



COMMODITY FUTURES TRADING COMMISSION
QUARTERLY PERFORMANCE REVIEW

THIRD QUARTER, FY 2001



**QUARTERLY PERFORMANCE REVIEW
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CONTENTS OVERVIEW

***Purpose:** The Quarterly Performance Review provides narrative and statistical information regarding how well the CFTC is performing its mission to protect market users and the public from fraud, manipulation, and abusive trading practices related to the sale of commodity futures and options, and to foster open, competitive, and financially sound commodity futures and option markets.*

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Part I: Commission Resources

Summary of FY 2001 Commission Funding
By Agency Goal & Outcome Objective

<u>Outcome Objective by CFTC Goal</u>	<u>FY 2001 \$ (000)</u>
GOAL ONE: Protect the economic functions of the commodity futures and option markets.	
Outcome Objectives	
1.1 Foster futures and option markets that accurately reflect the forces of supply and demand for the underlying commodity and are free of disruptive activity.	\$11,128
1.2 Oversee markets that can be used effectively by producers, processors, financial institutions and other firms for the purposes of price discovery and risk shifting.	1,111
Subtotal Goal One	<u>\$12,239</u>
GOAL TWO: Protect market users and the public.	
Outcome Objectives	
2.1 Promote compliance with and deter violations of federal commodities laws.	\$16,825
2.2 Require commodities professionals to meet high standards.	1,685
2.3 Provide a forum for effectively and expeditiously handling customer complaints against persons or firms registered under the Act.	1,715
Subtotal Goal Two	<u>\$20,225</u>
GOAL THREE: Foster open, competitive, and financially sound markets.	
Outcome Objectives	
3.1 Ensure sound financial practices of clearing organizations and firms holding customer funds	\$2,857
3.2 Promote and enhance effective self-regulation of the commodity futures and option markets.	8,640
3.3 Facilitate the continued development of an effective, flexible regulatory environment responsive to evolving market conditions.	3,217
3.4 Promote markets free of trade practice abuses.	3,407
Subtotal Goal Three	<u>\$18,121</u>
Unallocated	
Unallocated & Prorated ¹	17,265
Subtotal Unallocated	<u>\$17,265</u>
TOTAL	<u><u>\$67,850</u></u>

¹ Unallocated & Prorated refers to those resources supporting the offices of the Chairman and the Commissioners (with the exception of the Office of International Affairs); the Office of the Executive Director (with the exception of certain activities of the Office of Information Resources Management); and a very small portion of resources in the Office of the General Counsel. The resources are not originally allocated to a specific strategic goal because, for the most part, the work performed by these offices provides common support across all strategic goals.

**Division Staffing Distribution by Outcome Objective
FY 2001
in Full-Time Equivalent (FTE) Hours**

Outcome Objective by CFTC Goal	FY 2001 FTEs
GOAL ONE: Protect the economic functions of the commodity futures and option markets.	
Outcome Objectives	
1.1 Foster futures and option markets that accurately reflect the forces of supply and demand for the underlying commodity and are free of disruptive activity.	105.57
1.2 Oversee markets that can be used effectively by producers, processors, financial institutions and other firms for the purposes of price discovery and risk shifting.	11.15
Subtotal Goal One	116.72
GOAL TWO: Protect market users and the public.	
Outcome Objectives	
2.1 Promote compliance with and deter violations of federal commodities laws.	134.25
2.2 Require commodities professionals to meet high standards.	13.65
2.3 Provide a forum for effectively and expeditiously handling customer complaints against persons or firms registered under the Act.	13.87
Subtotal Goal Two	161.77
GOAL THREE: Foster open, competitive, and financially sound markets.	
Outcome Objectives	
3.1 Ensure sound financial practices of clearing organizations and firms holding customer funds.	22.95
3.2 Promote and enhance effective self-regulation of the commodity futures and option markets.	71.43
3.3 Facilitate the continued development of an effective, flexible regulatory environment responsive to evolving market conditions.	26.38
3.4 Promote markets free of trade practice abuses.	27.55
Subtotal Goal Three	148.31
Unallocated	
Unallocated & Prorated	140.20
Subtotal Unallocated	140.20
TOTAL	567.00

Part II: Priorities & Accomplishments

Summary of Priorities by Agency Goal: *Upcoming Fourth Quarter, FY 2001*

Goal One: <i>Protect the economic functions of the commodity futures and option markets.</i>	
Division/Office	Priority Items
Trading & Markets	Implementation of the Commodity Futures Modernization Act (CFMA) Nasdaq-LIFFE Hedge Street
Economic Analysis	Implementation of the CFMA Contract Market and Derivative Transaction Execution Facility (DTF) Applications Product and Rule Amendment Filings Large Trader Reporting Foreign Stock Index Reviews Electronic Exchange Database Security Futures Products Rulemakings Single Stock Futures on Foreign Markets Evaluation of Alternative Execution Procedures in Futures Markets Liquidity and Price Efficiency of Index Futures Markets
Enforcement	Due to the confidential nature of its work, the Division of Enforcement does not list its priorities for the upcoming quarter. See the <i>Accomplishments</i> section for recent work completed by the Division of Enforcement.
General Counsel	Regulatory and Legislative Matters Implementation of the CFMA
Legislative & Intergov'tal Affairs	Legislative Support Activities Liaison Activities
Executive Director	Integrated Surveillance System (ISS) Exchange Database System (EDS)

Goal Two: <i>Protect market users and the public.</i>	
Division/Office	Priority Items
Trading & Markets	Notice Registration as Contract Markets for Securities Trading Facilities and Exemption Procedures Notice Registration as Futures Commission Merchants (FCMs) or Introducing Brokers (IBs) for Securities Broker-Dealers Exemptions for Notice Registrants and Others
General Counsel	Opinions Litigation Freedom of Information Act Ethics Inspector General
Enforcement	Due to the confidential nature of its work, the Division of Enforcement does not list its priorities for the upcoming quarter. See the <i>Accomplishments</i> section for recent work completed by the Division of Enforcement.
Executive Director	Litigation Support System

Goal Three: Foster open, competitive, and financially sound markets.	
Division/Office	Priority Items
Trading & Markets	Regulatory Reform: <ul style="list-style-type: none"> - Exchanges and Clearing Houses - Denomination of Customer Funds and Location of Depositories Commodity Trading Advisor (CTA) and Commodity Pool Operator (CPO) Performance Reporting and Disclosure Issues Dual Trading Treatment of Customer Funds Related to Security Futures Transactions Margin for Security Futures Transactions Klein Futures National Futures Association (NFA) Disciplinary Program
Enforcement	Due to the confidential nature of its work, the Division of Enforcement does not list its priorities for the upcoming quarter. See the <i>Accomplishments</i> section for recent work completed by the Division of Enforcement.
International Affairs	International Organization of Securities Commissions (IOSCO) International Initiatives Information Sharing Technical Assistance International Regulators Meeting
General Counsel	Regulatory and Legislative Matters Foreign Stock Index Futures Contracts De-Mutualization

All Goals	
Division/Office	Priority Items
Executive Director	Executive Management Council (EMC) Intranet Information Resources Management Technology Advances Special Events and Training Human Resources Initiatives and Activities Administrative Services and Space Management Financial Management

Division Priorities by Agency Goal: *Fourth Quarter, FY 2001*²

Goal One: Protect the economic functions of the commodity futures and option markets.

Division of Trading & Markets (T&M) — Goal One Priorities:

Implementation of the CFMA – Division staff will draft rules for Commission consideration to implement the provisions of the CFMA.

Nasdaq-LIFFE – The division is considering an application from Nasdaq-LIFFE for designation as a contract market for the automated trading of various security product futures contracts.

Hedge Street – The division is considering an application from Hedge Street Inc. to become a contract market. Hedge Street would use an Internet-based trading system and initially proposes to trade a futures contract based on the Consumer Price Index.

Division of Economic Analysis (DEA) — Goal One Priorities:

Implementation of the CFMA – Division staff will continue to work with staff of T&M and other divisions regarding the establishment of procedures for implementing the new exchange approval provisions of the CFMA. This includes the development of review guidelines and standards to apply in reviewing applications by entities seeking to become designated contract markets and registered DTFs and the training of staff so that they can expeditiously process applications.

Contract Market and DTF Applications – The division, in cooperation with other divisions, will review applications for contract market designation and DTF registration, submitted by new exchanges.

Product and Rule Amendment Filings – The division will continue to review new product and rule amendment submissions of contract markets and DTFs. The division will review filings submitted for Commission approval within the timetables specified in the Commission's rules and will conduct presurveillance reviews of filings submitted under exchange certification procedures.

Large Trader Reporting – Division staff have begun an analysis of the integrated surveillance system (ISS) for possible software changes needed for the trading of security futures.

Foreign Stock Index Reviews – The division will continue its review of a new foreign stock index no-action request received from the Office of the General Counsel (OGC) for the Singapore Exchange Derivatives Trading's (SGX-DT) SGX Times Index. The division staff also will continue their economic analyses of the no-action requests for futures contracts on the Eurex's NEMAX 50, the Bombay Stock Exchange's Sensitive Index of 30, the National Stock Exchange of India's S&P CNX Nifty Index, and the SGX-DT S&P CNX Nifty Index. Most of these reviews should be completed in the fourth quarter.

Electronic Exchange Database – Division staff continue to input data into the electronic exchange database. The database will be used to track and maintain key information on business-to-business exchanges and transaction execution facilities that are, or appear to be, offering derivatives products. The database also will serve as a reference source of information about these new entities, some of which may come under Commission oversight under the regulatory reform proposal.

Security Futures Products Rulemakings – Division staff will continue to work with other divisions, and the Securities and Exchange Commission (SEC), in developing proposed regulations and operating procedures for security futures, including margin requirements, listing standards and filing requirements, notice registration of securities exchanges, the definition of a broad-based index, and requirements related to futures in foreign-based stocks.

² Occasionally priorities of the 4th quarter will have transpired by the time the QPR document is finalized and released to the public.

Single Stock Futures on Foreign Markets – Research staff will continue to analyze and prepare monthly updates of the trading activity of US universal stock futures trading on the London International Financial Futures and Options Exchange (LIFFE).

Evaluation of Alternative Execution Procedures in Futures Markets – Research staff initiated a study on transparency, liquidity, and alternative block trading rules in futures markets. Staff will examine the impact of alternative block trading mechanisms (upstairs markets) on liquidity and transparency of primary (downstairs) markets of the futures exchanges. The study will include: (1) updated literature review on the impact of block trading on market performance of primary markets, (2) review of block trading rules of US and foreign futures exchanges, (3) analysis of probability distributions of market order size distributions in selected liquid futures contracts, and (4) empirical analysis of required execution time of block trades in selected liquid futures markets.

Liquidity and Price Efficiency of Index Futures Market – Research staff will continue to examine the impact of the trading of E-mini index futures on the liquidity and price efficiency of floor-based index futures contracts. This study will provide empirical evidence regarding questions about market fragmentation versus integration among related markets.

Office of the General Counsel (OGC) — Goal One Priorities:

Regulatory and Legislative Matters – As the Commission’s chief legal advisor, OGC will advise the Commission concerning implementation of the CFMA and will coordinate the Commission’s work with the SEC and other agencies to accomplish the joint rulemakings required by the CFMA. OGC will advise the Commission on other legislative and regulatory matters as appropriate.

Implementation of the CFMA – Staff will continue to review changes to the Commodity Exchange Act made by the CFMA and will assist in drafting rules for Commission consideration to implement the provisions of the CFMA. In particular, OGC will draft rules for Commission consideration, solely as well as jointly with the SEC, regarding trading of security futures products. Also, staff will participate with other federal financial regulators in the retail swaps study mandated by the CFMA.

Office of Legislative and Intergovernmental Affairs (OLIA) — Goal One Priorities:

Legislative Support Activities – Staff will monitor legislative initiatives and advise the Commission and its staff about proposals that may affect the Commission, the Commodity Exchange Act (CEA), or the administrative responsibilities of the agency. OLIA staff will pay particular attention to issues and hearings related to the implementation of the CFMA, bills providing appropriations for the Commission, bills related to pay parity with other financial regulators, and other legislation that may affect the agency in the performance of its mission.

Liaison Activities – OLIA will continue to meet with Congressional staff to keep them informed of Commission actions. Where appropriate, staff will organize briefings for Congressional staff. OLIA will continue to help the Commission respond to requests from the General Accounting Office (GAO) and other federal agencies.

Office of the Executive Director (OED) — Goal One Priorities:

Integrated Surveillance System – During the quarter, the ISS project team will develop and implement an archival process for historical ISS data. The team will analyze the application and implement a solution to improve performance and efficiency of the electronic data transmission process.

Exchange Database System – During the quarter, the EDS project team will automate the process for loading reformatted exchange data into the production environment. The reformatting process for the Kansas City Board of Trade (KCBOT) and the Minneapolis Grain Exchange (MGE) data will be modified to improve the process.

Division Priorities by Agency Goal: *Fourth Quarter, FY 2001*

Goal Two: Protect market users and the public.

Division of Trading and Markets — Goal Two Priorities:

Notice Registration as Contract Markets for Securities Trading Facilities and Exemption Procedures – Staff will prepare final rules for Commission approval concerning a notice registration procedure to permit national securities exchanges, national securities associations, and alternative trading facilities to be designated contract markets in security futures products. These rules also will establish a procedure for these entities to apply for an exemption from duplicative regulation.

Notice Registration as FCMs or IBs for Securities Broker-Dealers – Staff will prepare final rules for Commission approval concerning a short-form notice registration procedure to permit securities broker-dealers to register as FCMs or IBs, if the only futures-related activity of the firm would involve security futures products.

Exemptions for Notice Registrants and Others – Staff will prepare final rules for Commission approval concerning exemptions from certain CFTC rules for the notice registrants referred to above, as well as persons exempt from floor broker or floor trader registration because their only futures-related activity involves security futures products.

Office of the General Counsel — Goal Two Priorities:

Opinions – OGC will advise the Commission on the resolution of pending administrative enforcement and reparations appeals and appeals from disciplinary decisions of self-regulatory organizations (SROs).

Litigation – OGC will defend the Commission in at least 12 appeals pending at the outset of the fourth quarter of FY 2001 and in any additional appeals filed during the quarter. In addition, OGC will defend the Commission before the United States district courts in cases that seek to challenge the Commission's enforcement program and its discharge of its regulatory responsibilities. OGC will also defend the Commission in personnel cases and in third-party litigation involving demands for production of Commission records or the testimony of Commission personnel. Finally, OGC will defend the Commission's interests in bankruptcy matters, seeking to protect the non-dischargeability of civil monetary penalties or restitution awards.

Freedom of Information Act – During the quarter, OGC will continue to advise the Commission on issues raised under the Freedom of Information Act (FOIA), the Privacy Act, and the Government in the Sunshine Act. Staff will continue to develop procedures to assure timely and accurate review and responses to requests for information under the FOIA, to advise other divisions with respect to accessibility of division documents to specific FOIA requesters, and to respond to administrative appeals under the FOIA and Privacy Act. Staff have met with the FOIA Compliance Office to develop a FOIA training program for Commission staff, and to resolve FOIA issues that have arisen in the context of rules promulgated under the CFMA.

Ethics – OGC will continue to review and advise on all matters relating to the Commission's ethics standards and compliance with its Code of Conduct and the Office of Government Ethics government-wide regulations. During the quarter, staff will continue to offer assistance to SF 278 filers and to review completed SF 278s. In addition, staff will review the Commission's conduct regulations and recommend changes where appropriate.

Inspector General – The office will continue to provide legal counsel to the Commission's Inspector General.

Office of the Executive Director — Goal Two Priorities:

Litigation Support System – Members of the project team will develop a statement of work for a litigation support system which documents the recommendation adopted by the Commission's EMC.

Division Priorities by Agency Goal: *Fourth Quarter, FY 2001*

Goal Three: Foster open, competitive, and financially sound markets.

Division of Trading & Markets — Goal Three Priorities:

Regulatory Reform – The division will evaluate regulatory reform proposals identified by the Commission, the industry, and other interested persons and will identify additional areas where regulations can be modernized and streamlined. Specific issues the division will address are:

- **Exchanges and Clearing Houses.** The division will continue to work on proposals for regulatory reform related to exchanges and clearing houses. Notices of proposed rulemaking regarding markets and clearing houses are pending. The staff is working on other rulemakings to implement the CFMA, particularly with respect to securities products.
- **Denomination of Customer Funds and Location of Depositories.** The Commission published a concept release on December 30, 1997, to obtain the views of the public on how to address the risks related to holding segregated funds offshore or in foreign currencies (62 FR 67841). Division staff will continue informal discussions with industry participants concerning a proposed rule.³

CTA and CPO Performance Reporting and Disclosure Issues – Staff has recommended for Commission approval a final rule regarding CTA and CPO rate-of-return and disclosure issues.³

Dual Trading – Staff will review comments on a proposed rule to implement a dual trading restriction for security futures products as required under the CFMA, and work on a final rulemaking.

Treatment of Customer Funds Related to Security Futures Transactions – Staff will continue to work with SEC staff to develop rules governing the treatment of customer funds related to security futures transactions. The rules will provide for segregation coverage under Section 4d(a)(2) of the CEA, Securities Investor Protection Corporation (SIPC) coverage and treatment under SEC Rule 15c3-3, or, under certain circumstances, customer choice between these two alternatives.

Margin for Security Futures Transactions – Staff will continue to work with SEC staff to develop rules governing the treatment of margin for security futures transactions.

Klein Futures – The division is preparing a report and appropriate recommendations on events leading to the problems at Klein Futures & Co.

NFA Disciplinary Program – The division is reviewing and will issue a report on NFA's disciplinary program.

Office of International Affairs (OIA) — Goal Three Priorities:

IOSCO – OIA will continue to coordinate Commission activities within the IOSCO Technical Committee and standing committees, including an examination of transparency and market fragmentation issues within the Standing Committee on Secondary Markets. OIA will continue to work with the Implementation Task Force on the completion of a regulatory survey measuring international compliance with IOSCO core regulatory principles on secondary markets, and evaluating survey compliance and it will participate in work on the Standing Committee on Market Intermediaries on the licensing of intermediaries that provide cross-border financial services, operational risk, and liquidity practices of firms.

³ Pursuant to the President's Regulatory Review Plan (outlined in the January 20, 2001, memorandum from Andrew H. Card, Jr.) no notice of proposed rulemaking or final rule will be published without the approval of the Director of the Office of Management and Budget.

International Initiatives – OIA will continue to provide comment and guidance upon request to US Department of the Treasury staff regarding initiatives involved in strengthening global financial cooperation.

Information Sharing – OIA will continue to work with French authorities on information-sharing arrangements for regulatory purposes.

Technical Assistance – OIA will continue to organize technical assistance activities, including completion of a statement of cooperation and technical assistance with Chinese regulatory authorities.

International Regulators' Meeting – OIA will organize the annual training seminar for foreign regulators in Chicago.

Office of the General Counsel — Goal Three Priorities:

Regulatory and Legislative Matters – As the Commission's chief legal advisor, OGC will continue to advise the Commission concerning the implementation of the CFMA, as well as assist in implementing rules, regulations, and studies required by the legislation. In particular, OGC will coordinate the Commission's work with the SEC and other agencies to accomplish the joint rulemakings required by the CFMA. OGC staff will work with staff from other divisions to draft for Commission approval a final joint rulemaking with the SEC to specify by rule or regulation the method to be used to determine "dollar value of average daily trading volume" and market capitalization for purposes of the new definition of "narrow-based security index" in the CEA and the Securities Exchange Act of 1934. OGC will continue to develop responses to requests from members of Congress.

Foreign Stock Index Futures Contracts –The staff will continue to work on the disposition of requests to permit the offer and sale in the US of foreign stock futures contracts in a manner consistent with the provisions of the CFMA.

De-Mutualization – The staff will continue to assist in the consideration of the proposal from the Chicago Board of Trade (CBT) to convert the exchange from a not-for-profit membership organization to a for-profit entity.

Division Priorities by Agency Goal: *Fourth Quarter, FY 2001*

All Goals

Office of the Executive Director (OED) — All Goals Priorities:

Executive Management Council – The EMC plans to consider business process definition issues at its next meeting.

Intranet – OED will continue development and implementation of new features of the Commission's intranet. A new calendar system will be implemented. Implementation of CFTC Docs, the Commission's document management system, will continue.

Information Resources Management – Pursuant to a successful pilot and the EMC's approval at its June meeting, OIRM will institute a policy for e-mail filtering which will enhance the Commission's information technology security.

Technology Advances – Preparation will continue for implementation of electronically fillable and reusable ethics forms (OGE 450 and SF 278) through the NFC Personal Page interface. Implementation of the new NFC System for Time and Attendance Reporting (STAR) will be scheduled. Video conferencing equipment will be installed in Washington, Chicago, and New York during the quarter and will be pilot tested through FY 2002. Uses of this equipment include Commission-wide training and briefings, and various agency meetings.

Special Events and Training – The Summer Intern Program will conclude with a session featuring the Commission's Acting Chairman. The workshops on *Stress Management* and *The Impact of Alcoholism on Families* will be presented in the Chicago office. Planning will continue for the FY 2002 Training Program. A session on *Cultural Diversity* will be presented by the Commission's Office of Equal Employment Opportunity.

Human Resources Initiatives – OHR's support to the Commission's regional offices will continue with teleconferences and site visits. Instructions will be issued on repayment of student loans and hiring of Federal Career Interns. OHR will provide support as required to implement the Commission reorganization under the CFMA. FY 2001 performance appraisals and awards will be processed by OHR.

Administrative Services and Space Management – OAS and OFM will prepare solicitations for work at Headquarters, including painting, recarpeting, and three minor construction projects. Service standards will be developed and implemented for Commission transportation services and the Copy Center. OFM will negotiate and execute the Chicago Regional Office lease.

Financial Management – The Office of Financial Management will formulate the FY 2003 Budget and Annual Performance Plan and the FY 2001 Annual Performance Report and will submit them to the Office of Management and Budget (OMB). OFM will brief the Acting Chairman on the Commission's Status of Funds. OFM will execute a travel audit and a transit subsidy audit in the regional offices. OFM will implement the transition to a new travel management center for CFTC travelers, Potomac Falls Travel. OFM will plan and coordinate the FY 2001 year-end closing for the financial management system (FFS), complete the Government Information Security Reform Act (GISRA) requirements for OFM financial systems, and complete and report on the internal control review of the accounts payable function. OFM will participate in the market research and acquisition planning associated with the agency's pending litigation support system acquisition, and draft contracts and complete efforts required to renew and award new service contracts for FY 2002.

Summary of Accomplishments by Agency Goal: *Third Quarter, FY 2001*

<i>Goal One: Protect the economic functions of the commodity futures and option markets.</i>	
<i>Division/Office</i>	<i>Areas of Accomplishment</i>
Trading and Markets	Federal Reserve Board Margin Report BrokerTec
Economic Analysis	Contract Market Designations New Contracts and Rule Changes Implementation of the CFMA Tracking and Maintaining Information Large Trader Reporting Foreign Stock Index Reviews
Enforcement	Trade Practice/Speculative Limits Violation
General Counsel	Legislative Support Activities Regulatory Reform
Legislative & Intergov'tal Affairs	Legislative Support Activities Liaison Activities
Executive Director	Integrated Surveillance System Exchange Database System

<i>Goal Two: Protect market users and the public.</i>	
<i>Division/Office</i>	<i>Areas of Accomplishment</i>
Trading and Markets	Notice Registration as FCMs or IBs for Securities Broker-Dealers Exemptions for Notice Registrants and Others Privacy of Customer Information Intermediaries Study
Enforcement	Illegal Instruments Cases Quick Strike Cases CPO Fraud Cases IB Solicitation Fraud Cases Violation of Commission Order Case
General Counsel	Commission Opinions and Orders Litigation Freedom of Information Act Ethics Privacy of Customer Information
Executive Director	Litigation Support System

<i>Goal Three: Foster open, competitive, and financially sound markets.</i>	
<i>Division/Office</i>	<i>Areas of Accomplishment</i>
Trading & Markets	Opt Out of Segregation CBT Block Trading Board of Trade Clearing Corporation (BOTCC) – Government Securities Clearing Corporation (GSCC) Cross-Margining Chicago Mercantile Exchange (CME) Allowance of MEFF as Special Clearing Member Rule 30.10 MGE Rule Enforcement Review

COMMODITY FUTURES TRADING COMMISSION: QUARTERLY PERFORMANCE REVIEW

	Risk Based Capital Review of NFA's Program for Review of FCM and IB Financial Reports Review of the SPAN Margining System
Enforcement	International Cooperative Enforcement Financial, Supervision, Compliance, and Record Keeping
International Affairs	IOSCO International Initiatives International Cooperation
General Counsel	Foreign Stock Index Futures Contracts

All Goals	
Division/Office	Areas of Accomplishment
Executive Director	Executive Management Council Information Resources Management Technology Advances Special Events and Training Human Resources Initiatives Administrative Services and Space Management Financial Management

Division Accomplishments By Agency Goal: *Third Quarter, FY 2001*

Goal One: Protect the economic functions of the commodity futures and option markets.

Division of Trading and Markets — Goal One Accomplishments:

Federal Reserve Board Margin Report – On June 11, 2001, the Commission issued its eighth annual report to the Federal Reserve Board concerning stock index futures margins. DEA prepared the first part of the report, which addresses margin levels, and T&M prepared the second part, which discusses risk management by the exchanges and clearing organizations involved in stock index futures trading.

BrokerTec – On June 18, 2001, the Commission designated the BrokerTec futures exchange for designation as a contract market for the automated trading of various interest rate futures contracts. On the same date, the Commission approved the BrokerTec Clearing Company as a derivatives clearing organization.

Division of Economic Analysis — Goal One Accomplishments:

Contract Market Designations – Market Analysis staff and staff of other divisions participated in reviews of new exchange applications including the applications of BrokerTec, Hedge Street, Nasdaq/LIFFE, and NexTrade, as well as the draft submission of Electronic Financial Instruments Derivatives Exchange (EFIDEX).

New Contracts and Rule Changes – Ten new product approval reviews were completed during the quarter. The division completed its reviews of the requests for approval of the CME benzene futures, the Cantor Financial Futures Exchange (CX) ten-year US Treasury note futures, the New York Mercantile Exchange (NYMEX) for physical delivery of crude oil futures, and BrokerTec's four US Treasury futures.

Implementation of the CFMA – Proposed rules to implement the provisions of the CFMA were published in the *Federal Register* on March 9, 2001 (66 FR 14262). The comment period expired on April 9, 2001.

Tracking and Maintaining Information – Division staff updated information in a database on new exchanges and transaction execution facilities that are, or appear to be, offering futures-like products. The database serves as a source of reference information about these new entities, some of which likely will come under Commission oversight under the CFMA.

Large Trader Reporting – Division staff, working with OIRM, have successfully completed the redirection to a new CFTC server of electronic large trader and exchange data filings made via the Internet.

Foreign Stock Index Reviews – The division completed its economic analyses of the no-action requests of the LIFFE Mini FTSE 100, the Italian Futures Exchange Mini MIB 30, the MEFF RV (Spanish Futures Exchange) S&P Europe 350 and S&P Euro, and the Tokyo Stock Exchange S&P/Topix 150 stock index futures contracts.

Division of Enforcement—Goal One Accomplishments:

Trade Practice/Speculative Limits Violation – The Enforcement program has continued to pursue actions that address specific types of fraudulent trade practices affecting the interests of customers and the integrity of futures markets. During the third quarter of FY 2001, the Enforcement program filed an action alleging violation of a contract market's approved trading limits:

- *In re Saberi* – In June 2001, the Commission filed an administrative enforcement action against Andy Saberi. The complaint alleges that Saberi, a commodities trader, exceeded exchange trading limits for frozen pork bellies at the CME. Specifically, the complaint alleges that at the close of trading on August 14, 2000, Saberi held a net short position of 93 August

2000 pork belly futures contracts when the CME limit stood at 50 contracts. The complaint further alleges that an account executive warned Saberi of the limit early in the trading session on August 14, 2000 such that Saberi had time to comply with the limit prior to the close of trading. According to the complaint, Saberi chose not to comply until a second warning was issued on August 15, 2000. As charged in the complaint, Saberi profited substantially from his violation, which occurred during a period of significant market congestion. *In re Saberi*, CFTC Docket No. 01-11 (CFTC filed June 26, 2001).

Office of the General Counsel — Goal One Accomplishments:

Legislative Support Activities – As the Commission’s chief legal advisor, OGC advised the Commission concerning the implementation of the CFMA and other legislative and regulatory matters.

Regulatory Reform – Staff continued to work with staff of other divisions regarding proposed rules to implement the CFMA’s new regulatory framework. Rules regarding trading facilities were adopted by the Commission and published in the *Federal Register* on March 9, 2001 (66 FR 14262). The comment period ended on April 9, 2001. OGC staff and staff of other divisions worked on proposed rules to provide regulatory relief for clearing organizations.

Office of Legislative & Intergovernmental Affairs — Goal One Accomplishments:

Legislative Support Activities – OLIA coordinated testimony by Acting Chairman James E. Newsome before the Senate Appropriations Subcommittee on Agriculture, Rural Development, and Related Agencies regarding the Commission’s appropriations for FY 2002. OLIA coordinated the report to the House and Senate Appropriations Subcommittees on the Commission’s reprogramming request for the use of FY 2001 funds for retention allowances.

Liaison Activities – OLIA continued to provide liaison for the Commission with GAO, including its work studies, personnel practices, and penalties.

Office of the Executive Director — Goal One Accomplishments:

Integrated Surveillance System – The project team delivered enhanced data editing capabilities, additional display capabilities, performance improvements, and corrections to the ISS functionality. The team also completed testing of the new electronic transmission process for large trader firms and exchanges

Exchange Database System – In this quarter, the project team added automatic production of selected reports and automatic procedures for updating selected information to this system.

Division Accomplishments By Agency Goal: *Third Quarter, FY 2001*

Goal Two: Protect market users and the public.

Division of Trading and Markets — Goal Two Accomplishments:

Notice Registration as FCMs or IBs for Securities Broker-Dealers – On May 14, 2001, the Commission proposed rules concerning a short-form notice registration procedure to permit securities broker-dealers to register as FCMs or IBs, if the only futures-related activity of the firm would involve security futures products. The proposed rules were published on May 17, 2001 (66 FR 27476) for a 30-day comment period, which was subsequently extended until July 11, 2001 (66 FR 33494).

Exemptions for Notice Registrants and Others – On April 12, 2001, the Commission proposed rules concerning exemptions from certain CFTC rules for the notice registrants referred to above, as well as persons exempt from floor broker or floor trader registration because their only futures-related activity involves security futures products. The proposed rules were published on April 19, 2001 for a 30-day comment period (66 FR 20118).

Privacy of Customer Information – On April 27, 2001, the Commission published final rules to govern the handling of customer information by futures industry professionals (66 FR 21236). Division staff worked with staff from OGC and DEA to develop these rules.

Intermediaries Study – On June 22, 2001, the Commission published a notice of solicitation of comments to assist it in conducting a study of the CEA and the Commission's rules and orders governing the conduct of registrants, as mandated by Section 125 of the CFMA. The comment period is 60 days, ending August 21, 2001 (66 FR 33531).

Division of Enforcement — Goal Two Accomplishments:

Illegal Instruments – The Commission investigates and prosecutes the sale of illegal futures and options contracts to the general public. During the third quarter of FY 2001 the Commission filed the following enforcement actions in this program area, all of which involved the sale of illegal foreign currency contracts.

- *CFTC v. SunState FX, Inc., et al.* - On April 18, 2001, the Commission filed a civil injunctive action against SunState FX, Inc. (SunState) and Ulrich Garbe, SunState's owner and chief investment officer. The complaint alleged that, from at least March 2001 to the present, the defendants fraudulently operated a commodity pool. Specifically, the complaint alleged that the defendants solicited, accepted, and pooled funds from investors, purportedly to trade forward and spot foreign currency. The complaint further alleged that the defendants misappropriated customer funds by transferring \$1 million of their commingled funds—which had been solicited to trade foreign currencies—into a commodity trading account and thereafter by trading commodity futures without their knowledge and consent. In addition, the complaint alleged that, since December 21, 2000, the defendants had solicited retail customers to purchase illegal foreign currency options. *CFTC v. SunState FX, Inc., et al.*, No. 01-8329 CIV-MORENO (S.D.Fla. filed April 18, 2001). The same day the complaint was filed, the court entered a statutory restraining order prohibiting the defendants from destroying documents. As part of a cooperative enforcement effort, the SEC also filed a civil injunctive action against SunState, Garbe, and others, for violations of the federal securities law arising out of the same underlying facts.
- *CFTC v. International Currency Strategies, Inc., et al.* - On April 20, 2001, the Commission filed a civil injunctive action against International Currency Strategies, Inc., Fairfield Currency Group, Inc., and Strategic Trading Group, Inc. (collectively referred to as the "ICS Common Enterprise"), and Valentin Fernandez, Daniel Phillips, and Manny Kavekos. The complaint alleged that telemarketers, using high-pressure tactics, solicited customers to purchase illegal foreign currency options by making false claims about the profitability and risk of loss in foreign currency options trading. The complaint alleged that the defendants received over \$3 million from customers over a four-month period, but rather than purchase foreign currency

options, they used customer funds to pay for marketing leads, jewelry, and other personal expenses. The complaint also named Financial Clearing Corp, a British Virgin Islands corporation, as a relief defendant that allegedly holds funds that were fraudulently obtained from ICS Common Enterprise customers. *CFTC v. International Currency Strategies, Inc., et al.*, No. 01-8350 (S.D.Fla. filed April 20, 2001). On April 23, 2001, the court entered a statutory restraining order freezing the defendants' assets and prohibiting the destruction of documents. Subsequently, the court entered preliminary injunctions, by consent, against defendants Phillips, International Currency Strategies, Inc., and Fairfield Currency Group, Inc. Preliminary injunction motions against the other defendants are pending. The Commission coordinated its action with the US Attorney's Office for the Southern District of Florida and the Federal Bureau of Investigation. In a related criminal action, the US Attorney's Office indicted defendants Fernandez, Phillips, and Kavekos.

- *CFTC v. Infinite Trading Group, L.L.C., et al.* - On April 30, 2001, the Commission filed a civil injunctive action against Infinite Trading Group, L.L.C. (ITG), and ITG employees Shawn Christie (account representative), Edward Cameron Lindsey (Vice President of Operations), and Anthony Garcia (President and Senior Commercial Account Director). The complaint alleged that, from at least December 1999 to the present, the defendants fraudulently solicited customers to trade illegal foreign currency options contracts by making exaggerated claims of profitability and minimizing the risk of loss. The complaint further alleged that the defendants misappropriated customer funds and used them for personal expenses, such as payments to adult entertainment locations, restaurants, maid services, and video rentals. *CFTC v. Infinite Trading Group, L.L.C., et al.*, No. 1:01-CV-1107 (N.D.Ga. filed April 30, 2001). The same day the complaint was filed, the court entered a statutory restraining order freezing the defendants' assets and prohibiting the destruction of documents. On May 14, 2001, the District Court entered an Order of Preliminary Injunction against all defendants. The Georgia Governor's Office of Consumer Affairs and the US Attorney's Office for the Northern District of Georgia assisted the Commission in its investigation of this matter. The Commission coordinated the filing of its action with the Georgia authorities who, on May 1, 2001, arrested Christie and Lindsey for criminal violations in connection with their activities at ITG.
- *CFTC v. International Monetary Group, Inc., et al.* - On June 18, 2001, the Commission filed a civil injunctive action against International Monetary Group, Inc. (IMG) and Currency Management Group, Inc. (CMG), as well as Anthony and Emido Dellarciprete, the owners and operators of IMG and CMG, and Jason Lemmon, sales manager for both companies. The complaint charged that since at least December 2000, the defendants fraudulently solicited and received almost \$700,000 from customers—purportedly to purchase foreign currency options. Instead, according to the complaint, defendants used those funds to pay for personal expenses, such as food, entertainment, automobiles and home improvement projects. The complaint further alleged that the defendants solicited investors by exaggerating claims of profitability and minimizing the risk of loss associated with investing in foreign currency options. *CFTC v. International Monetary Group, Inc., et al.*, No. 5:01CV1496 (N.D.Ohio filed June 18, 2001). The same day the complaint was filed, the court entered a statutory restraining order freezing defendants' assets and prohibiting them from destroying documents.

Quick-Strike Cases — The Commission is committed to responding quickly to enforcement investigations that uncover ongoing fraud. Quick-strike cases are civil injunctive actions that generally are filed in Federal district courts within days or weeks of the discovery of the illegal activity, enabling the program to stop fraud at an early stage and to attempt to preserve customer funds.

- *CFTC v. Bailey, et al.*, No. G-1-01-4212 (S.D.Ohio filed April 12, 2001) (See Goal Two, CPO Fraud Cases, below);
- *CFTC v. SunState FX, Inc., et al.*, No. 01-8329 CIV-MORENO (S.D.Fla. filed April 18, 2001) (See Goal Two, Illegal Instruments Cases, above);

- *CFTC v. International Currency Strategies, Inc., et al.*, No. 01-8350 (S.D.Fla. filed April 20, 2001) (See Goal Two, Illegal Instruments Cases, above);
- *CFTC v. Infinite Trading Group, L.L.C., et al.*, No. 1:01-CV-1107 (N.D.Ga. filed April 30, 2001) (See Goal Two, Illegal Instruments Cases, above);
- *CFTC v. International Monetary Group, Inc, et al.*, No. 5:01CV1496 (N.D. Ohio filed June 18, 2001) (See Goal Two, Illegal Instruments Cases, above); and
- *CFTC v. Knipping, et al.*, No. 01-163-P-H (D.Me. filed June 20, 2001) (See Goal Two, CPO Fraud Cases, below).

Commodity Pool Operator Fraud Cases – During the third quarter of FY 2001, the Enforcement program filed the following enforcement actions alleging commodity pool fraud:

- *CFTC v. Bailey, et al.* – In April 2001, the Commission filed a civil injunctive action against Jeffrey T. Bailey and JMK Capital Management, Inc. (JMK). The complaint alleged that, starting in late 1994 or early 1995, Bailey fraudulently solicited, accepted, and pooled at least \$624,000 from approximately 50 members of the general public for the purported purpose of trading commodity futures. Specifically, the complaint alleged that the defendants misrepresented their trading record to potential investors; issued false monthly statements; and concealed from investors the fact that only a small amount of investor funds was actually being traded, that such trading had resulted primarily in losses, and that Bailey was diverting funds for his personal use and benefit. Moreover, the complaint alleged that Bailey concealed his trading losses by using funds from current investors to pay earlier investors, in a manner akin to a Ponzi scheme. *CFTC v. Bailey, et al.*, No. G-1-01-4212 (S.D. Ohio filed April 12, 2001). The Commission coordinated its filing with the US Attorney's Office for the Southern District of Ohio which, on the same date, filed a criminal information against Bailey arising out of the same facts and charging criminal violations of the CEA.
- *CFTC v. Knipping, et al.* – On June 20, 2001, the Commission filed a civil injunctive action against Edward W. Knipping and Time Traders, Inc. charging them with fraudulently operating a commodity pool. Specifically, the complaint alleged that, since at least March 2000 and continuing through May 2001, Knipping solicited and pooled at least \$5.9 million from approximately 250 investors for the purported purpose of trading commodity futures. According to the complaint, Knipping misappropriated funds and issued false account statements indicating that the pool was highly profitable. *CFTC v. Knipping, et al.*, No. 01-163-P-H (D.Me. filed June 20, 2001). Simultaneously with the filing of the complaint, the US Attorney's Office for the District of Maine unsealed a criminal complaint against Knipping, Time Traders, and another business charging them with fraud.
- *In re Gilkerson* – On June 29, 2001, the Commission simultaneously instituted and settled an administrative enforcement action against Harvey T. Gilkerson, an unregistered commodity pool operator. The order found that Gilkerson fraudulently solicited investors for two pools that he managed, and that he misappropriated customer funds and distributed false account statements to investors. Specifically, the order found that Gilkerson solicited investors using false statements of guaranteed profits and never disclosed that his profit claims were based on hypothetical trading. The order further found that Gilkerson used investor funds to pay personal and business expenses, and that he sent false statements to investors showing profits and increasing balances when, in fact Gilkerson's trading resulted in losses. Without admitting or denying liability, Gilkerson consented to the entry of the order that directed him to cease and desist from further violations, as charged, ordered Gilkerson to make full restitution of \$16,350 to investors pursuant to a payment plan, and to pay a civil monetary penalty of \$16,350, also under a payment plan, and ordered him to comply with his undertaking never to seek registration in any capacity. *In re Gilkerson*, CFTC Docket No. 01-12 (CFTC filed June 29, 2001).

Commodity Pool Operator Fraud Case Results – During the third quarter of FY 2001, the enforcement program also obtained results in the following cases previously filed in the area of commodity pool fraud:

- *CFTC v. Michael James Konkel*, No. 00-T-547-S, Consent Order of Permanent Injunction and Other Equitable Relief Against Defendant Konkel (M.D. Ala. entered May 18, 2001) (finding that Konkel, among other violations, fraudulently solicited investors for a commodity pool he operated, enjoined Konkel from acting as an unregistered CPO and from violating the risk disclosure and recordkeeping provisions of the CEA and Commission regulations, ordered Konkel to pay \$790,000 in restitution to investors and, upon satisfaction of his restitution obligations, a civil monetary penalty of up to \$440,000, and barred Konkel from ever seeking registration with the Commission and from trading on any futures market on behalf of himself or others).

Introducing Broker Solicitation Fraud Cases – During the third quarter of FY 2001, the Commission devoted time and attention to matters involving violations by registered IBs and their Associated Persons (APs). Such cases often involve fraudulent misrepresentations, usually to retail customers, to induce them to invest. Described below are the two enforcement actions the Commission filed in this program area during the past quarter:

- *In re Madison Financial Group LLC, et al.* – In June 2001, the Commission filed an administrative enforcement action against registered IB Madison Financial Group LLC (Madison) and Madison's two principals, Richard A. Cohen and Ronald G. Scott, who are also registered APs of Madison. The complaint alleged that, from April 1998 to March 2001, Madison, at the direction of Cohen and Scott, fraudulently solicited customers to open accounts to trade commodity options. Specifically, the complaint alleged that the respondents solicited customers during high-pressure telephone solicitations in which they misrepresented the risks and profit potential from trading commodity options and the performance record of their customers. In contrast to Madison's claims of a successful track record, the complaint alleged that, during the relevant time period, 97 percent of Madison's customers suffered net losses totaling over \$17 million of the \$20 million in funds invested, while Madison made over \$9 million in commissions and fees. The complaint also charged the defendants with failing to supervise diligently Madison's APs. *In re Madison Financial Group LLC, et al.*, CFTC Docket No. 01-09 (CFTC filed June 6, 2001).
- *In re First Investors Group of the Palm Beaches, Inc., et al.* – In June 2001, the Commission filed an administrative enforcement action against First Investors Group of the Palm Beaches, Inc. (First Investors Group) and its principals, William S. Cordo and Mitchell S. Davis. The complaint alleges that from approximately June 1998 to February 2000, First Investors Group, at the direction of Cordo and Davis, fraudulently solicited customers to open accounts to trade commodity options through telephone solicitations and the broadcast of a 30-minute television infomercial. According to the complaint, First Investors Group defrauded customers by making false claims about, and failing to disclose material facts concerning, the likelihood of profiting from and the risk of loss involved in trading commodity options, including profit claims based on seasonality. In contrast to these fraudulent claims of great profitability and minimal risk, the complaint alleges that nearly 97 percent of First Investors Group customers who closed their accounts over a two-year period lost virtually all the funds they invested—a total of nearly \$7.5 million—while paying approximately \$3.7 million in commissions. *In re First Investors Group of the Palm Beaches, Inc., et al.*, CFTC Docket No. 01-10 (CFTC filed June 19, 2001).

Violation of Commission Order Case – During the third quarter of FY 2001, the Commission pursued the following enforcement action alleging violation of a prior Commission order:

- *In re Varner* - In June 2001, the Commission filed an administrative enforcement action against Michael H. Varner, whose floor broker registration on the New York Cotton Exchange was restricted for a period of two years by a Commission order issued on June 4, 1999. See *In re Varner* (1998-1999 Transfer Binder) Comm. Fut. L. Rep. (CCH) ¶ 27,673 (CFTC June 4, 1999) (accepting Varner's offer to settle pending statutory disqualification action). The complaint alleged that Varner violated the terms of the Commission-ordered registration restriction by trading on behalf of at least one customer, clearing trades through an FCM other than the FCM specified in the prior Commission order; acting as principal and branch

manager of a registered IB, Varner Brokerage Co., and acting as president of a registered CTA, Hunter Trading, Inc. *In re Varner*, CFTC Docket No. 01-08 (CFTC filed June 1, 2001).

Office of the General Counsel — Goal Two Accomplishments:

Commission Opinions and Orders – OGC assisted the Commission in deciding administrative adjudicatory matters. The Commission issued decisions resolving appeals in two enforcement cases and three reparations cases. The decision in *Taub v. Lind-Waldock & Co.* vacated a Judgment Officer's award of damages for unauthorized trading. In explaining its decision, the Commission reaffirmed precedent endorsing a liberal, pragmatic approach to interpreting claims filed by *pro se* complainants. It noted, however, that presiding officers must assess the reliability of a complaint's factual allegations in light of the record as a whole. In making this assessment, the Commission held that lack of specificity undermined the weight attributable to Taub's allegations because his description of a key conversation was insufficient to permit a reliable determination of what was actually said.

Litigation – OGC defended the Commission in more than 12 active appellate cases during the quarter, obtaining favorable published opinions in *CFTC v. Smith & Mona* (7th Cir.) and *MBH v. CFTC* (7th Cir.), and favorable outcomes in *Laken v. CFTC* (7th Cir.) and *McGough v. CFTC* (9th Cir.). In addition, OGC initiated the Commission's appeal from an adverse district court decision in *CFTC v. Mass Media Marketing* (11th Cir.) and undertook review of another decision for possible appeal, *CFTC v. R.J. Fitzgerald* (11th Cir.). As part of its *amicus* program, OGC met with all parties and actively assessed the issues on appeal in *FTC v. Ken Roberts* (D.C. Cir.). On behalf of the Commission in the district courts, OGC opposed a renewed request for attorney fees in *Taucher v. Rainer* (D.D.C.) and participated in mediation and continuing litigation of an Equal Employment Opportunity case in *Forkkio v. Rainer* (D.D.C.).

OGC defended the Commission in an appeal from a bankruptcy court opinion, *Inskeep v. MeesPierson*, No. 00 C 2056 (N.D. Ill.) (appeal from Bankruptcy Court decision invalidating regulation), and in the underlying bankruptcy proceeding. In further defense of the Commission's enforcement efforts, OGC sought withdrawal of the referee in bankruptcy in *In re Stein*, (Bankr. W.D.N.C.) and negotiated terms of settlement to be presented to the Commission that would resolve the Commission's interests in a state foreclosure action, protecting assets for possible distribution to defrauded customers, *Chase v. CFTC* (S.C.).

Finally, OGC defended the Commission's interests in personnel cases (notably representing the Commission in two mediations) and in third-party district court litigation, primarily matters involving demands for Commission records or for the testimony of Commission personnel.

Freedom of Information Act – Staff advised the Commission on novel issues arising under the FOIA and the Privacy Act, assisted the OED in its review of Privacy Act systems of records, and counseled the divisions in connection with FOIA requests for documents. Staff continued to oversee the review and production of documents related to the Sumitomo and Merrill Lynch proceedings and to work with outside counsel on related subpoenas. Staff has initiated meetings with the Commission's FOIA Compliance staff to train agency support staff in basic FOIA law.

Ethics – Staff assisted Commission employees with the preparation and filing of annual financial disclosure documents, and reviewed and approved a number of disclosure documents. Staff also counseled departing senior staff with respect to post-employment restrictions and termination financial disclosure reports. In addition, OGC has commenced a review of the Commission's ethics program and responsibilities with a view to making changes in staffing and procedures and, in cooperation with OHR, is preparing to implement procedures for electronic filing of financial disclosure reports. Staff has initiated enhanced training of OHR staff and has advised the Commission on matters involving the Commission's independent conduct regulations.

Privacy of Customer Information – The Commission adopted final rules prepared by T&M and OGC staff to govern the handling of customer information by industry professionals. The rules became effective June 21, 2001 (66 FR 15549, Apr. 27, 2001).

Office of the Executive Director — Goal Two Accomplishments:

Litigation Support System – On June 5th the EMC approved the recommended solution of the integrated project team for case management, document management and litigation support for the Commission.

Division Accomplishments By Agency Goal: *Third Quarter, FY 2001*

Goal Three: Foster open, competitive, and financially sound markets.

Division of Trading & Markets—Goal Three Accomplishments:

Opt Out of Segregation – On April 19, 2001, the Commission approved final rules to permit DTFs to authorize FCMs to offer their institutional customers the election to opt out of segregation with respect to DTF transactions. The rules were published in the *Federal Register* on April 25, 2001 (66 FR 20740).

CBT Block Trading – The division reviewed a CBT proposal, similar to the provision adopted at the CFFE and CME, which permits certain defined sophisticated market participants to execute large-sized transactions away from the exchange's central marketplace. The proposal was approved by the Commission on April 18, 2001.

BOTCC-GSCC Cross-Margining – The division reviewed a proposal from BOTCC to expand its cross-margining program with GSCC to permit reduced margin levels for cross-market positions in Treasury securities products.

CME Allowance of MEFF as Special Clearing Member – The division reviewed a proposal from the CME to allow the MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Variable to be designated as a CME Special Clearing Member for the purposes of clearing MEFF products at the CME. The Commission issued an order permitting CME clearing members to place funds related to MEFF trades for customers in the same account as funds related to CME trades for customers.

Rule 30.10 – On May 21, 2001, the Commission published an order approving (subject to conditions) the application for relief under CFTC Rule 30.10 filed by the Winnipeg Commodity Exchange on behalf of its members (66 FR 27859).

MGE Rule Enforcement Review – On May 30, 2001, the Commission accepted a rule enforcement review of the MGE. The purpose of the review was to evaluate the MGE's market surveillance, trade practice surveillance, audit trail, and disciplinary programs for the period October 1, 1999 through September 30, 2000. In its review, staff found that the MGE needed to improve the timeliness of its investigations and issue meaningful sanctions against repeat offenders. The review found the remainder of the MGE's self-regulatory programs to be operating adequately.

Risk-Based Capital – On May 1, 2001, the Commission accepted a report on the implementation of risk-based net capital requirements by several exchanges and NFA. As a result, staff are evaluating potential amendments to the Commission's net capital rules.

Review of NFA's Program for Review of FCM and IB Financial Reports – On May 1, 2001, the Commission accepted a rule enforcement review of the FCM and IB financial reports review program of NFA. The division found that generally the program effectively supports NFA's financial surveillance over its member FCMs and IBs, and promotes compliance by FCMs and IBs with Commission rules and those of NFA and other SROs.

Review of the SPAN Margining System – On May 1, 2001, the Commission accepted a report on the SPAN margining system developed by the CME and used by all US commodity futures exchanges and many exchanges worldwide.

Division of Enforcement—Goal Three Accomplishments:

International Cooperative Enforcement

- *"Internet Surfs" and Training* – On April 23, 2001, the Commission participated in the second annual international Internet surf day organized by IOSCO that included the participation of 38 regulators from 35 countries. Building on the success of last year's effort, 45 CFTC and NFA participants reviewed over 1,300 Web sites, identifying more than 100 for follow-up

review. The sites identified for follow-up review involved commodity futures and options in a variety of ways, such as computerized trading systems promising highly successful buy and sell signals, trade recommendations based on seasonal trends in the prices of commodities such as heating oil and gasoline, and purported profit opportunities on commodities such as foreign currencies (or forex), precious metals, and stock indices.

On June 14 and 15, 2001, the Commission and the SEC jointly hosted a third Internet Surveillance Training Program for relevant enforcement staff of IOSCO members. The program was held at CFTC's Washington, DC headquarters. This training program brought together experts from regulators with Internet enforcement programs to provide instruction in areas such as the use of search engines to detect securities offenses, Internet resources that identify authors of anonymous newsgroup postings and e-mail messages, and methods of preserving and authenticating electronic evidence. Presentations were made on the organization of Internet surveillance and enforcement programs. The Commission reached out to foreign and domestic authorities, such as the Federal Bureau of Investigation, to share knowledge and experience at the training program. The program was attended by 22 participants from 17 different jurisdictions.

Financial, Supervision, Compliance, and Record Keeping – In its efforts to promote sound practices of firms handling customer funds, the Enforcement program investigates and prosecutes registrants' failures to supervise diligently the handling of customer accounts and failures to establish adequate compliance systems to prevent fraud or market abuse, as well as other financial violations. The Commission's enforcement actions in other program areas often include violations that also involve this program area. For example, during the third quarter of FY 2001, the Enforcement program filed the following enforcement actions (described in Goal Two Accomplishments above) that, in part, also addressed these Goal Three violations:

- Illegal foreign currency contracts cases (*CFTC v. SunState FX, Inc., et al.*, No. 01-8329 CIV-MORENO (S.D.Fla. filed April 18, 2001); *CFTC v. Int'l Currency Strategies, Inc., et al.*, No. 01-8350 (S.D.Fla. filed April 20, 2001); *CFTC v. Infinite Trading Group, L.L.C., et al.*, No. 1:01-CV-1107 (N.D.Ga. filed April 30, 2001); and *CFTC v. Int'l Monetary Group, Inc, et al.*, No. 5:01CV1496 (N.D. Ohio filed June 18, 2001));
- CPO fraud cases (*CFTC v. Bailey, et al.*, No. G-1-01-4212 (S.D. Ohio filed April 12, 2001); *CFTC v. Knipping, et al.*, No. 01-163-P-H (D.Me. filed June 20, 2001); and *In re Gilkerson*, CFTC Docket No. 01-12 (CFTC filed June 29, 2001)); and
- IB fraud cases (*In re Madison Financial Group LLC, et al.*, CFTC Docket No. 01-09 (CFTC filed June 6, 2001); and *In re First Investors Group of the Palm Beaches, Inc., et al.*, CFTC Docket No. 01-10 (CFTC filed June 19, 2001)).

Office of International Affairs — Goal Three Accomplishments:

IOSCO – OIA staff continued to coordinate the Commission's activities within the Technical Committee of IOSCO, including participating in a joint task force with the Committee on Payment and Settlement Systems which finalized a paper making recommendations for settlement systems, an implementation task force that is preparing surveys, and analyzing responses to, high-level self-assessments by IOSCO members on the extent to which the *Objectives and Principles of Securities Regulation (Core Principles)* have been implemented, the standing committee on secondary markets which is preparing a study on the effectiveness of trading halts and investigating the transparency needs of markets, and the standing committee on market intermediaries which is completing reports on operational risk, liquidity practices of intermediaries and the regulatory implications of cross-border transactions.

International Initiatives – OIA continued to coordinate the Commission's responses to position papers distributed by the US Department of the Treasury.

Technical Assistance – OIA provided on-site technical assistance to an International Monetary Fund Financial Stability Assessment exercise in Finland, participated in a regulatory seminar conducted for senior management of a globally active intermediary, and arranged for a Commission staff member to participate in a regulatory seminar held in the People's Republic of China dealing with manipulation.

Office of the General Counsel — Goal Three Accomplishments:

Foreign Stock Index Futures Contracts – The staff has continued to work on the disposition of requests to permit the offer and sale in the US of foreign stock index futures contracts.

Division Accomplishments By Agency Goal: *Third Quarter, FY 2001*

All Goals

Office of the Executive Director — All Goals Accomplishments:

Executive Management Council – At its June 5, 2001 meeting, the EMC (1) approved a pilot video conferencing program for FY 2002; (2) approved the first phase of funding for a recommended Commission litigation support solution; and (3) approved implementation of e-mail filtering software which had been tested successfully by OIRM during the second quarter and improves virus protection and strengthens the Commission security program.

Information Resources Management – To further improve Commission information technology security, a new password policy was implemented which requires all CFTC staff to change their network passwords every 90 days. The second phase of desktop computer deployment to agency staff was completed as planned.

Technology Advances – OHR and OIRM continued to prepare for the implementation of the National Finance Center's new STAR system. OHR implemented an automated announcement, registration, and reminder system for the Commission's Training Program; attendance is tracked using an ACCESS database. OHR continued to work with NFC to make available to CFTC staff electronically fillable and reusable ethics forms (OGE 450 and SF 278) through the NFC's Personal Page interface. Additional revisions were made to the SF 52 and applicant tracking systems.

Special Events and Training – The CFTC's FY 2001 Training Program continued during the quarter. OHR increased its session offerings by 35 percent over the FY 2000 program. New offerings were developed for the Industry/Legal/Technical, Human Resources Fundamentals, and Personal/Professional Training tracks. Two Commission-wide training initiatives were successfully completed with excellent attendance: *Managing Conflict and Tension in the Workplace* and *Retirement and Financial Planning*. The Training Advisory Group met to plan the FY 2002 Training Program and evaluate the FY 2001 Training Program. A Savings Bond Campaign was held during the third quarter. A seminar on securities law was held at headquarters for all interested employees and videotapes were made available to the regional offices. The 2001 Summer Intern Training Program was very successful and included a new session, *Commodity Exchange Act: Practice and Procedure*.

In April, the Commission participated in Bring Your Child To Work Day and celebrated Administrative Professionals Week. The Commission's annual Honorary Awards Ceremony was held in May.

The educational component of the Commission's Employee Assistance Program increased significantly: workshops on *Stress Management* and *The Impact of Alcoholism on Families* were presented throughout the Commission during the quarter. The Preventive Health Series continued with diabetes and blood pressure screenings held in Washington and mammograms were made available through George Washington University's Mammovan. A Red Cross blood drive was held in May.

Human Resources Initiatives – OHR provided guidance to employees on the Thrift Savings Plan Open Season and the Federal Employees Retirement Coverage Correction Act. Presentation of the *Managing Conflict and Tension in the Workplace* program completed OHR's outreach efforts on the subject of violence in the workplace. Thirty-eight student appointments were made to the Commission's Summer Intern Program. OHR completed its biennial timekeeper audits. OHR continued its work with the Chicago Regional Office to develop Individual Development Plans (IDPs) and as an advisor on career development issues. A survey to assess training needs will be created.

Administrative Services and Space Management – OAS continues to strengthen the agency's excess property program. Additional audio-visual equipment in the Commission's main Hearing Room has been completed. Security enhancements have been made at Headquarters' lower lobby and 4th floor reception areas to provide easier access while improving employee safety. A CFTC health and safety policy has been implemented. OFM continued to manage the competition for office space for the agency's Chicago Regional Office: a solicitation defining CFTC requirements was issued; proposals were evaluated; an

architectural firm was selected to assist in programming, test fits, and design of the new space; and options for program management and legal services were evaluated.

Financial Management – The FY 2000 Annual Performance Report and the FY 2002 Budget and Annual Performance Plan were submitted to Congress. OFM and OLIA submitted to the House Agriculture Appropriations Subcommittee the Questions for the Record arising from the Hearing before that committee. OFM and OLIA briefed staffs of Congressional Appropriation Committees on the FY 2002 Budget Request, Title V Exclusion, and Retention Allowances for Attorneys and Economists. OFM issued guidance to staff on the formulation of the FY 2003 Budget and Annual Performance Plan and FY 2001 Annual Performance Report. OFM also developed an internal control review plan for the accounts payable function and drafted agency policy for compliance with the Prompt Payment Act. A monthly internal control review of delinquent traveler charge card accounts was implemented. OFM developed an audit plan and audit reports for travel reimbursements, developed a recommendation and transition plan for using a new travel management center, Potomac Falls Travel, for all CFTC travelers, and designed and implemented an interface program to provide an online method of reviewing and approving purchase card transactions in the agency's financial management system. OFM began to use FedBizOpps, the Government-wide e-commerce Web site, for the CFTC's electronic commerce.

Reporting – OHR provided the following reports to OPM: monthly Welfare-to-Work reports and quarterly Delegated Examining Unit and Schedule C Employment.

Part III: Annual Performance Statistics

Summary of Commission Outreach Efforts

Third Quarter, FY 2001

Non-Recurring Outreach Efforts:

Quarterly meetings of Acting Chairman Newsome and leaders of Exchanges
Congressional briefings with OLIA staff

Recurring/Established Outreach Efforts:

Advisory

Agricultural Advisory Committee
Technology Advisory Committee
Global Markets Advisory Committee

Federal and State Working Relationships

President's Working Group on Financial Markets
US Department of Agriculture
Securities and Exchange Commission
Department of the Treasury
Board of Governors of the Federal Reserve System
New York Federal Reserve Bank
Federal Deposit Insurance Corporation
Department of Energy
Department of Labor's Bureau of Labor Statistics
Department of Justice
Federal Bureau of Investigation
Federal Trade Commission
US Postal Inspection Service

Self-Regulatory

National Futures Association quarterly meetings

International

Foreign regulatory authorities
International Organization of Securities Commissions (IOSCO)

List of Interested Parties

All Exchanges and Self-Regulatory Organizations
Public
Congress
The Administration
Market Professionals
Market Users
Foreign Authorities
Federal Departments and Agencies

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*⁴

Goal One: Protect the economic functions of the commodity futures and option markets.

Outcome Objective 1.1: Foster futures and option markets that accurately reflect the forces of supply and demand for the underlying commodity and are free of disruptive activity. (Activities 1.1.1 through 1.1.10)

Annual Performance Goal: No price manipulation or other disruptive actions.

Activity 1.1.1: Collect US futures and option large trader and exchange-generated data for all actively trading contracts to support market surveillance, enforcement of speculative limits, dissemination of information to the public, and futures market studies and research by Commission staff and others.

Activity 1.1.1 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Amount of large trader and exchange-generated reports collected from firms.	52,400,000	13,013,125	14,283,578	14,766,214		42,062,917	80%	56,100,000
Number of projects/measures intended to reduce reporting burdens and related costs on exchanges.	5	0	0	1		1	20%	1

Activity 1.1.2: Monitor the markets to detect and respond quickly to potentially disruptive situations such as market congestion and/or potential price manipulation.

Activity 1.1.2 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of active futures and option markets.	275	258	244	238		N/A	N/A	275
Number of market surveillance reports prepared on expiring contracts for indications of price manipulation or other market disruptions.	2,100	477	449	486		1,412	67%	2,100
Number of market surveillance analyses prepared and presented at Commission briefings.	280	68	90	80		238	85%	280
Number of markets requiring intensified surveillance to prevent market manipulation.	20	2	3	4		9	45%	20
Number of derivatives transaction facilities monitored.	5	0	0	0		0	0%	0

⁴ TBD on FY 2001 Targets means that the statistics have not been previously tracked. A tracking system is currently in place to provide targets for future years. N/A means that the calculation can not be mathematically performed.

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal One: Protect the economic functions of the commodity futures and option markets.

Outcome Objective 1.1 (Cont'd.)

Activity 1.1.3: Conduct timely review of new contract market designation applications and DTF registration applications to determine if they meet statutory requirements and comply with core principles.

Activity 1.1.3 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of new contract market designation application reviews completed.	5	0	1	1		2	40%	3
Number of derivative transaction execution facility registration applications completed	2	0	0	0		0	0%	0

Activity 1.1.4: Identify possible manipulation and other abusive trading practices for investigation and possible enforcement or criminal action.

(Measure deleted in FY 2001)

Activity 1.1.5: Investigate possible manipulation and other abusive trading practices.*

Activity 1.1.5 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of such investigations opened during the reporting period.	12	4	3	5		12	100%	14
Number of such investigations closed during the reporting period.	TBD	1	0	2		3	N/A	5
Number of such investigations pending at close of the reporting period.	16	16	19	22		N/A	N/A	22
Number of such investigations closed or resulting in the filing of an enforcement case during the reporting period.**	12	1	2	3		6	50%	8
During the reporting period, the number of such investigations closed or resulting in an enforcement case within one year of opening the related investigation.	6	0	2	2		4	67%	5

*Individual Enforcement investigations and cases frequently concern issues that span more than one strategic goal. Accordingly, all performance indicators are reflected in each outcome objective achieved throughout the course of a matter. So, for example, if a case is filed which contains allegations of trade practice violations as well as supervision failures, that case will be reflected in the appropriate places under Goals One, Two, and Three.

** An Enforcement investigation can remain open after a related case has been filed.

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal One: Protect the economic functions of the commodity futures and option markets.

Outcome Objective 1.1 (Cont'd.)

Activity 1.1.6: Institute enforcement cases concerning manipulation and other abusive trading practices.

Activity 1.1.6 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of such cases filed during the reporting period.	3	2	2	1		5	167%	6
Number of such cases completed during the reporting period.	3	0	0	1		1	33%	2
Number of such cases pending at the close of the reporting period.	13	12	14	14		N/A	N/A	14
During the reporting period, the total number of such cases filed within one year of opening the related investigation.	0	1	2	1		4	N/A	4

Activity 1.1.7: Sanction violators.*

Activity 1.1.7 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Amount of disgorgement or restitution ordered.	\$100,000	\$0	\$19,900	\$18,750		\$38,650	39%	\$50,000
Amount of civil penalties.	\$1,000,000	\$0	\$50,000	\$30,000		\$80,000	8%	\$2,500,000
Number of cease and desist orders.	4	0	1	1		2	50%	3
Number of registration sanctions.	3	0	1	1		2	67%	3
Number of trading prohibitions.	3	0	1	1		2	67%	3

*This Quarterly Performance Review only reflects sanctions that have become final by the close of the reporting quarter. Thus the output measures reported here include only sanctions in settled matters; unappealed decisions of the Commission, US District Courts, or US Circuit Courts of Appeals; and decisions of the US Supreme Court.

Activity 1.1.8: Conduct timely reviews of exchange's requests for approval of products or rule changes to determine if they are economically viable and do not pose a likelihood of disruption in the cash, futures, and option markets.

Activity 1.1.8 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of new contract approval requests reviewed	15	1	0	10		11	73%	15
Number of economic reviews of rule change approval requests reviewed	50	22	3	8		33	66%	40

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal One: Protect the economic functions of the commodity futures and option markets.

Outcome Objective 1.1 (Cont'd.)

Activity 1.1.9: Conduct reviews of products and rule changes submitted under certification procedures to support market surveillance, enforcement of speculative limits, and to determine if the contracts are viable and pose a likelihood of disruption in the cash, futures, and option markets.

Activity 1.1.9 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Presurveillance reviews of new contract certification filings	15	1	5	0		6	40%	10
Reviews of rule amendment certification filings	25	2	8	69		79	316%	150

Activity 1.1.10: Conduct reviews of exempt markets and monitor the markets consistent with statutory requirements.

Activity 1.1.10 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of reviews related to exempt market filings	2	0	1	1		2	100%	2
Number of letters/no-actions issued related to requests for guidance	2	0	0	0		0	0%	1

Outcome Objective 1.2: Oversee markets that can be used effectively by producers, processors, financial institutions, and other firms for the purposes of price discovery and risk shifting.
(Activities 1.2.1 through 1.2.3)

Annual Performance Goal: No decrease in market use by producers, processors, financial institutions, and other firms because of loss of confidence in the price discovery and risk shifting functions of the markets.

Activity 1.2.1: Participate in the President's Working Group on Financial Markets to ensure coordination of information and efforts among US financial regulators.

Activity 1.2.1 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of President's Working Group meetings held (includes Steering Committee meetings).	24	6	6	6		18	75%	24
Number of President's Working Group meetings attended (includes Steering Committee meetings).	24	6	6	6		18	75%	24

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal One: Protect the economic functions of the commodity futures and option markets.

Outcome Objective 1.2 (Cont'd.)

Activity 1.2.2: Maintain a current understanding of market functions and developments through studies and research.

Activity 1.2.2 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of ongoing market research projects and studies.	12	3	3	3		9	75%	12
Number of market research projects and studies completed.	12	3	3	3		9	75%	12

Activity 1.2.3: Provide materials and information on the functions and utility of the markets to the public through public Commission meetings, public roundtables, advisory committee meetings, symposia, US Department of Agriculture publications, press releases, advisories, routine reports on large trader activity, etc.

Activity 1.2.3 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of public roundtable presentations.	3	0	0	0		0	0%	3
Number of Advisory Committee meeting presentations.	3	0	4	1		5	167%	5
Number of routine large trader reports published.	7,200	1,352	1,313	1,495		4,160	58%	7,200
Number of requests for data from universities and private sources.	10	3	2	3		8	80%	10
Number of requests fulfilled.	10	3	2	3		8	80%	10
Number of large trader reports (routine and special) provided to other US financial regulators.	28	7	7	7		21	75%	28

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Two: Protect market users and the public.

Outcome Objective 2.1: *Promote compliance with and deter violations of federal commodities laws. (Activities 2.1.1 through 2.1.10)*

Annual Performance Goal: All known possible wrongdoing identified and investigated. All violators brought to justice.

Activity 2.1.1: Identify and investigate possible fraudulent and other illegal activities relating to the commodity futures and option markets and their registrants.*

Activity 2.1.1 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of such investigations opened during the reporting period.	100	23	103	34		160	160%	170
Number of such investigations closed during the reporting period.	TBD	19	18	26		63	N/A	73
Number of such investigations pending at close of the reporting period.	105	83	168	176		N/A	N/A	176
Number of such investigations closed or resulting in the filing of an enforcement case during the reporting period.**	120	20	20	34		74	62%	82
During the reporting period, the total number of such investigations closed or resulting in an enforcement case within one year of opening of the related investigation.	60	13	16	30		59	98%	64

*Individual Enforcement investigations and cases frequently concern issues that span more than one strategic goal. Accordingly, all performance indicators are reflected in each outcome objective achieved through the course of a matter. So, for example, if a case is filed which contains allegations of trade practice violations as well as supervision failures, any performance indicators associated with the case will be reflected in the appropriate places under Goals One, Two, and Three.

** An Enforcement investigation can remain open after a related case has been filed.

Activity 2.1.2: Bring injunctive actions, including using "quick-strike" efforts to protect assets and to stop egregious conduct.

Activity 2.1.2 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of such injunctive cases filed during the reporting period.	12	3	1	6		10	83%	12
Number of such injunctive cases completed during the reporting period.	15	2	1	2		5	33%	7
Number of such injunctive cases pending at close of the reporting period.	39	45	45	49		N/A	N/A	49
During the reporting period, the total number of such injunctive cases filed within one year of the opening of the related investigation.	TBD	3	1	6		10	N/A	11
Number of such injunctive cases filed during the reporting period using "quick-strike" procedures.*	6	2	0	6		8	133%	8

*"Quick strike" cases are anti-fraud civil injunctive actions filed by the Commission within four months of the opening of the related investigation.

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Two: Protect market users and the public.

Outcome Objective 2.1 (Cont'd.)

Activity 2.1.3: Bring administrative cases involving fraud and other violations.

Activity 2.1.3 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of administrative cases filed during the reporting period.	22	3	3	4		10	45%	12
Number of such administrative cases completed during the reporting period.	24	2	1	2		5	21%	7
Number of such administrative cases pending at the close of the reporting period.	23	22	24	26		N/A	N/A	26
During the reporting period, the total number of such administrative cases filed within one year of opening the related investigation.	11	1	2	3		6	55%	7

Activity 2.1.4: Hear administrative cases.

Activity 2.1.4 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of administrative cases decided during the fiscal year.	30	2	10	3		15	50%	23

Activity 2.1.5: Sanction violators.*

Activity 2.1.5 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of statutory restraining orders obtained.	8	4	0	3		7	88%	8
Number of preliminary injunctions obtained.	8	1	4	5		10	125%	10
Number of permanent injunctions obtained.	20	1	5	1		7	35%	9
Amount of disgorgement and restitution granted.**	\$60,000,000	\$0	\$5,439,353	\$838,212		\$6,277,565	10%	\$16,000,000
Amount of civil monetary penalties granted.***	\$65,000,000	\$110,000	\$11,051,043	\$541,350		\$11,702,393	18%	\$18,000,000
Number of cease and desist orders obtained.	22	1	3	3		7	32%	8
Number of requests for registration restrictions granted.	6	0	3	2		5	83%	5
Number of requests for trading prohibitions granted.	10	1	2	2		5	50%	6

* This Quarterly Performance Review only reflects sanctions that have become final by the close of the reporting quarter. Thus the output measures reported here include only sanctions in settled matters; unappealed decisions of the Commission, US District Courts, or US Circuit Courts of Appeals; and decisions of the US Supreme Court.

**Approximately \$3,090,014 of the total restitution and disgorgement ordered paid in FY 2001 was ordered paid pursuant to multi-year payment plans in which the actual amount paid by the defendant/respondent depends upon the level of his/her income during the period of the payment plan.

***Approximately \$1,721,350 of the total civil monetary penalties ordered paid in FY 2001 was ordered paid pursuant to multi-year payment plans in which the actual amount paid by the defendant/respondent depends upon the level of his/her income during the period of the payment plan.

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

**Goal Two: Protect market users and the public.
Outcome Objective 2.1 (Cont'd.)**

Activity 2.1.6: Inform the public and the industry concerning allegations of wrongdoing and associated legal actions, including through publications and through Commission orders and reports describing the alleged violations and the Commission's legal and policy analysis.

Activity 2.1.6 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of cases decided with published opinions.	11	1	1	2		4	36%	13
Number of cases decided by orders of summary affirmance.	2	0	0	0		0	0%	0

Activity 2.1.7: Collect sanctions and civil monetary penalties against violators.

Activity 2.1.7 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Amount of civil monetary penalties assessed.	TBD	N/A	N/A	N/A		N/A	N/A	TBD
Amount of civil monetary penalties collected.	\$1,600,000	\$60,207	\$254,976	\$147,688		\$462,871	29%	\$2,800,000

*Approximately \$30,000 of the total civil monetary penalties ordered paid in FY 2001 was ordered paid pursuant to multi-year payment plans in which the actual amount paid by the defendant/respondent depends upon the level of his/her income during the period of the payment plan.

Activity 2.1.8: Cooperate with the exchanges, the National Futures Association, other federal agencies, state governments and law enforcement entities, and foreign authorities to gain information for law enforcement purposes and to provide enforcement assistance as necessary and appropriate.

Activity 2.1.8 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of enforcement investigations in which resources were expended during the reporting period in cooperative enforcement.	24	4	15	7		26	108%	32
Number of requests for enforcement assistance from foreign authorities during the reporting period.	24	5	2	7		14	58%	27
Number of requests for enforcement assistance made to foreign authorities during the reporting period.	22	11	19	39		69	314%	73

Activity 2.1.9: Monitor the Internet and other communication media for fraudulent activities and other possible violations of the Act.

Activity 2.1.9 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of preliminary inquiries generated from Internet and media monitoring during the reporting period.	62	17	11	11		39	63%	53

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Two: Protect market users and the public.

Outcome Objective 2.1 (Cont'd.)

Activity 2.1.10: Resolve appeals in administrative enforcement matters and self-regulatory organization adjudicatory actions.

Activity 2.1.10 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of administrative enforcement appeals resolved.	13	1	3	3		7	54%	15
Number of administrative enforcement appeals decided during the reporting period that were decided within six months.	3	1	3	3		7	233%	9
Number of SRO adjudicatory action appeals resolved.	3	1	1	1		3	100%	3
Number of SRO adjudicatory action appeals decided during the reporting period that were decided within six months.	1	1	1	1		3	300%	3

Outcome Objective 2.2: Require commodities professionals to meet high standards. (Activities 2.2.1 through 2.2.3)

Annual Performance Goal: No unregistered, untested, and unlicensed commodity professionals.

Activity 2.2.1: Oversee the National Futures Association (NFA) registration program, including testing, licensing, and ethics training for commodities professionals.

Activity 2.2.1 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of registered commodity professionals.	65,000	64,795	64,777	64,544		N/A	N/A	64,670
Number of registrants compliant with standards regarding testing, licensing, and ethics training.	64,000	62,850	62,849	63,032		N/A	N/A	63,400
Number of CTA-NFA Registration Working Group meetings.	4	1	1	1		3	75%	4

Activity 2.2.2: Oversee NFA's document disclosure review program.

Activity 2.2.2 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of disclosure documents reviewed.	25	9	6	9		24	96%	28
Number of deficiency letters issued.	5	2	0	0		2	40%	3
Number of CPO and CTA review reports issued.	1	0	0	0		0	0%	0
Number of CPO/CTA interpretations, advisories, and proposed rule changes.	5	2	0	1		3	60%	5

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Two: Protect market users and the public.

Outcome Objective 2.2 (Cont'd.)

Activity 2.2.3: Investigate and bring administrative registration cases arising out of alleged statutory disqualification and obtain suspensions, revocations, conditions, or restrictions of registration.

Activity 2.2.3 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of statutory disqualification investigations opened during the reporting period.	4	2	0	0		2	50%	3
Number of statutory disqualification investigations closed during the reporting period.	TBD	2	0	0		2	N/A	3
Number of statutory disqualification investigations pending at the close of the reporting period.	3	3	3	3		N/A	N/A	3
Number of statutory disqualification investigations closed or resulting in the filing of an enforcement case during the reporting period.*	5	2	0	0		2	40%	2
During the reporting period, the number of statutory disqualification investigations closed or resulting in enforcement case within one year of opening the related investigation.*	3	1	0	0		1	33%	1
Number of statutory disqualification cases filed during the reporting period.	5	0	0	0		0	0%	3
Number of statutory disqualification cases completed during the reporting period.	6	1	0	0		1	17%	1
Number of statutory disqualification cases pending at the close of the reporting period.	10	4	4	4		N/A	N/A	4
During the reporting period the total number of statutory disqualification cases filed within one year of the opening of the related investigation.	3	0	0	0		0	0%	0
Number of respondents/defendants against whom the CFTC's request for registration restrictions has been granted during the reporting period.	6	0	0	0		0	0%	3

* An Enforcement investigation can remain open after a related case has been filed.

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Two: Protect market users and the public.

Outcome Objective 2.3: *Provide a forum for effectively and expeditiously handling customer complaints against persons or firms registered under the Act. (Activity 2.3.1)*

Annual Performance Goal: All customer complaints against persons or firms registered under the Act are resolved within one year from the date filed (does not include appeals).

Activity 2.3.1: Provide a reparations program for commodities market users to make claims relating to violations of the Act.

Activity 2.3.1 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of reparations complaints filed during the reporting period.	112	22	24	32		78	70%	112
Number of reparations complaints forwarded for hearing as cases during the reporting period.	100	36	12	16		64	64%	100
During the reporting period the number of reparations complaints resolved within one year of filing date.	70	13	14	16		43	61%	70
During the reporting period the number of appeal cases decided that were decided within six months.	2	2	1	1		4	200%	4
Number of appeals resolved during the reporting period.	20	3	1	4		8	40%	17

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.1: *Ensure sound financial practices of clearing organizations and firms holding customer funds. (Activities 3.1.1 through 3.1.5)*

Annual Performance Goal: No loss of customer funds as a result of firms' failure to adhere to regulations. No customers prevented from transferring funds from failing firms to sound firms.

Activity 3.1.1: Promulgate regulations to ensure sound business, financial, and sales practices in firms participating in the commodities industry.

Activity 3.1.1 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of firms required to transfer customer accounts.	TBD	0	0	0		0	N/A	0
Amount of customer funds lost.	TBD	0	0	0		0	N/A	0

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.1 (Cont'd.)

Activity 3.1.2: Review and oversee self-regulatory organization audit and financial practices.

Activity 3.1.2 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of oversight audits.	50	3	6	16		25	50%	26
Number of financial investigative reviews.	10	2	4	5		11	110%	12
Number of financial reports processed.	5,000	776	1,883	1,992		4,651	93%	5,500
Number of financial reports resulting in follow-up inquiries. *	200	34	20	20		74	37%	100

* Follow-up on Notices of Capital Reduction and other notices under Rule 1.12.

Activity 3.1.3: Identify and investigate possible financial, capitalization, segregation, and supervision violations for possible prosecution.*

Activity 3.1.3 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of such investigations opened during the reporting period.	19	9	3	4		16	84%	19
Total number of such investigations closed during the reporting period.	TBD	5	5	7		17	N/A	19
Number of such investigations pending at the close of the reporting period.	30	30	28	25		N/A	N/A	26
Number of such investigations closed or resulting in the filing of an enforcement case during the reporting period.**	24	5	7	14		26	108%	28
During the reporting period, the total number of such investigations closed or resulting in an enforcement case within one year of the opening of the related investigation.**	8	4	5	11		20	250%	20

*Individual Enforcement investigations and cases frequently concern issues that span more than one strategic goal. Accordingly, all performance indicators are reflected in each outcome objective achieved through the course of a matter. So, for example, if a case is filed which contains allegations of trade practice violations as well as supervision failures, any performance indicators associated with the case will be reflected in the appropriate places under Goals One, Two, and Three.

** An Enforcement investigation can remain open after a related case has been filed.

Activity 3.1.4: Bring cases concerning financial, capitalization, segregation, and supervision violations.

Activity 3.1.4 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Total number of such cases filed during the reporting period.	11	4	3	10		17	155%	19
Number of such cases completed during the reporting period.	TBD	2	2	2		6	N/A	9
Number of such cases pending at the close of the reporting period.	39	38	39	47		N/A	N/A	46
During the reporting period, the total # of such cases filed within one year of the opening of the related investigation.	3	2	2	9		13	433%	14

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.1 (Cont'd.)

Activity 3.1.5: Sanction violators.*

Activity 3.1.5 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Amount of disgorgement and restitution ordered.**	\$35,000,000	\$0	\$106,638	\$825,982		\$932,620	<1%	\$2,000,000
Amount of civil monetary penalties ordered.***	\$14,000,000	\$0	\$375,000	\$486,350		\$861,350	6%	\$2,000,000
Number of cease and desist orders.	16	0	3	2		5	31%	8
Number of respondents/defendants whose registrations were ordered restricted.	13	0	4	2		6	46%	8

* This Quarterly Performance review only reflects sanctions that have become final by the close of the reporting quarter. Thus, the output measures reported here include only sanctions in settled matters; unappealed decisions of the Commission, US District Courts, or US Circuit Courts of Appeals; and decisions of the US Supreme Court.

**Approximately \$843,970 of the total disgorgement and restitution ordered paid in FY 2001 was ordered paid pursuant to multi-year payment plans in which the actual amount paid by the defendant/respondent depends upon the level of his/her income during the period of the payment plan.

***Approximately \$806,350 of the total civil monetary penalties ordered paid in FY 2001 was ordered paid pursuant to multi-year payment plans in which the actual amount paid by the defendant/respondent depends upon the level of his/her income during the period of the payment plan.

Outcome Objective 3.2: Promote and enhance effective self-regulation of the commodity futures and option markets. (Activities 3.2.1 through 3.2.6)

Annual Performance Goal: No loss of customer funds resulting from failure of self-regulatory organizations to ensure compliance with its rules.

Activity 3.2.1: Review and approve self-regulatory organization rules and rule amendments

Activity 3.2.1 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of SRO rule submissions reviewed.	350	53	48	61		162	46%	200
Number of SRO rule amendments reviewed.	730	543	95	390		1,028	141%	1,400

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.2 (Cont'd.)

Activity 3.2.2: Conduct rule enforcement reviews of self-regulatory organizations (financial practices, sales practices, trade practices, and audit trail).

Activity 3.2.2 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of rule enforcement reviews conducted.	7	0	1	4		5	71%	7
Number of rule enforcement recommendations for improvement made.	TBD	0	0	7		7	N/A	7

Activity 3.2.3: Review and oversee self-regulatory organization audit and financial practices.

Activity 3.2.3 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of oversight audits.	50	3	6	16		25	50%	26
Number of financial investigative reviews.	10	2	4	5		11	110%	12
Number of financial reports processed.	5,000	776	1,883	1,992		4,651	93%	5,500
Number of financial reports resulting in follow-up inquiries. *	200	34	20	20		74	37%	100

* Follow-up on Notices of Capital Reduction and other notices under Rule 1.12.

Activity 3.2.4: Review adequacy of self-regulatory organization disciplinary actions.

Activity 3.2.4 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of self-regulatory disciplinary actions reviewed.	500	130	119	164		413	83%	550

Activity 3.2.5: Conduct direct audits of clearing organizations and firms handling customer money to ensure compliance with capitalization and segregation rules.

Activity 3.2.5 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of direct audits of clearing organizations and firms handling customer money.	30	0	6	6		12	40%	19
Number of audited clearing organizations.	TBD	0	2	0		2	N/A	2
Number of audited clearing organizations in compliance with segregation rules.	TBD	0	1	0		1	N/A	1

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.2 (Cont'd.)

Activity 3.2.6: Promulgate regulations to ensure effective self-regulation by exchanges, clearing organizations, and registered futures associations.

Activity 3.2.6 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of newly promulgated CFTC regulations requiring SRO implementation.	TBD	1	0	0		1	N/A	1

Outcome Objective 3.3: *Facilitate the continued development of an effective, flexible regulatory environment responsive to evolving market conditions. (Activities 3.3.1 through 3.3.5)*

Annual Performance Goal: All requests for information sharing under agreements honored, and new agreements pursued as warranted. All requests for relief responded to within Commission guidelines.

Activity 3.3.1: Coordinate and cooperate with global financial services regulators to share vital information concerning markets, intermediaries, and regulatory structure.

Activity 3.3.1 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of requests from foreign authorities received.	200	49	51	100		200	100%	275
Number of requests from foreign authorities honored by CFTC.	200	49	51	100		200	100%	275
Number of requests made to foreign authorities.	150	71	61	50		182	121%	230
Number of CFTC requests honored by foreign authorities.	150	71	61	50		182	121%	230
Average response time.	2 days	2 days	3 days	2 days		N/A	N/A	N/A

Activity 3.3.2: Coordinate and cooperate with global financial services regulators to develop appropriate global standards and arrangements in the commodities industry as markets emerge and evolve.

Activity 3.3.2 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of global standards, arrangements or initiatives developed.	2	2	0	0		2	100%	2
Number of global standards, arrangements or initiatives adopted.	2	2	0	0		2	100%	2

Activity 3.3.3: Participate in the International Organizations of Securities Commissions and represent the Commission at international meetings concerning commodity regulation.

Activity 3.3.3 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of IOSCO and related international meetings held.	30	10	5	5		20	67%	25
Number of IOSCO and related international meetings attended by CFTC.	30	10	5	5		20	67%	25

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.3. (Cont'd.)

Activity 3.3.4: Participate in the President's Working Group on Financial Markets to ensure coordination of information and efforts among US financial regulators.

See Activity 1.2.1 for annual targets.

Activity 3.3.5: Provide exemptive, interpretive, or other relief as appropriate to foster the development of innovative transactions, trading systems, and similar arrangements.

Activity 3.3.5 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of requests for exemptive, interpretive, or other relief.	270	59	58	74		191	71%	284
Number of CFTC responses to such requests.	255	56	55	68		179	70%	268
Average response time.	6 weeks	6 weeks	6 weeks	5 weeks		N/A	N/A	N/A

Outcome Objective 3.4: Promote markets free of trade practice abuses. (Activities 3.4.1 through 3.4.4)

Annual Performance Goal: No trade practice abuses.

Activity 3.4.1: Identify possible trade practice violations for investigation and possible enforcement proceedings.

Activity 3.4.1 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of trade practice investigations completed.	100	30	30	47		107	107%	125
Number of possible trade practice violations referred to SROs and/or to Division of Enforcement for investigation.	27	10	5	2		17	63%	27

Activity 3.4.2: Investigate possible trade practice violations.

Activity 3.4.2 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of such investigations opened during the reporting period.	12	4	3	5		12	100%	14
Number of investigations closed during the reporting period.	TBD	1	0	2		3	N/A	5
Number of investigations pending at the close of the reporting period.	15	16	19	22		N/A	N/A	22
Number of investigations closed or resulting in the filing of an enforcement case during the reporting period.*	12	1	2	3		6	50%	8
During the reporting period, the total number of investigations closed or resulting in an enforcement case within one year of opening of the related investigations.*	6	0	2	2		4	67%	5

* An Enforcement investigation can remain open after a related case has been filed.

Analysis of Annual Performance Statistics By Agency Goal: *Third Quarter, 2001*

Goal Three: Foster open, competitive, and financially sound markets.

Outcome Objective 3.4. (Cont'd.)

Activity 3.4.3: Bring cases concerning trade practice violations.

Activity 3.4.3 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Total number of such cases filed during the reporting period.	2	1	2	1		4	200%	5
Number of such cases completed during the reporting period.	2	0	0	1		1	50%	2
Number of such cases pending at the close of the reporting period.	12	10	12	12		N/A	N/A	12
During the reporting period, the total number of such cases filed within one year of the opening of the related investigation.	0	0	2	1		3	N/A	4

Activity 3.4.4: Bring enforcement proceedings against violators.

Activity 3.4.4 Output Measures:	FY 2001 Target	Qtr. 1 Actual	Qtr. 2 Actual	Qtr. 3 Actual	Qtr. 4 Actual	FY 2001 Actual	%	Year-End Projection
Number of statutory restraining orders granted.	0	0	0	0		0	--	0
Number of preliminary injunctions obtained.	0	0	0	0		0	--	0
Number of permanent injunctions obtained.	0	0	0	0		0	--	0
Amount of restitution and disgorgement granted.	\$100,000	\$0	\$19,900	\$18,750		\$38,650	39%	\$50,000
Amount of civil monetary penalties granted.*	\$1,000,000	\$0	\$320,004	\$30,000		\$350,004	35%	\$2,500,000
Number of cease and desist orders obtained.	4	0	1	1		2	50%	3
Number of requests for registration restrictions granted.	4	0	1	1		2	50%	3
Number of requests for trading prohibitions granted.	4	0	1	1		2	50%	3

*Approximately \$30,000 of the total civil monetary penalties ordered paid in FY 2001 was ordered paid pursuant to multi-year payment plans in which the actual amount paid by the defendant/respondent depends upon the level of his/her income during the period of the payment plan.