,390,761	\$187,559,640	\$169,468,937	\$131,333,774

FINANCIAL DISCUSSION AND ANALYSIS

The CFTC prepares annual financial statements in accordance with U.S. generally accepted accounting principles (GAAP) for Federal government entities and subjects the statements to an independent audit to ensure their integrity and reliability in assessing performance.

Management recognizes the need for performance and accountability reporting, and fully supports assessments of risk factors that can have an impact on its ability to do so. Improved reporting enables managers to be accountable and supports the concepts of the Government Performance and Results Act (GPRA), which requires the Commission to: 1) establish a strategic plan with programmatic goals and objectives; 2) develop appropriate measurement indicators; and 3) measure performance in achieving those goals.

The financial summary as shown on the preceding page highlights changes in financial position between September 30, 2013 and September 30, 2012. This overview is supplemented with brief descriptions of the nature of each required financial statement and its relevance. Certain significant balances or conditions featured in the graphic presentation are explained in these sections to help clarify their relationship to Commission operations. Readers are encouraged to gain a deeper understanding by reviewing the Commission's financial statements and notes to the accompanying audit report presented in the Financial Section of this report.

UNDERSTANDING THE FINANCIAL STATEMENTS

The CFTC presents financial statements and notes in the format required for the current year by OMB Circular A-136, *Financial Reporting Requirements*, which is revised annually by OMB in coordination with the U.S. Chief Financial Officers Council. The CFTC's current year and prior year financial statements and notes are presented in a comparative format.

Balance Sheet

The Balance Sheet presents, as of a specific point in time, the economic value of assets and liabilities retained or managed by the Commission. The difference between assets and liabilities represents the net position of the Commission.

For the year ended September 30, 2013, the Balance Sheet reflects total assets of \$261.2 million. This is an increase of \$40.9 million, or 18.6 percent, over FY 2012. The increase is primarily due to a \$65 million increase in Custodial Receivables, a \$17.9 million increase in Investments, and a \$4.8 million increase in Property, Plant, and Equipment, offset by a \$46.1 million decrease in Fund Balance With Treasury.

The \$65 million increase in Custodial Receivables was the direct result of a \$65 million custodial receivable that was established in September 2013 for a LIBOR-related enforcement action against ICAP Europe Limited that was not collected until October 2013.

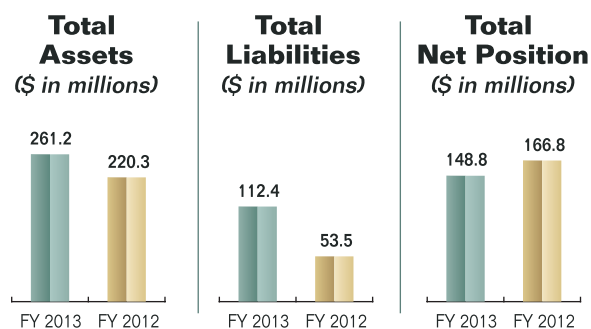
CFTC began investing funds in the CFTC's CPF in overnight short-term Treasury securities in FY 2012. The \$17.9 million increase in Investments occurred when the full investment level of \$95 million was reached in the first quarter of FY 2013.

The \$4.8 million increase in Property, Plant, and Equipment is due to an increase in the cost of fixed assets of \$16.2 million less an increase in the accumulated depreciation and amortization of fixed assets of \$11.3 million. The increase was attributable to technology modernization and space renovations made in New York and Washington, D.C.

The \$46.1 million decrease in Fund Balance With Treasury was primarily due to four types of events and transactions. First, as discussed above, \$17.9 million was invested by the CFTC's CPF in overnight short-term securities. Secondly, \$15.8 million was used for the purchase of fixed assets. Third, \$10.2 million was used for non-capitalized, funded expenses, mostly related to IT contracts. Finally, \$812 thousand in funds from the 2008 appropriation were canceled and returned to the Treasury.

The Commission enters into commercial leases for its headquarters and regional offices. In FY 2012, the Commission extended and expanded its lease in New York, NY. These leasing arrangements allowed for monthly rent payments to be deferred until future years as well as provided for landlord contributions to space renovations. These amounts are reflected as a Deferred Lease Liability on the Balance Sheet. The \$69.7 million custodial liability at FY 2013 represents a \$65 million increase over FY 2012 due to the related receivable discussed above. Additionally, as should be expected from a small regulatory agency; payroll, benefits, accounts

payable, and annual leave make up the majority of the remaining CFTC liabilities.



Statement of Net Cost

This statement is designed to present the components of the Commission's net cost of operations. Net cost is the gross cost incurred less any revenues earned from Commission activities. The Commission experienced a 5.1 percent increase in the total net cost of operations during FY 2013.

The Statement of Net Cost is categorized by the Commission's five strategic goals:

Strategic Goal One, which tracks activities related to market integrity, continues to require a significant share of Commission resources at 28.5 percent of net cost of operations in FY 2013. The \$62.2 million reflects a continuation of management's effort to address market volatility.

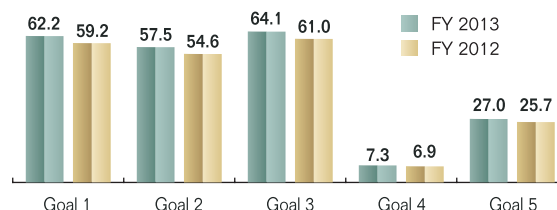
Strategic Goal Two is representative of efforts to protect market participants and the public by ensuring the financial integrity of derivatives transactions, mitigation of systemic risk, and the fitness and soundness of intermediaries and other registrants. In FY 2013, the net cost of operations for this goal was \$57.5 million or 26.4 percent. The funding for this goal is primarily to support DOE with new and ongoing investigations in response to market activity. Investigations into crude oil and related derivative contracts, and suspected Ponzi schemes have been extremely resource intensive.

Strategic Goal Three is representative of efforts to protect the public and market participants through a robust enforcement program. In FY 2013, the net cost of operations for this goal was \$64.1 million, or 29.4 percent, reflecting the Commission's continued efforts to develop concrete measures that will bring transparency, openness and competition to the swaps markets while lowering the risk they pose to the American public.

Strategic Goal Four is representative of efforts to increase cross-border cooperation to promote strong international regulatory standards. In FY 2013, the net cost of operations for this goal was \$7.3 million, or 3.3 percent. The CFTC is continuing to expand its cross-border presence through cooperative agreements and active participation on international standards setting organization committees.

Strategic Goal Five is representative of efforts to achieve organizational excellence and accountability. Included in this goal are the efforts of the Chairman, Commissioners, and related staff to ensure more transparency in the commodity markets, and lay the groundwork for the future. Additionally, these costs are reflective of the planning and execution of human capital, financial management, and technology initiatives. In FY 2013, the net cost of operations for this goal was \$27.0 million, or 12.4 percent.

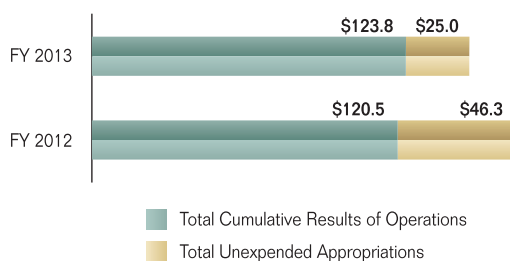
Total Net Cost of Operations By Strategic Goal (\$ in millions)



Statement of Changes in Net Position

The Statement of Changes in Net Position presents the Commission's cumulative net results of operation and unexpended appropriations for the fiscal year. The CFTC's Net Position decreased by \$18 million, or 10.8 percent, in FY 2013. The decrease is attributed to a decrease in Total Unexpended Appropriations of \$21.3 million, or 46.1 percent, partially offset by an increase in Total Cumulative Results of Operations of \$3.4 million, or 2.8 percent. The decrease in Total Unexpended Appropriations is expected as a result of the Commission's continued efforts to increase market integrity and investments in technology costs to enhance market surveillance. The increase in Total Cumulative Results of Operations is due primarily to a net increase in Property, Plant, and Equipment of \$4.8 million offset by an increase in unfunded liabilities of \$500 thousand.

Changes in Net Position (\$ in millions)



Statement of Budgetary Resources

This statement provides information about the provision of budgetary resources and its status as of the end of the year. Information in this statement is consistent with budget execution information and the information reported in the *Budget of the U. S. Government*, FY 2013.

The FY 2013 Appropriations totaling \$193.9 million reported on the Statement of Budgetary Resources consists of \$194.6 million in appropriations received (\$205.3 million less a \$10.7 million permanent reduction due to rescission and sequestration) less a \$663

thousand temporary reduction to the Customer Protection Fund. This permitted the Commission to continue to fund benefits and compensation, lease expenses, printing, services to support systems users, telecommunications, operations, and maintenance of IT equipment at a reduced level. In FY 2013, gross outlays were in line with the gross costs of operations due to increased hiring, space renovations, and technology spending that were made possible through the use of \$5.9 million in funds carried over from its FY 2012 / 2013 appropriation.

Statement of Custodial Activity

This statement provides information about the sources and disposition of collections. CFTC transfers eligible funds from dedicated collections to the CFTC CPF when the balance falls below \$100 million and other non-exchange revenue to the

Treasury general fund. Collections primarily consist of fines, penalties, and forfeitures assessed and levied against businesses and individuals for violations of the CEA or Commission regulations. They also include non-exchange revenues such as registration, filing, appeal fees, and general receipts. The Statement of Custodial Activity reflects total cash collections for FY 2013 in the amount of just over \$1.0 billion, an increase of \$782.4 million over FY 2012. This substantial increase in collections was primarily due to two large collections totaling over \$1.0 billion that resulted from the Commission's enforcement cases related to unlawful manipulative conduct and false reporting of LIBOR and other benchmark interest rates. Of the just over \$1.0 billion in FY 2013 cash collections, \$1.0 billion was transferred to the U.S. Department of the Treasury and \$817 thousand was transferred into the CFTC CPF. In addition to the amounts already collected, a \$65 million custodial receivable and liability was established in September 2013 for a LIBOR-related enforcement action against ICAP Europe Limited that was not collected until October 2013.

Historical experience has indicated that a high percentage of custodial receivables prove uncollectible. The methodology used to estimate the allowance for uncollectible amounts related to custodial accounts is that custodial receivables are considered 100 percent uncollectible unless deemed otherwise. An allowance for uncollectible accounts has been established and included in the accounts receivable on the Balance Sheet. The allowance is based on past experience in the collection of accounts receivables and an analysis of outstanding balances. Accounts are re-estimated quarterly based on account reviews and a determination that changes to the net realizable value are needed.

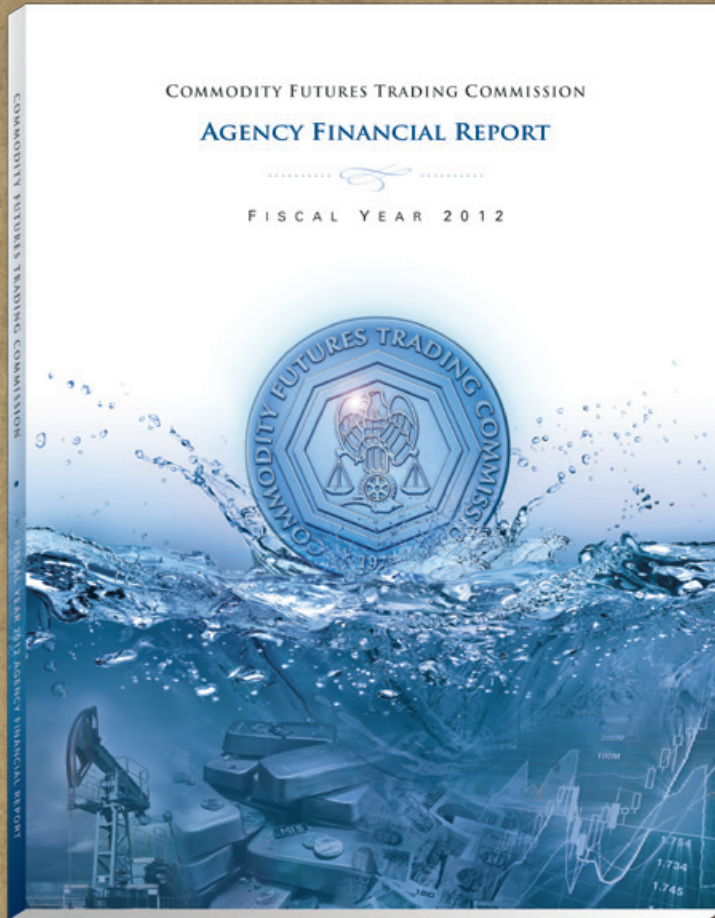
Total Cash Collections (\$ in millions)

Registration and Filing Fees	\$	1.6
Fines, Penalties, and Forfeitures	\$	1,042.2
General Proprietary Receipts	\$	0.1
	\$	1,043.9

Total Disbursements of Collections (\$ in millions)



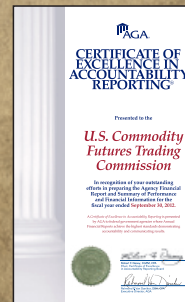
2012 CEAR AND LACP AWARDS ANNUAL REPORT COMPETITION



COMMODITY FUTURES TRADING COMMISSION



2012 Certificate of Excellence
in Accountability Reporting



Platinum 2012 Vision Award:
18 out of more than 6,000 entries
Top 100 Annual Reports – Worldwide
Top 50 Annual Reports – Americas
Best Report Narrative



CONSUMER ADVISORY AND PUBLIC
SERVICE ANNOUNCEMENT

CFTC WHISTLEBLOWER PROGRAM



The CFTC Whistleblower Program—created by the Dodd-Frank Act—allows for payment of monetary awards to eligible whistleblowers, and provides anti-retaliation protections for whistleblowers, who share information with or assist the CFTC.

How does the whistleblower program work?

- The CFTC will pay monetary awards to eligible whistleblowers who voluntarily provide us with original information about violations of the Commodity Exchange Act that lead us to bring enforcement actions that result in more than \$1 million in monetary sanctions.
- The CFTC can also pay whistleblower awards based on monetary sanctions collected by other authorities in actions that are related to a successful CFTC enforcement action, and are based on information provided by a CFTC whistleblower.
- The total amount of a whistleblower award will be between 10 and 30 percent of the monetary sanctions collected in either the CFTC action or the related action.

Who can be a whistleblower?

- A whistleblower can be any person who sends us original information, from a corporate office or insider, to a trader or market observer, to an investor or fraud victim.

How can I become a whistleblower?

To become a whistleblower, you must complete and submit a Form TCR either electronically, by mail or by facsimile.

To submit a Form TCR electronically, visit <http://www.cftc.gov>, and click on the "File a Tip or Complaint" button on the right-hand side of the page. Use the first link under the description of the whistleblower program.

To submit a Form TCR by mail or facsimile, print a Form TCR from the "Whistleblower Program" webpage on <http://www.cftc.gov>, and use the following address or number:

**Commodity Futures Trading Commission
Whistleblower Office
1155 21st Street, NW, Washington, DC 20581
Fax: (202) 418-5975**

Am I protected against retaliation?

The Dodd-Frank Act prohibits retaliation by employers against individuals who provide us with information about possible violations of the Commodity Exchange Act, or who assist us in any investigation or proceeding based on such information.

Learn more about the anti-retaliation provisions by reading Appendix A to the Whistleblower Rules.

How can I learn more?

Visit the "Whistleblower Program" webpage at <http://www.cftc.gov/ConsumerProtection/WhistleblowerProgram/index.htm>, which has copies of our rules, filing forms, notices and frequently asked questions.

CONSUMER ADVISORY AND PUBLIC
SERVICE ANNOUNCEMENT

CFTC CONSUMER PROTECTION: FRAUD AWARENESS, PREVENTION AND REPORTING

Trading Futures and Options: Protection Against Fraud

The CFTC is the Federal agency that regulates the trading of commodity futures and option contracts in the United States and takes action against firms or individuals suspected of illegally or fraudulently selling commodity futures and options. The CFTC's fraud awareness, prevention and reporting initiatives involve: developing an outreach effort designed to help individual investors/traders identify and avoid fraud, or encourage them to report known or suspected instances of it.



About the Futures Markets

- Individual investors/traders or "retail customers" rarely ever trade commodity futures and options.
- Trading commodity futures and options is a volatile, complex, and risky venture.
- Many individual traders lose all of their initial payment, and they could owe more than the initial payment.
- Some individual investors/traders unknowingly fall for completely fraudulent schemes which cause tremendous financial loss and emotional hardships.

Before you trade

Know the basics in futures trading

- Consider your financial experience, goals and resources and determine how much you can afford to lose above and beyond your initial payment.
- Understand commodity futures and options contracts and your obligations in entering into them.
- Understand your exposure to risk and other aspects of trading by thoroughly reviewing disclosure documents your broker is required to give you.
- Know that trading on margin can make you responsible for losses much HIGHER than the amount you initially invested.
- Immediately contact CFTC if you have a problem or question.

Watch out for these warning signs

- Get-rich-quick schemes that sound too good to be true. Once your money is gone, it may be impossible to get it back.
- Predictions or guarantees of large profits. Always get as much information as you can about a firm or individual's track record and verify that information.
- Firms or individual who say there is little risk. Written risk disclosure statements are important to read thoroughly and understand.
- Calls or emails from strangers about investment or trading opportunities.
- Requests for immediate cash or money transfers by overnight express, the Internet, mail, or any other method.

What should you do?

Visit the our Web site for more information:

www.cftc.gov/ConsumerProtection

Report possible violations of commodity futures trading laws:

Call the CFTC's Division of Enforcement at:

866-FON-CFTC (866-366-2382)

Submit our online form located at:

www.cftc.gov/ConsumerProtection/FileaTiporComplaint

Send us a letter addressed to:

CFTC, Office of Cooperative Enforcement
1155 21st Street, NW • Washington, DC 20581

This report is made by the U.S. Commodity Futures Trading Commission (CFTC or Commission). Information in this Summary of Performance and Financial Information Report is provided as of December 16, 2013 and covers the period October 1, 2012 to September 30, 2013, unless otherwise indicated.

In February 2014, the CFTC's Fiscal Year (FY) 2013 Annual Performance Report (APR) and FY 2013 Summary of Performance and Financial Information will be available on the web at <http://www.CFTC.gov/About/CFTCReports/Index.htm>. The CFTC's Strategic Plan is also available at this web location.

Additional copies of the Commodity Futures Trading Commission *FY 2013 Summary of Performance and Financial Information* are available by contacting the Office of Financial Management:

Office of Financial Management
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Telephone: Mark Carney, 202.418.5477 or
Lisa Malone, 202.418.5184
Fax: 202.418.5414
E-mail: mcarney@cftc.gov or lmalone@cftc.gov
Web: <http://www.cftc.gov/About/CFTCReports/index.htm>

ACKNOWLEDGEMENTS

This Summary of Performance and Financial Information Report was produced with the energies and talents of Commission staff. To these individuals, the Office of Financial Management would like to offer our sincerest thanks and acknowledgement.

We would also like to acknowledge the Office of the Inspector General and KPMG LLP for the professional manner in which they conducted the audit of the Fiscal Year 2013 Financial Statements.

We offer our special thanks to The DesignPond, in particular Sheri Beauregard and Michael James, for their outstanding contribution to the design of this report.

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