



COMMODITY FUTURES TRADING COMMISSION

FY 2015 ANNUAL PERFORMANCE REPORT FY 2017 ANNUAL PERFORMANCE PLAN



ANNIVERSARY

1975-2015



A MESSAGE FROM
THE CHAIRMAN

CFTC ORGANIZATIONAL
PROGRAMS

STRATEGIC
FRAMEWORK

PERFORMANCE
ANALYSIS

SUMMARY OF
PERFORMANCE



COMMODITY FUTURES TRADING COMMISSION

Timothy G. Massad
Chairman

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February 2016

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COMMODITY FUTURES TRADING COMMISSION

FY 2015 ANNUAL PERFORMANCE REPORT
FY 2017 ANNUAL PERFORMANCE PLAN



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*In the Tradition of Quality Reporting,
the Commodity Futures Trading Commission
Proudly Presents the FY 2015 Annual Performance Report
and FY 2017 Annual Performance Plan*

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CFTC MISSION

TO FOSTER OPEN, TRANSPARENT, COMPETITIVE, AND FINANCIALLY SOUND MARKETS TO AVOID SYSTEMIC RISK; AND TO PROTECT MARKET USERS AND THEIR FUNDS, CONSUMERS, AND THE PUBLIC FROM FRAUD, MANIPULATION, ABUSIVE PRACTICES RELATED TO DERIVATIVES AND OTHER PRODUCTS THAT ARE SUBJECT TO THE COMMODITY EXCHANGE ACT.



A MESSAGE FROM THE CHAIRMAN

I am pleased to present the Fiscal Year (FY) 2015 Annual Performance Report and FY 2017 Annual Performance Plan for the U.S. Commodity Futures Trading Commission (CFTC or Commission). Together, these reports document the progress we have made over the last fiscal year, and lay out our goals for the year ahead.

The Annual Performance Report tracks the CFTC's performance against the goals included in the Commission's Strategic Plan for FY 2014–2018. These goals were developed according to our mission and responsibilities, which is to oversee the futures, options, and swaps markets. The importance of these markets to the American people and the American economy cannot be understated. They are critical to the economic success of many U.S. businesses, farmers, and ranchers who use them for price discovery and to manage routine commercial risk. As a result, they affect the prices we pay for food, energy, and other goods and services.

FY 2015 marks the first year the Commission has used this new strategic plan. It focuses on four broad goals: market integrity and transparency, financial integrity and avoidance of systemic risk, comprehensive enforcement, and domestic and international cooperation and coordination. In addition, we have set specific management goals, to ensure the CFTC can attract and maintain a workforce capable of carrying out



our mission efficiently. Each of these goals cuts across the Commission's divisions, and each is vital to fulfilling our mission.

The Commission has made significant, continued progress in carrying out its mission of fostering transparent, open, competitive, and financially sound markets that are free from fraud, abuse, and manipulation. We also continued to implement and fine-tune the many rules required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, which dramatically expanded the CFTC's responsibilities to include bringing transparency to the \$400-\$600 trillion global swaps market.

For example, central clearing is now mandated for most interest rate and credit default swaps. Today, approximately 75 percent of swap transactions are being cleared, as compared to about 16 percent in 2007. We now require registration and regulation of swap dealers. More than 100 are now registered and required to comply with strong risk management practices.

There are now 18 permanently registered swap execution facilities and five temporarily registered. The volume of trading on swap execution facilities continues to grow. Four swap data repositories now exist, which are collecting data and giving market participants, the public, and regulators much more information regarding the swaps market.

The CFTC also continues to fulfill its traditional duties in overseeing the futures and options markets. We are working tirelessly to ensure these markets operate safely and with integrity.

Along these lines, the CFTC continued its robust enforcement program designed to enhance market integrity, protect customers, and prevent fraud and manipulation. The Commission filed 69 new enforcement actions in FY 2015 and imposed total monetary sanctions of over \$3.2 billion against wrongdoers. This included an \$800 million sanction, the largest in Commission history. In this area, the CFTC's

expanded responsibilities, market complexity, and the advent of new, complicated forms of illegal behavior, such as “spoofing,” pose unique challenges.

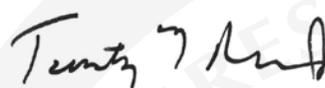
The Commission has also placed a particular emphasis on making sure that commercial end-users, who did not cause the global financial crisis, can continue to use the derivatives markets effectively and efficiently to hedge price, production, and other types of risk. For example, this year we exempted end-users from certain recordkeeping requirements to avoid undue burdens. We also made sure end-users were not subject to the margin requirements for uncleared swaps that apply to swap dealers and financial institutions. We approved a modification to the “residual interest” rule, which can affect when customers must post collateral with clearing members. And we have made some important rule adjustments and clarifications addressing contracts with embedded volumetric optionality.

The CFTC also continued to focus on the resiliency of clearinghouses. Their increased significance in the financial system makes it critical for us to ensure they are strong and stable. The Commission is leading efforts both domestically and internationally on this front. The CFTC is also working to strengthen the security of our financial markets against cyberattacks and technological failures. This effort remains a top priority.

The major changes we have seen in our markets serve as an important reminder of the challenges the Commission faces in fulfilling its responsibilities. That is why in each key area, our Annual Performance Plan has set a number of ambitious goals for FY 2017 that will help us fulfill our mission, and keep our markets stable and operating with integrity and free of fraud and manipulation.

Our ability to achieve all these goals is challenging in light of the Commission’s budget constraints. Although our responsibilities were dramatically expanded after the 2008 global financial crisis, and our markets have grown enormously in size, importance, and technological complexity, the CFTC’s budget has not kept pace. Nevertheless, we will continue to do all we can to promote transparency and integrity in our markets, and make sure customers and the public are protected. The progress we have made is a credit to the CFTC’s hardworking and dedicated staff. They work tirelessly on behalf of the American public to ensure the United States continues to have the strongest, most dynamic, and most competitive markets in the world.

The CFTC worked diligently during FY 2015 to accomplish a great deal. I’m excited about our progress, and I expect that in 2017, we will achieve even more on behalf of the American public.



Timothy G. Massad
February 9, 2016

INTRODUCTION

This document presents the CFTC FY 2015 Annual Performance Report (APR) and FY 2017 Annual Performance Plan (APP). It is prepared in accordance with the requirements of the Government Performance and Results Act Modernization Act of 2010 (GPRAMA) and Office of Management and Budget (OMB) Circular A-11, Part 6. This report includes performance measure analysis and review of each of the Commission's four strategic goals and management objectives.

HISTORY

Congress established the CFTC as an independent agency in 1974, after its predecessor operated within the U.S. Department of Agriculture (USDA). Its mandate was renewed and/or expanded in 1978, 1982, 1986, 1992, 1995, 2000, 2008, and 2010. The CFTC and its predecessor agencies were established to protect market participants and the public from fraud, manipulation, and other abusive practices in the commodity futures and options markets. After the 2008 financial crisis and the subsequent enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the CFTC's mission expanded to include oversight of the swaps marketplace.

The Commission administers the Commodity Exchange Act (CEA), 7 U.S.C. section 1, *et seq.* The CEA brought under Federal regulation futures trading in all goods, articles, services, rights, and interests; commodity options trading; and leverage trading in gold and silver bullion and coins; and otherwise strengthened the regulation of the commodity futures trading industry. It established a comprehensive regulatory structure to oversee the volatile futures trading complex.

In July 2010, President Obama signed the Dodd-Frank Act, which amended the CEA to establish a comprehensive new regulatory framework for swaps, as well as enhanced authorities over historically regulated entities. Title VII of the Dodd-Frank Act, which relates to swaps, was enacted to reduce systemic risk, increase transparency, and promote market integrity within the financial system.

The futures and swaps markets under the CFTC's regulatory purview are large and economically significant. Given the enormity of these

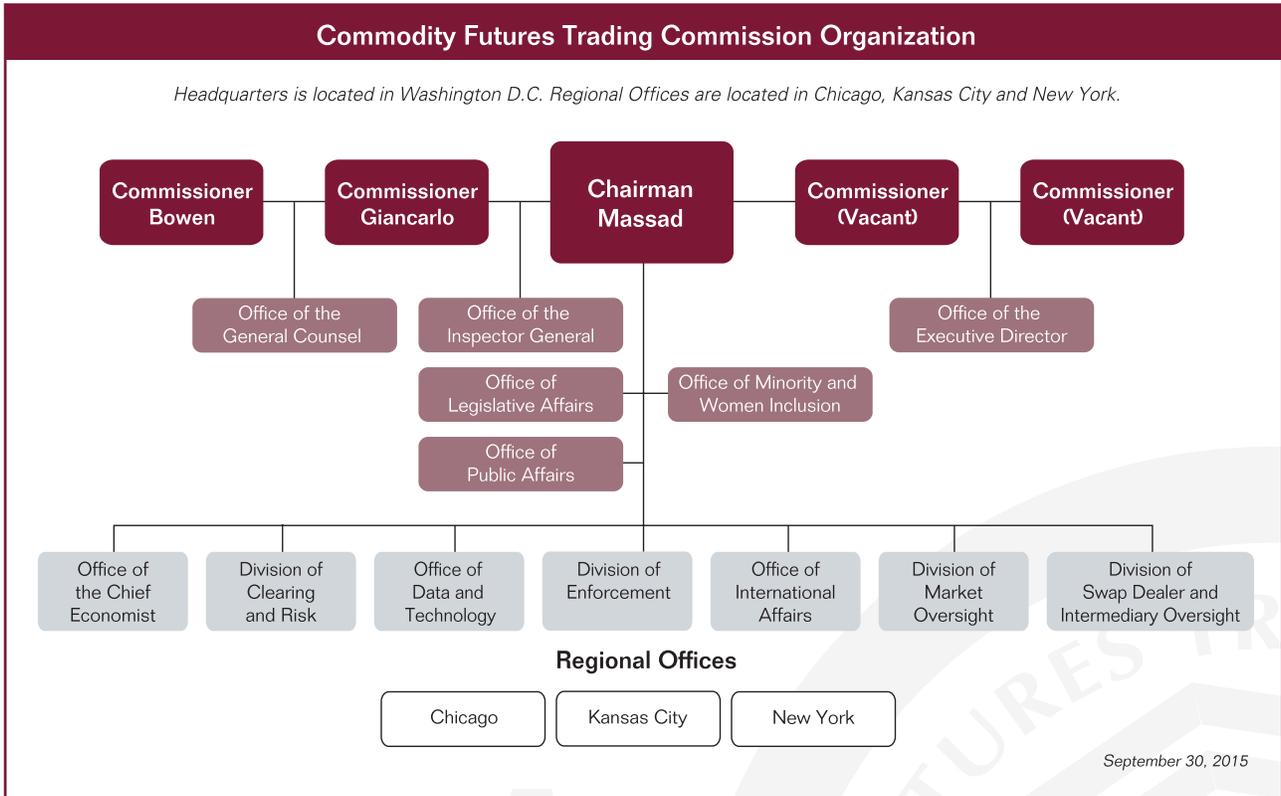
markets and the critical role they play in facilitating price discovery and hedging of risk, ensuring that these markets are transparent, open, and competitive is essential to their proper functioning and to help safeguard the financial stability of the nation.

In October 2014, the Commission published a new strategic plan, *CFTC FY 2014–2018 Strategic Plan* (<http://www.cftc.gov/idc/groups/public/@aboutcftc/documents/file/2018strategicplan.pdf>) integrating the expanded responsibilities under the Dodd-Frank Act with its existing mission and goals. The regulation of swaps has been incorporated into the regulatory structure that has existed for futures and options markets. Under the new strategic plan, the CFTC has been working to implement the rules Congress mandated to regulate the swaps markets and finish new rules to bring effective regulation to all derivatives markets over the four-year period. Developing and implementing the Dodd-Frank Act rules was one of the most important and difficult efforts the Commission has ever undertaken. The comment and consideration aspects of the rulemaking process took an enormous amount of time. The Commission has and will continue to ensure all appropriate thought is given to rule development.

The focused rule-writing effort required by the Dodd-Frank Act is nearly complete. In the FY 2014–2018 Strategic Plan, the Commission shifts its focus to creating a regulatory framework that addresses the new challenges ahead. The Commission completed its new strategic plan during the fall of 2014 after Mr. Massad became CFTC Chairman and implemented the strategic plan thereafter. As a result, the Commission reported on the results from the prior (FY 2011–2015) strategic plan in its FY 2014 APR. This FY 2015 APR is the first report using the new strategic plan (FY 2014–2018). Approximately 85 percent of the performance measures are new in this strategic plan.

The Commission must recognize that what it does as a regulator—in response to a market failure or otherwise—affects how the market evolves, sometimes in unanticipated and unintended ways. The Commission strives for sensible regulation that achieves its objectives—preventing fraud and manipulation, promoting integrity, transparency and fairness, and avoiding systemic risk, and thereby providing a strong foundation where markets can meet the needs of customers and continue to grow and innovate.

THE ORGANIZATION



CFTC ORGANIZATIONAL PROGRAMS

Below are brief descriptions of the organizational programs within the CFTC.

THE COMMISSION

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

OFFICE OF THE GENERAL COUNSEL (OGC)

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

OFFICE OF THE INSPECTOR GENERAL (OIG)

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

OFFICE OF THE EXECUTIVE DIRECTOR (OED)

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

OFFICE OF THE CHIEF ECONOMIST (OCE)

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

DIVISION OF CLEARING AND RISK (DCR)

The DCR program oversees derivatives clearing organizations (DCOs) and other market participants that may pose risk to the clearing process, including futures commission merchants (FCMs), swap dealers (SDs), major swap participants (MSPs), and large traders; and the clearing of futures, options on futures, and swaps by DCOs. The DCR staff: 1) prepare proposed regulations, orders, guidelines, and other regulatory work products on issues pertaining to DCOs; 2) review DCO applications and rule submissions and make recommendations to the Commission; 3) make recommendations to the Commission of which swaps should be required to be cleared; 4) make recommendations to the Commission as to the eligibility of a DCO seeking to clear swaps that it has not previously cleared; 5) assess compliance by DCOs with the CEA and Commission regulations, including examining systemically important DCOs (SIDCOs) at least once a year; and 6) conduct risk assessment and financial surveillance through the use of risk assessment tools, including automated systems to gather and analyze financial information; and to identify, quantify, and monitor the risks posed by DCOs, clearing members, and market participants and their financial impact.

OFFICE OF DATA AND TECHNOLOGY (ODT)

The ODT is led by the Chief Information Officer and delivers services to CFTC through three components: Systems and Services, Data Management, and Infrastructure and Operations. Systems and Services focuses on several areas: 1) market and financial oversight and surveillance; 2) enforcement and legal support; 3) document, records, and knowledge management; 4) CFTC-wide enterprise services; and 5) management and administration. Systems and services provide access to data and information, platforms for data analysis, and enterprise-focused automation services. Data Management focuses on data analysis activities that support data acquisition, utilization, management, reuse, transparency reporting, and data operations support. Data Management provides a standards-based, flexible data architecture; guidance to the industry on data reporting and recordkeeping; reference data that is correct; and market data that can be efficiently aggregated and correlated by staff. Infrastructure and Operations organizes delivery of services around network infrastruc-



ture and operations, telecommunications, and desktop and customer services. Delivered services are highly available, flexible, reliable, and scalable, supporting the systems and platforms that empower staff to fulfill the CFTC mission. The three service delivery components are unified by an enterprise-wide approach that is driven by the Commission's strategic goals and objectives and incorporates information security, enterprise architecture, and project management.

DIVISION OF ENFORCEMENT (DOE)

The DOE program investigates and prosecutes alleged violations of the CEA, the Dodd-Frank Act, statutes, and Commission regulations, as well as utilizes its authority to: 1) shut down fraudulent operations and immediately preserve customer assets through asset freeze and receivership orders; 2) terminate manipulative and disruptive schemes; 3) ban defendants from trading and being registered in its markets; and 4) seek restitution, disgorgement, and monetary penalties. Possible violations involve improper conduct related to commodity derivatives trading on U.S. exchanges, or the improper marketing and sales of commodity derivatives products to the general public. The Whistleblower Office (WBO), a component of the DOE, performs the ministerial functions and determination of preliminary award eligibility; and guides the handling of whistleblower matters as needed during examination, investigation, and litigation.



OFFICE OF INTERNATIONAL AFFAIRS (OIA)

The OIA advises the Commission regarding international regulatory initiatives; provides guidance regarding international issues raised in Commission matters; represents the Commission in international organizations, such as the International Organization of Securities Commissions (IOSCO); coordinates Commission policy as it relates to policies and initiatives of major foreign jurisdictions, the Group of 20 major economies (G-20), Financial Stability Board (FSB), and the U.S. Department of the Treasury (Treasury); and provides technical assistance to foreign market authorities.

DIVISION OF MARKET OVERSIGHT (DMO)

The DMO program fosters the integrity and transparency of derivatives markets by promoting open competitive markets that are free from fraud, manipulation, and other abuses so that the prices discovered on the markets accurately reflect the forces of supply and demand. To achieve this goal, the DMO oversees the following activities: 1) applying a robust application process for trading platforms to obtain Commission designation or registration; 2) evaluating new derivatives contracts and rules and changes to contracts and rules to confirm compliance with the CEA and CFTC regulations; 3) continual surveillance of trading activity in the futures and swaps markets; 4) examination of designated contract markets (DCMs) and swap execution facilities (SEFs) to verify that they are in compli-

ance with the CEA and CFTC regulations; and 5) adoption of policies and strategies to promote market transparency.

DIVISION OF SWAP DEALER AND INTERMEDIARY OVERSIGHT (DSIO)

The DSIO program oversees the registration and compliance activities of market intermediaries and the futures and swaps industry self-regulatory organizations (SROs), which include DCMs and the National Futures Association (NFA). The DSIO develops and implements regulations concerning registration, fitness, financial adequacy, sales practices, risk management, business conduct, capital and margin requirements, protection of customer funds, cross-border transactions, and anti-money laundering programs, as well as policies for coordination with foreign market authorities and emergency procedures to address market-related events. The DSIO provides legal guidance to the Commission, intermediary registrants, SROs and other market participants regarding these regulations and the CEA provisions that these regulations implement. The DSIO also monitors the compliance activities of these registrants and provides oversight and guidance for complying with the system of registration and compliance established by the CEA and the Commission's regulations. The DSIO further assesses registrant compliance with the CEA and CFTC regulations by conducting targeted reviews and examinations of registrants and performing oversight of the SRO examination functions.

STRATEGIC FRAMEWORK

The following table is an overview of the Commission's mission statement, strategic goals and objectives under the FY 2014–2018 strategic framework:

Mission Statement
To foster open, transparent, competitive, and financially sound markets; to avoid systemic risk; and to protect market users and their funds, consumers, and the public from fraud, manipulation, and abusive practices related to derivatives and other products that are subject to the Commodity Exchange Act.
Strategic Goal One Market Integrity and Transparency
Objectives
<ol style="list-style-type: none">1. Markets not readily susceptible to manipulation and other abusive practices2. Effective self-regulatory framework3. Availability of market information to the public and for use by authorities4. Integrate swaps data with futures and options on futures data
Strategic Goal Two Financial Integrity and Avoidance of Systemic Risk
Objectives
<ol style="list-style-type: none">1. Reduce the risk of disruptions to the system for clearing and settlement of contract obligations2. Provide market participants with regulatory guidance3. Strong governance and oversight of Commission registrants4. Assess whether swap dealers, major swap participants, and futures commission merchants maintain sufficient financial resources, risk management procedures, internal controls and customer protection practices
Strategic Goal Three Comprehensive Enforcement
Objectives
<ol style="list-style-type: none">1. Strengthen capacity to receive and expeditiously handle high-impact tips, complaints and referrals2. Execute rigorous and thorough investigations3. Effectively prosecute violations4. Remedy past violations, deter future violations and related consumer losses
Strategic Goal Four Domestic and International Cooperation and Coordination
Objectives
<ol style="list-style-type: none">1. Broad outreach on regulatory concerns2. Sound international standards and practices3. Provide global technical assistance4. Robust domestic and international enforcement cooperation and coordination
Management Objectives
Objectives
<ol style="list-style-type: none">1. A high-performing, diverse, and engaged workforce2. Effective stewardship of resources3. A robust and comprehensive consumer outreach program

ABOUT THIS REPORT

FY 2015 is the first full year of reporting on the current CFTC strategic plan. The combined FY 2015 APR and FY 2017 APP (APR/APP) provides an overview of the CFTC's performance results relative to its mission in order to help Congress, the President, and the public assess the CFTC's stewardship over the financial resources entrusted to it. The report is organized by strategic goal and performance measure, and provides detail on how each contributes to the Commission's overall mission. The report provides information about the Commission's performance as an organization, its achievements, and its challenges.

The APR/APP meets a variety of reporting requirements stemming from numerous laws focusing on improved accountability among Federal agencies and guidance described in OMB Circulars A-11 and A-136. Suggestions for improving this document can be sent to the following address:

Commodity Futures Trading Commission
Business Management and Planning Branch
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

The Commission's annual reporting includes the following four components described to the right. When complete, these reports are available on the Commission's website at <http://www.cftc.gov/About/CFTCReports/index.htm>.

Agency Financial Report (AFR)

Available January 2016. The AFR is a report on the Commission end-of-year financial position that includes, but is not limited to, financial statements, notes to the financial statements, and a report of the independent auditors.

Annual Performance Report (APR)

Available February 2016. The APR is a report on Commission performance that is available to Congress with the Congressional Budget Justification in February. The APR contains information on the CFTC's progress to achieve goals during the previous fiscal year.

Annual Performance Plan (APP)

Available February 2016. Under the GPRAMA, an agency's APP defines the level of performance to be achieved during the year in which the plan is submitted and the next fiscal year. An APP covers each program activity of the Commission set forth in the budget.

Summary of Performance and Financial Information (SPFI)

Available March 2016. This document provides an integrated overview of performance and financial information that integrates significant aspects of the AFR and the APR into a user-friendly, consolidated format.

PERFORMANCE ANALYSIS & REPORT FORMAT REVIEW

Per OMB's guidance, for the second time the Commission is combining the APR and APP into a single report. This year, the CFTC reviewed a variety of Financial Institutions Reform, Recovery and Enforcement

Act of 1989 (FIRREA) agency annual reporting formats and adopted many best practices to create this streamlined report. A primary feature is the combined APR/APP metrics reporting table, which includes the following contents:

PERFORMANCE MEASURE NUMBER (Format 1.1.a.1): Brief description of performance measure

Description: Description of the performance metric (indicator) that measures progress toward the performance measure. Some descriptions include a rationale for collecting the data.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
FY 2015 planned target	FY 2015 actual results	Estimated targets for FY 2016	Estimated targets for FY 2017

Target: Either "Met", "Not Met", "Baseline Year", or "Other" as described below

Explanation of Results: The measure owner describes annual results, provides context (e.g., What does a result of 70 percent mean to the Commission?) and often includes brief analysis of the outcome(s) of successful achievement of the annual target.

Responsible Division/Office: Name of Division/Office responsible for managing the reporting of the key activity/program.

KEY TERMS

Met – The activity/program fully met or exceeded the terms of its target(s) during the fiscal year. For those performance measures with two or more targets, each target needs to be fully met to achieve a rating of "Met" for the year.

Not Met – The program/activity did not achieve the terms of its target(s) during the fiscal year.

Baseline – Metrics that have not been finalized as of the start of FY 2015. These metrics are being "road tested" and will advance to full metric status or be discontinued.

Other:

Other Indicators – While actively working to improve its performance management framework, assessment methodology, collection mechanisms, etc. during FY 2015, the Commission determined that four CFTC metrics are what OMB calls "other indicators" (see OMB Circular A-11, Part 6). Per A-11, these metrics identify external factors related to Commission goals and objectives, but the activities are still worth tracking each year, even with no targets.

The CFTC will track progress of these "other indicators" and report on annual results each year in the APR, but not on achievement of targets. Therefore, these four metrics will not be included in the annual Met/Not Met totals.

Other Discontinued – In FY 2015, two performance measures were discontinued and will not be included in the annual Met/Not Met totals.

METHODOLOGY

Along with the FY 2014–2018 Strategic Plan, the CFTC developed a new series of performance measures and targets that could be used to gauge the progress of the strategic plan. Because the new strategic plan reflects the Commission's evolving and new market oversight responsibilities, only six previous performance measures from the prior strategic plan were held over. New performance measures with related metrics were established, while others were created as drafts that needed to be "road tested" during the year. The CFTC called these draft performance measures "baseline", where the related metric needed to be refined and/or beta



tested. The Commission determined that these baselined performance measures would not have official targets for their first year.

During the fiscal year, the Commission developed a methodology to assess these baseline metrics. The criteria were as follows:

- The reporting entity understood the data source, developed a data collection methodology, named a person to be responsible to collect the data, etc.;
- The reporting entity defined a realistic target that was fully met or exceeded; and
- Progress of the activity/program was tracked during the year, and a significant outcome was realized during the year.

BASELINE RESULTS

Advanced – Once the “baseline” measure met the thresholds described above, then it advanced to full metric status at the end of the year, and the result counted as a “Met” instead of a “Baseline Year”. Three of these metrics “advanced” and were included in the overall total of “Met” metrics for FY 2015. These metrics will continue to be tracked in FY 2016. The Commission wanted to give credit to those key activities and programs that developed the ability to effectively measure their progress during the first year of the new strategic plan.

Baseline Continued – During FY 2015, several metrics continued to be “baseline” for a variety of reasons. Annual progress is reported in the Explanation of Results section. In early FY 2016, the Commission expects to determine the final status of each of the remaining “baseline” metrics.

Key Activity/Program Ends – When a key activity/program achieved its target and was completed during a year, there are no targets for upcoming years. Estimated targets in future years are grayed out to show that the activity is complete. For those key activities/programs that continue over time, the Commission will also track their related metrics over time. Tracking over time allows the Commission to perform trend analyses and higher-level assessments, which gives senior leadership more effective information and meaningful reporting.

Reporting History/Trending – Six performance measures are carried over from the previous strategic plan. The reporting on these performance measures starts with the first year that each goal was tracked by the Commission. The CFTC began tracking 38 new performance measures in FY 2015. Therefore, these measures have no reporting history.

Reporting Year – The reporting period for this report is from October 1, 2014 through September 30, 2015 (called FY 2015 or “the year”). Unless specifically stated otherwise, all progress and results occurred during this reporting period.

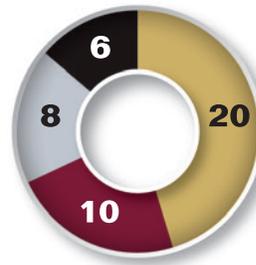
Major Challenges and Risks – As the Commission makes a good-faith effort to comply with GPRAMA and OMB’s related Circular A-11, Part 6, the Commission includes a section at the end of each goal reporting that includes major challenges and risks for that goal.

SUMMARY OF PERFORMANCE

The Commission fully met 20 Performance Measures in FY 2015. The following sections include a high-level discussion of each strategic goal as well as a detailed analysis and review of key performance measures (shortfalls and successes). The accomplishments demonstrate progress made in FY 2015 toward the achievement of the Commission’s mission and strategic goals. However, in many areas, progress was limited by resource constraints. The Commission’s responsibilities have increased in scope, scale, and complexity with the passage of the Dodd-Frank Act and the growth of its traditional markets in size and technological complexity in the last five years. However, the Commission was not provided with the commensurate increase in budget authority to oversee the markets and market participants over that period of time. These constraints have limited the effectiveness of the Commission in carrying out its mission.

In FY 2015, the Commission began monitoring and analyzing strategic objectives outlined in the new strategic plan which spans FY 2014 to FY 2018. This new strategic plan has a different set of performance measures across the

FY 2015 Performance Summary



- **Met:** The program/activity fully met or exceeded the terms of its target(s) during the fiscal year.
- **Not Met:** The program/activity did not achieve the terms of its target(s) during the fiscal year.
- **Baseline:** Metrics that have not been finalized.
- **Other:** Metrics that do not have targets or have been discontinued.

Commission, many of which have been updated to reflect progress made in implementing the Dodd-Frank Act. The CFTC is monitoring these goals on a quarterly basis to provide better and more frequent assessments to leadership, and provide division and office directors more time to make adjustments where warranted. The performance measures in this report are rated as: Met, Not Met, Baseline, or Other. Overall results for the Commission’s performance measures are depicted in the following table:

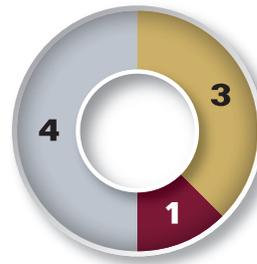
FY 2015	Met	Not Met	Baseline	Other
Goal One	3	1	4	0
Goal Two	6	6	0	2
Goal Three	5	0	0	0
Goal Four	2	0	0	4
Management Objectives	4	3	4	0
Subtotal	20	10	8	6
Total				44

GOAL ONE: MARKET INTEGRITY AND TRANSPARENCY

Derivatives markets are designed to provide a means for market users to offset price risks inherent in their businesses and to act as a public price discovery platform from which prices are broadly disseminated for public use. For derivatives markets to fulfill their role in the national and global economy, they must operate efficiently and fairly, and serve the needs of market users. The markets best fulfill this role when they are open, competitive, and free from fraud, manipulation, and other abuses such that the prices discovered on the markets reflect the forces of supply and demand.

Goal Leader: Director, Division of Market Oversight (DMO)

Goal One Performance Summary



- **Met:** The program/activity fully met or exceeded the terms of its target(s) during the fiscal year.
- **Not Met:** The program/activity did not achieve the terms of its target(s) during the fiscal year.
- **Baseline:** Metrics that have not been finalized.
- **Other:** Metrics that do not have targets or have been discontinued.

GOAL ONE PERFORMANCE MEASURES, ANALYSIS, AND REVIEW

OBJECTIVE 1.1: MARKETS NOT READILY SUSCEPTIBLE TO MANIPULATION AND OTHER ABUSIVE PRACTICES

FY 2015 Performance

In FY 2015, the Commission opened its Organizations, Products, Events, Rules, and Actions (OPERA) portal through which exchanges electronically file submissions directly with the Commission. During FY 2015, DCMs, SEFs, and swap data repositories (SDRs) made 2,140 product and rule amendment filings. Nearly 96 percent of those submissions were filed through OPERA. The portal automatically fills various fields in the Commission Filings and Actions database, then automatically routes submissions to relevant staff. Portal usage significantly reduces time spent by Commission staff on data entry tasks, and frees up staff time to review product and rule amendment filings to ensure compliance with the CEA and the Commission's regulations. (performance measure 1.1.a)

The Commission continued its efforts to improve the efficient monitoring of market data to identify possible manipulative activity, compliance abuses, and other violations of CEA or Commission regulations, which may lead to referrals for further investigation by the Division of Enforcement (DOE). The Commission is in the nascent stages of a multi-year effort to develop analytic tools for use in the harmonization of

data and to improve processes to evaluate trading data. The long-term goal is to improve the CFTC's capacity to expeditiously evaluate all trading data and associated information for potential CEA violations. (performance measure 1.1.b)

Other Key Activities

- Refined methods of detection of compliance violations, and prototyped new reports containing either fundamental information or analysis increasing the efficiency of the analysts. A project to write computer code to examine message data for violations is in early stages of development.
- Made use of Special Call Authorities, which require entities to provide data and market behavior explanations not normally available to the CFTC, in conjunction with data already within or available to the Commission, to detect compliance violations and manipulation for further referral for investigation to the DOE.
- Developed capability to produce and analyze summary statistics from order book and message data from futures markets.
- Completed reviews of 634 new product certifications, 944 rule filings, 10 foreign security index certifications, and one Foreign Board of Trade (FBOT) no-action request.

PERFORMANCE MEASURE 1.1.a: Strive for percentage of high impact contract and rule submissions received by the Commission through the OPERA portal.

Description: This metric captures the efficiency with which staff can receive and process exchange submissions related to contracts and rules. Through the portal, exchanges are able to electronically file submissions directly with the Commission. The portal will then automatically route submissions to relevant staff without the need for staff to input certain data elements into its systems.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Baseline Year	100%	100%

Target: Baseline Year

Explanation of Results: During FY 2015, the baseline year for this metric, designated contract markets, swap execution facilities, and swap data repositories made 2,140 product and rule amendment filings. Nearly 96 percent of those submissions were filed through the new OPERA portal. The portal automatically fills various fields in the Commission Filings and Actions database, thus significantly reducing the time spent by Commission staff on data entry. The time saved allows CFTC staff more time to review product and rule amendment filings to ensure compliance with the CEA and the Commission’s regulations.

Responsible Division/Office: DMO

PERFORMANCE MEASURE 1.1.b: Strengthen capacity to receive and expeditiously evaluate all trading data and associated information to identify potential violations of the CEA or Commission regulations and the timely response to market emergencies.

Description: The Commission routinely examines data to uncover violations of CEA or Commission regulations with respect to manipulation, compliance abuses, and other violations, and reviews the data for significant market events or situations. In the case of a market emergency or event, the CFTC communicates with exchanges and market participants. In some situations staff may work with the exchanges and participants to resolve potentially disruptive conduct to maintain order and market integrity.

The Commission has developed several automated procedures that can be used by surveillance staff to identify potential violations, and is in the early stages of a multi-year effort to develop analytic tools for use in the harmonization of data and to improve processes to evaluate trading data.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Baseline Year	TBD	TBD

Target: Baseline Year

Explanation of Results: The capacity to evaluate futures transaction data was significantly enhanced through the roll-out of a high-speed computer network. Several additional tools to evaluate compliance concerns were built, which harnessed high-speed computing capabilities. Staff are working on further enhancements through the incorporation of message data from exchanges and improved capabilities to identify disruptive trading conduct, such as spoofing. Staff have also worked to develop an automated analytical application which is delivered to the surveillance analyst desktop through emails that flag potential trading concerns, and additional work has been undertaken to improve trading data with respect to swaps. As these enhancements are completed, staff will continue to develop an appropriate metric to evaluate this performance measure.

Responsible Division/Office: DMO

OBJECTIVE 1.2: ESTABLISHMENT OF AN EFFECTIVE SELF-REGULATORY FRAMEWORK

FY 2015 Performance

For several years, the Commission has been working to develop regular rule enforcement reviews (RERs) of SEFs and SDRs. During FY 2015, the Commission completed four RERs of DCMs, including:

- Joint Trade Practice Surveillance RER of New York Mercantile Exchange (NYMEX) and the Commodity Exchange Division (COMEX);
- Joint Audit Trail RER of Chicago Mercantile Exchange (CME) and Chicago Board of Trade (CBOT);
- Joint Disciplinary RER of CME, CBOT, NYMEX, and COMEX; and
- Market Surveillance RER of the Minneapolis Grain Exchange.

One of the Commission’s core functions is to review all exchange and SDR notifications and periodic status updates

regarding significant systems disruptions and material planned changes to mission-critical systems and determine the need for further action. Exchanges report everything from system malfunctions to shut down of trading. During FY 2015, the Commission met its target of reviewing 100 percent of these notifications and updates (553 during the year). (performance measure 1.2.b)

Each year, the Commission plans and conducts comprehensive examinations of system safeguards and cyber-security programs at exchanges and SDRs for compliance with CEA Core Principles and Commission regulations. During these multi-stage examinations, the CFTC prepares reports when deficiencies are identified, notifies the examined entities, and then monitors their remediation efforts. The Commission met its target of completing system safeguards examinations (SSEs) for five systemically important entities during FY 2015. (performance measure 1.2.c)

Other Key Activities

- Continued the implementation of the rules providing registration and operation requirements for SEFs, and temporarily registered 23 SEFs.

PERFORMANCE MEASURE 1.2.a: Examine compliance by exchanges with the CEA Core Principles and Commission regulations, prioritizing systemically important entities.

Description: Utilizing both risk-based and Core Principles-based approaches, the Commission conducts comprehensive examinations of selected compliance programs at the exchange and swap data repositories, and publishes examination reports when deficiencies are identified. Exchanges are notified and CFTC staff monitor their remediation efforts.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Baseline Year	Complete four designated contract market (DCM) rule enforcement reviews (RERs) and initiate three DCM RERs.	Complete four DCM RERs and initiate three DCM and three swap execution facility (SEF) RERs.

Target: Baseline Year

Explanation of Results: The Commission completed one RER and is making progress on four additional RERs, including the completion of on-site interviews for three and a half of the four.

Note: One of the four RERs includes a horizontal review across four DCMs and the on-site interview for one of the DCMs was completed during the quarter as well. The progress on these RERs continues to be impacted by other CFTC priorities including dealing with SEF registration applications and rulemaking deadlines.

Responsible Division/Office: DMO

PERFORMANCE MEASURE 1.2.b: Review exchange and swap data repository (SDR) notifications and periodic status updates regarding significant systems disruptions and material planned changes to mission-critical systems or programs of risk analysis and oversight.

Description: The Commission reviews exchange and SDR notifications and periodic status updates regarding significant systems disruptions and material planned changes to mission-critical systems or programs of risk analysis and oversight to determine need for further DMO review or action. Notifications range from informal emails to formal incident reports.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	100%	100%	100%

Target: Met

Explanation of Results: The Commission reviewed 100 percent of notifications and updates during the fiscal year. Of the 553 notifications received over the course of the fiscal year, one represented a very serious issue requiring extensive and long-term follow up, and 92 required additional follow up of two hours or less.

Responsible Division/Office: DMO

PERFORMANCE MEASURE 1.2.c: Examine compliance by exchanges and swap data repositories (SDRs) with the system safeguards and cyber-security requirements of the CEA Core Principles and Commission regulations, prioritizing systemically important entities.

Description: Utilizing both risk-based and Core Principles-based approaches, the Commission conducts comprehensive examinations of system safeguards and cyber-security programs at exchanges and SDRs, and prepares examinations reports when deficiencies are identified. Exchanges and SDRs are notified and staff monitor their remediation efforts.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Five system safeguards examinations (SSEs)	Five SSEs	Seven system SSEs, including swap execution facilities (SEFs).

Target: Met

Explanation of Results: The Commission completed SSEs for five systemically important entities during FY 2015. Each year, the Commission plans and conducts comprehensive examinations of system safeguards and cyber-security programs at exchanges and SDRs. The CFTC prepares reports when deficiencies are identified and notifies the examined entities. The CFTC then monitors their remediation efforts.

Responsible Division/Office: DMO

OBJECTIVE 1.3: AVAILABILITY OF MARKET INFORMATION TO THE PUBLIC AND FOR USE BY AUTHORITIES

FY 2015 Performance

The Commission researches and publishes regular reports on activity in the futures and options on futures markets. The Dodd-Frank Act mandates that the Commission publish reports about activity in the swaps market to bring greater public transparency to this market. These reports provide a measure of public transparency into derivatives market activity for those markets where minimum activity and participation levels have been attained. During FY 2015, the Commission covered approximately 90 percent of derivatives activity in the Commission’s regular reports, as measured

by notional amount. Staff are working to include new asset classes in Commission reports, beyond the interest rate and credit index swap markets, including select commodities and foreign exchange. (performance measure 1.3.a)

However, the Commission doubled its FY 2015 target, by producing four economic research reports to inform the public about market structure and transparency of the derivatives markets. These four reports are based on empirical research into the market microstructure of futures, options on futures, and swaps markets: (performance measure 1.3.b)

- “Automated Trading in Futures Markets” – based on 1.5 billion trades across 805 futures products over a two-year period. Report provides rich detail on current landscape of futures trading and was highlighted by the Chairman

in his 2015 speech at the Global Exchange and Brokerage Conference.

- “Anticipatory Traders and Trading Speed” – studies trade and quote activity (including modified and canceled orders) for crude oil futures, including both automated and manual traders.
- “Dividend Swaps and Dividend Futures: State of Play” and “Volatility Derivatives in Practice: Activity and Impact” present the first public analysis of SDR data for two product types in equity market. Reports provide joint analyses of swap market products and similar exchange-listed products.

Other Key Activities

- Contributed to Market Structure discussions in the U.S. Financial Stability Oversight Council (FSOC) Annual Report.
- Provided substantial work leading to the joint staff report, “The U.S. Treasury Market on October 15, 2014,” which gave staff findings from Treasury, Board of Governors of the Federal Reserve System, Federal Reserve Bank of New York, U.S. Securities and Exchange Commission (SEC), and the Commission concerning unusual Treasury market activity on that date.

PERFORMANCE MEASURE 1.3.a: Percentage of derivatives activity covered by regularly published Commission reports.

Description: In addition to regular reports on activity in the futures and options on futures markets, the Commission plans to begin publishing regular reports of activity in the swaps market to bring greater public transparency to this market. Initially, these reports will cover the major swap categories and then be expanded to include other categories as they meet minimum activity thresholds. These reports provide a measure of public transparency into derivatives market activity for those markets where minimum activity and participation levels have been attained.

FY 2012	FY 2013	FY 2014	FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
100%	70%	75%	95%	90%	98%	98%

Target: Not Met

Explanation of Results: The Commission estimates that its reports covered approximately 90 percent of the derivatives market activity during FY 2015, as measured by notional amount, which includes analyses that address different types of markets and structural detail. The breadth of analysis of the derivatives market was impacted by constraints in obtaining available, comparable data elements. The Commission continues to work to gather high-quality data elements on which to perform extensive analytics.

Responsible Division/Office: OCE

PERFORMANCE MEASURE 1.3.b: Publish economic research reports to inform the public about market structure of the derivatives markets.

Description: These reports will be based on empirical research into the market microstructure of futures, options on futures, and swaps markets. The metric provides a measure of economic analyses designed to inform both the public and the academic community of various developments in these markets, including their ongoing evolution within the context of electronic trading technologies and regulations.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Two reports	Four reports	Three reports	Four reports

Target: Met

Explanation of Results: The Commission produced four reports for public dissemination, fulfilling the Commission’s obligations to maintain research and information programs to develop educational materials regarding futures trading for dissemination and use among producers, market users, and the general public, and also carry out the general purposes of the CEA:

- Automated Trading in Futures Markets,
- Anticipatory Traders and Trading Speed,
- Dividend Swaps and Dividend Futures: State of Play, and
- Volatility Derivatives in Practice: Activity and Impact.

Responsible Division/Office: OCE

OBJECTIVE 1.4: INTEGRATE SWAPS DATA WITH FUTURES AND OPTIONS ON FUTURES DATA

staff to produce more comprehensive market reports and conduct more in-depth studies of market activity.

FY 2015 Performance

For purposes of increasing market transparency, it is critical for CFTC staff to be able to match the position and trading activity across the major databases used by the Commission, i.e., large trader positions, futures and options on futures transactions, and swap market transactions. Being able to match these records not only allows Commission staff to see a more complete summary of traders' activities, but allows

The Commission continued its work during FY 2015 to implement Ownership and Control Reporting (OCR), and that work has continued into FY 2016. The Commission expects that identification and data-series linking will begin in 2016 when the OCR data will begin to be collected. Over time, the CFTC anticipates identifying approximately 85 percent of trading volume in approximately 90 percent of futures products, thereby enabling 100 percent of matching of parties present in both datasets.

PERFORMANCE MEASURE 1.4.a: Percentage of derivatives for which trader data can be matched across CFTC datasets.

Description: This activity serves as a measure of regulatory and public transparency into trader derivative activity. For purposes of increasing market transparency, it is critical for CFTC staff to be able to match the position and trading activity across the major databases used by the Commission, i.e., large trader positions, futures and options on futures transactions, and swap market transactions.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Baseline Year	10%	10%

Target: Baseline Year

Explanation of Results: The Commission has made limited progress on this performance measure during the year because the CFTC is waiting for Ownership and Control Reporting (OCR) to begin. The Commission expects that identification and data series linking will begin in 2016 when the OCR data will begin to be collected. Over time, the CFTC anticipates identifying approximately 85 percent of trading volume in approximately 90 percent of futures products, thereby enabling 100 percent of matching of parties present in both datasets.

Responsible Division/Office: DMO

GOAL ONE CHALLENGES & RISKS

MAJOR CHALLENGES

- Quality of swaps data is inconsistent, making it difficult to incorporate in automated analyses and/or engage in rigorous economic analysis. Although Commission staff have continued their efforts to improve data quality, including through engagement with market participants and other regulators, such improvement depends on further rulemaking as well as successful harmonization of global data standards.

MAJOR RISKS

- None listed

GOAL TWO: FINANCIAL INTEGRITY AND AVOIDANCE OF SYSTEMIC RISK

In fostering financially sound markets, the Commission's main priorities are to avoid disruptions to the system for clearing and settling contract obligations and to protect the funds that customers entrust to FCMs and other intermediaries. Effective regulatory oversight of clearing and intermediary entities is integral to the financial integrity of derivatives transactions, and by extension, the faith and confidence of market users. Key aspects of the CFTC's regulatory framework for achieving Goal Two are requiring that:

- Market participants post margin to secure their ability to fulfill financial obligations;
- Participants on the losing side of trades meet their obligations, in cash, through daily (sometimes intraday) margin calls;

Goal Two Performance Summary



- **Met:** The program/activity fully met or exceeded the terms of its target(s) during the fiscal year.
- **Not Met:** The program/activity did not achieve the terms of its target(s) during the fiscal year.
- **Baseline:** Metrics that have not been finalized.
- **Other:** Metrics that do not have targets or have been discontinued.

- FCMs and other intermediaries maintain minimum levels of operating capital, and effective risk management procedures; and
- FCMs segregate customer funds from their own funds.

Goal Leaders: Division of Clearing and Risk (DCR) and Division of Swap Dealer and Intermediary Oversight (DSIO)

GOAL TWO PERFORMANCE MEASURES, ANALYSIS AND REVIEW

OBJECTIVE 2.1: AVOID DISRUPTIONS TO THE SYSTEM FOR CLEARING AND SETTLEMENT OF CONTRACT OBLIGATIONS

FY 2015 Performance

One of the CFTC's key objectives is to avoid disruptions to the system for clearing and settlement of contract obligations by ensuring that clearing members have sufficient resources to pay all losses before collecting on profits. Because a strong back-testing program testing the sufficiency of margins is a priority for the CFTC, the Commission is developing tools to back test financial resources and evaluate sufficiency of all material product and portfolio margin requirements. This year, the Commission developed the methods and conducted back testing of DCOs at both the product and portfolio levels. The Commission's FY 2015 progress made on the back testing:

- ensures that the CFTC is proactive in its regulation of margin adequacy,
- allows the CFTC to be engaged real time with the DCOs on their margin setting, and
- ensures that DCOs are, in fact, setting appropriate margin requirements. (performance measure 2.1.a)

The Commission is developing a multi-year program to monitor firm-level variation and initial margin requirements across DCOs. As of the end of FY 2015, the Commission has procedures in place to alert staff to unusually large variation payments for clearing members of one DCO. During the fiscal year, the CFTC began discussion for expanding this capability to multiple DCOs. Numerous clearing members are members of more than one DCO. Therefore, obtaining an understanding of the financial resources a firm has available to make variation payments, the level of payments the firm

has previously made, and the firm's potential payments gives the Commission important insight as to whether future large variation payments can be met. (performance measure 2.1.b)

The Commission has a comprehensive program in place to aggregate and conduct risk surveillance of market participants' futures and options positions. Because the Commission is the only entity that can evaluate a trader's entire portfolio held at several DCOs, the Commission is developing procedures to aggregate swap positions across multiple DCOs and the asset classes for which such DCOs offer clearing services. Upon the development of these procedures, the Commission will be in a position to aggregate the risk of market participants that trade futures, swaps, and options; and to conduct risk surveillance for that aggregate portfolio. (performance measure 2.1.c)

The Commission is charged with reviewing DCO notifications regarding hardware or software malfunctions, cyber-security incidents, activations of the DCO's business continuity/disaster recovery (BC/DR) plan, and planned changes to DCO's automated systems. These DCO notifications are random and only are sent to the DCR when unique circumstances occur, such as a cyber-security event or flood. The Commission did not meet its annual objective of reviewing notifications within the appropriate timeframe. Completion of a timely review of the incident notifications allows the Commission to be aware of those issues that could impact the daily processing, clearing, and settlement of transactions at the clearing houses. (performance measure 2.1.d)

The Commission is charged with conducting comprehensive risk-based examinations of SIDCOs and non-SIDCOs regarding compliance with the CEA Core Principles and Commission regulations. During the fiscal year, the Commission completed the annual examinations of 100 percent of SIDCOs where the Commission has been named the Supervisory Agency and examinations of 30 percent of non-SIDCOs. The completion of these examinations allows the Commission to see if each SIDCO is in compliance with the Core Principles, which gives CFTC staff the opportunity to identify any areas of non-compliance and allows the DCO to make corrections. (performance measure 2.1.e)

Other Key Activities

- Granted DCO registration to one clearing organization, Nodal Clear, LLC, and an exemption from registration to another clearing organization, ASX Clear (Futures) Pty Limited. Commission staff also granted no-action relief to several foreign clearing organizations, permitting the clearing of proprietary swap positions for U.S. clearing members, pending the clearing organizations' registration as a DCO or exemption from registration.
- Completed reviews of DCO rules submitted to the Commission to ensure they were consistent with the CEA and Commission regulations. Rules include not only provisions contained in a DCO's rulebook, but also issuances such as interpretations, policies, and clearing member advisories. During this performance period, 170 DCO rules were filed as self-certifications, 89 DCO notifications were filed, and three rules were filed, which requires that a SIDCO provide notice to the Commission not less than 60 days in advance of any proposed change to its rules, procedures, or operations that could materially affect the nature or level of risks presented by the SIDCO.
- Issued several staff interpretative letters related to, among other things, the applicability of the clearing requirement to captive finance companies, clarifications surrounding how certain Part 39 regulations encompass the standards set forth in the Principles for Financial Market Infrastructures, and the applicability of certain Commission regulations to DCOs that use a "firm or forced trades" process to determine the price of certain swaps for which public market prices are not available.

PERFORMANCE MEASURE 2.1.a: CFTC strives to conduct back testing of derivatives clearing organizations' (DCOs) material product and portfolio initial margin requirements to assess their sufficiency.

Description: To measure the sufficiency of margin requirements, the Commission back tests the profit or loss of a given product or portfolio against the margin requirement for the applicable liquidation period. The defaulting firm's margin contributions are the first financial resource used to cover the financial impact of a clearing member default. To the extent margin can cover the financial impact of the default, the DCO will not have to use its own resources to cover the balance.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Conduct back testing of products and portfolios of two DCOs.	Two DCOs	Three DCOs	Four DCOs

Target: Met

Explanation of Results: Distributing credit default swaps back testing results at the firm level for two DCOs. A strong back testing program testing the sufficiency of margins is a priority for the Commission. The results of the progress being made on the back testing 1) ensures that the CFTC is proactive in its regulation of margin adequacy, 2) allows the CFTC to be engaged real time with the DCOs on their margin setting, and 3) ensures the DCOs are in fact setting appropriate margin requirements.

Responsible Division/Office: DCR

PERFORMANCE MEASURE 2.1.b: CFTC develops and calculates clearing members' ability to fund variation and initial margin requirements using hypothetical market scenarios.

Description: The Commission's objective is to enhance existing programs to evaluate aggregate clearing member financial resources against possible calls for variation payments at all derivatives clearing organizations (DCOs) in which a firm is a clearing member. Failing to make a variation margin payment is one of the ways in which a firm can default to the DCO. Firm variation margin payments likely will increase as more swaps are cleared. The Commission gathers information as to the type and level of financial resources available to clearing members to meet variation margin payments.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
6% of clearing members	10%	21%	55%

Target: Met

Explanation of Results: As of the end of FY 2015, the Commission has procedures in place to alert staff to unusually large variation payments for clearing members of one DCO. During the fiscal year, the CFTC began discussion for expanding this capability to multiple DCOs. The Commission is also working on identifying large clearing member initial margin increases.

The payment of variation margin is a zero sum game. The losing firms must have the resources to pay in order for the winning firms to collect. Variation payments vary as a firm's position changes and as volatility increases. In some instances, firms will have the same exposure on more than one DCO. Obtaining an understanding of the financial resources a firm has available to make variation payments, the level of payments the firm has previously made, and the firm's potential payments gives the Commission important insight as to whether future large variation payments can be met.

Responsible Division/Office: DCR

PERFORMANCE MEASURE 2.1.c: Aggregate cleared swaps, futures, and options positions into a comprehensive risk surveillance process and conduct analysis for each material market participant.

Description: The Commission has a comprehensive program in place to aggregate and conduct risk surveillance of market participants' futures and options positions. The Commission is developing procedures to aggregate swap positions across multiple derivatives clearing organizations (DCOs) and the asset classes for which such DCOs offer clearing services. Upon the development of such procedures, the Commission will be in a position to aggregate the risk of market participants that trade futures, swaps, and options; and conduct risk surveillance for that aggregate portfolio.

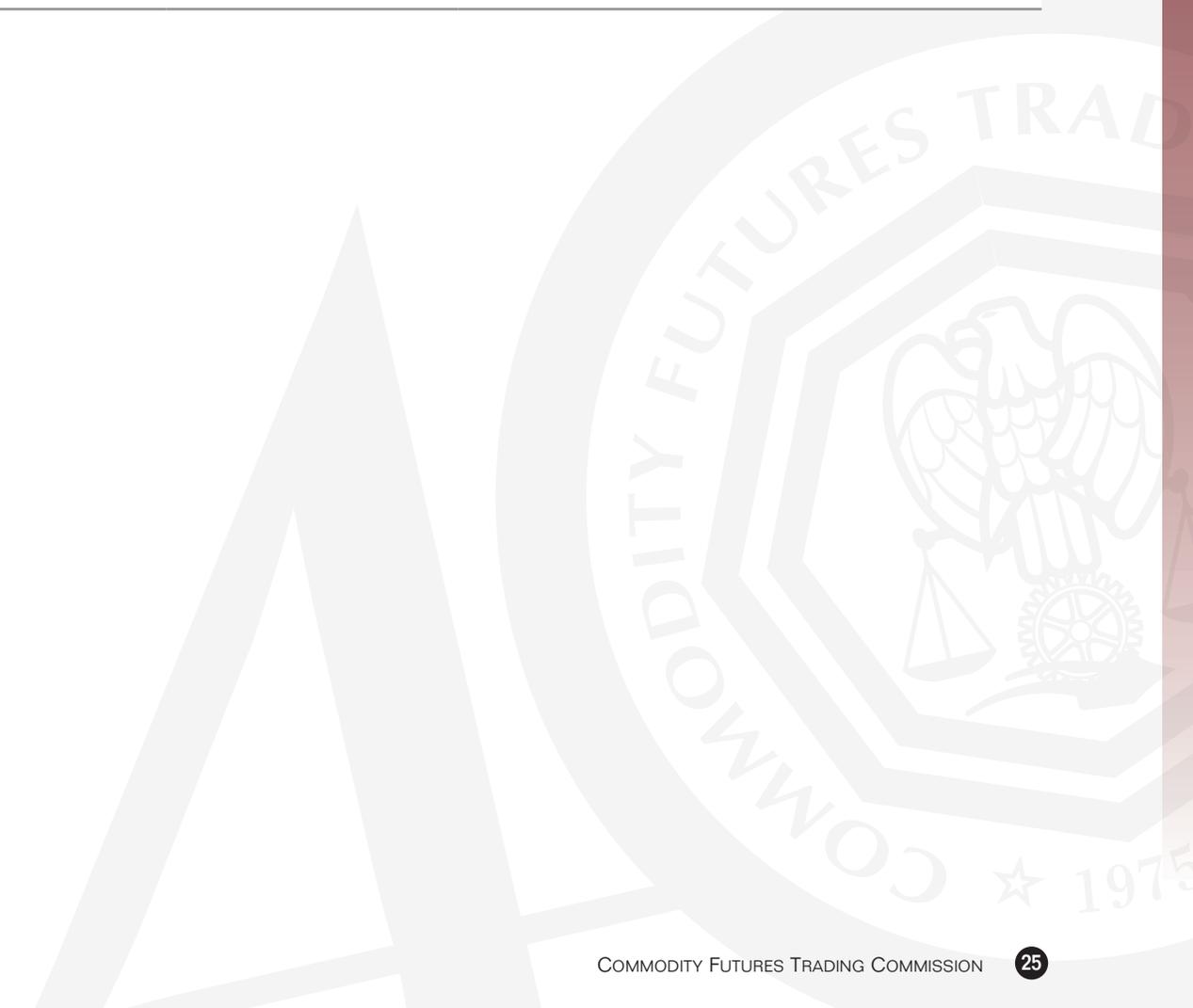
FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Across DCOs	CFTC aggregated the risk of 25 interest rate swap (IRS) and interest rate (IR) futures accounts.	CFTC will aggregate risk of market participants' IRS and IR futures to get full IR exposure. Number of market participants is TBD, based on beta testing.	CFTC will aggregate risk of market participants' IRS and IR futures to get full IR exposure. Success of activities during FY 2016 will determine FY 2017 target.

Target: Met

Explanation of Results: During FY 2015, the Commission began the process for including IR futures stress-test results with IRS large trader accounts. The Commission is including DV01 and initial margin in batch IRS stress testing. Further, the Commission held meetings on the development of the uncleared swaps program.

Traders can and do have the same risk exposure across multiple asset classes. For example, traders can have an IR futures position and IRS position that both lose when IRs increase. Not being able to evaluate the futures and swaps positions in the aggregate gives the Commission an incomplete picture of the trader's risk. Aggregating futures and swaps allows the CFTC to evaluate the trader's complete cleared risk.

Responsible Division/Office: DCR



PERFORMANCE MEASURE 2.1.d: Review derivatives clearing organization (DCO) notifications regarding:

- hardware or software disruptions,
- cyber-security events or threat events,
- activation of the DCO's business continuity/disaster recovery (BC/DR) plans,
- significant planned changes to mission-critical systems,
- planned changes to the DCO's programs of risk analysis, and
- other notifications that potentially impact or could impact the DCO's ability to process, clear, and manage the risk of its business activities.

Description: The objective is to review DCO notifications regarding any:

- hardware or software malfunction, cyber-security incident, or targeted threat that materially impairs, or creates a significant likelihood of material impairment, of automated system operation, reliability, security, or capacity;
- activation of the DCO's BC/DR plan; and
- material planned changes to DCO's automated systems that are likely to have a significant impact on the reliability, security, or adequate scalable capacity of such systems or programs of risk analysis and oversight.

The Commission will design these reviews to evaluate the adequacy of the proposed corrective action to address systems disruptions and review plans for changes to systems or programs of risk analysis.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
80%	75%	85%	100%

Target: Not Met

Explanation of Results: The Commission received 82 total notifications under four regulations during FY 2015. 65 notifications involved a hardware or software malfunction or implementation of a BC/DR plan. The CFTC did not have the systems needed to be able to classify filings as material or non-material until the 3rd quarter of the year. Thus, the analysis focuses on whether the filing was reviewed within 30 days of receipt for both the notifications and filings. The results reflect that 75 percent of the time, the filings were analyzed within the appropriate timeframe.

The Commission received 17 additional filings pertaining to planned changes to mission-critical systems or programs of risk analysis. The results reflect that 70 percent of the time, the filings were analyzed within the appropriate timeframe.

In many instances, the DCOs must research the issue before a solid remediation plan can be formulated and approved by a governing body at the DCO. This process may take more than 2-5 business days to resolve.

Completion of a timely review of the incident notifications allows the Commission to be aware of those issues that could impact the daily processing, clearing, and settlement of transactions at CFTC clearing houses. It also aids in the identifying areas of operational risk that should be considered when determining the scope for the next examination.

Responsible Division/Office: DCR

PERFORMANCE MEASURE 2.1.e.1: Strive to examine compliance by derivatives clearing organizations (DCOs) with the Core Principles, including system safeguards and cyber-security requirements, of the CEA and Commission regulations, prioritizing systemically important entities.

Description: The Commission conducts comprehensive risk-based examinations of systemically important DCOs (SIDCOs) regarding compliance with the Core Principles of the CEA and Commission regulations. It identifies issues that may impact the DCOs ability to control and monitor its risks, present the issues to DCO management, and monitor remediation efforts to rectify the issues.

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
75%	50%	100%	100%	100% SIDCOs	100%	100%	100%

Target: Met

Explanation of Results: The Commission completed the annual examinations of SIDCOs where the Commission has been named the Supervisory Agency as required under the Dodd-Frank Act. The Core Principles selected for each examination were based on a risk evaluation and consisted of a review of compliance with the following regulations:

- governance,
- financial resources,
- risk management,
- system safeguards, and
- treatment of funds.

The successful completion of this goal allows the Commission to be in compliance with the annual examination requirements as specified under the Dodd-Frank Act. In addition, completion of examinations allows the Commission to see if the SIDCO is in compliance with the Core Principles, gives staff the opportunity to identify any areas of non-compliance, and allows the DCO to correct any areas of non-compliance.

Responsible Division/Office: DCR

PERFORMANCE MEASURE 2.1.e.2: Strive to examine compliance by derivatives clearing organizations (DCOs) with the Core Principles, including system safeguards and cyber-security requirements, of the CEA and Commission regulations, prioritizing systemically important entities.

Description: The Commission conducts comprehensive risk-based examinations of non-systemically important DCOs (SIDCOs) regarding compliance with the Core Principles of the CEA and Commission regulations. It identifies issues that may impact the DCO's ability to control and monitor its risks, present the issues to DCO management, and monitor remediation efforts to rectify the issues. There were 10 such DCOs in FY 2015. Completion of examinations allows the Commission to see if a DCO is in compliance with the Core Principles, which gives CFTC staff the opportunity to identify any areas of non-compliance and allows the DCO to correct any areas of non-compliance.

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
44%	30%	23%	0%	40% for all other DCOs	30%	40% for all other DCOs	50%

Target: Not Met

Explanation of Results: The Commission did not meet its target of completing compliance examinations for 40 percent of non-SIDCOs due to resource constraints. The Core Principles selected for each of the three examinations were based on a risk evaluation. Two of the exams consisted of a review of compliance with the following regulations:

- governance,
- financial resources,
- risk management,
- system safeguards, and
- treatment of funds.

The third examination consisted of a review of compliance with system safeguards. The Commission estimates that 75 percent of the work has been completed for these exams.

Commission staff did not perform a fourth examination in FY 2015, due to resource constraints and the need to deploy staff to work on other high-priority projects, including the development of proposed regulations enhancing systems safeguards requirements for DCOs and the analysis of the financial resources and systems safeguards of new DCO applicants.

Responsible Division/Office: DCR

OBJECTIVE 2.2: PROVIDE MARKET PARTICIPANTS WITH TIMELY GUIDANCE

FY 2015 Performance

The Commission guides the NFA by sampling registration documentation and providing NFA with policy guidance on substantive law areas relevant to SD and MSP registration applications. The Commission is continuing to work with NFA to develop the NFA’s capacity to review SD applications effectively on all elements of the new Part 23 regulations. Addressing each subject matter area in turn, the CFTC has provided substantial regulatory interpretive guidance to the NFA for establishing that registrant applications have demonstrated compliance with the CEA. As a result, the Commission achieved its FY 2015 target of 70 percent of SD and MSPs’ registration documentation completed. (performance measure 2.2.a.2)

Other Key Activities

- Finalized rulemaking requiring all Commission registrants to be members of a Registered Futures Association and proposed amendments to CFTC rules for SD portfolio reconciliation.

- Proposed rules for margin for uncleared swaps for SDs and MSPs.
- Provided general and entity-specific guidance to SDs in the second year for implementation of the new compliance program requirements for FCMs and SDs.
- Provided extensive direction to the NFA in the review of registration applications under Section 4s of the CEA for demonstrating compliance with the new SD regulations.
- Implemented the metrics reporting requirements of the Volcker Rule, and further coordinated with other Volcker regulatory agencies on implementation.
- Issued final rule amendments revising the Residual Interest Deadline for customers to meet margin obligations to FCMs for futures trading accounts.
- Approved rule amendments submitted by the NFA to enhance capital requirements for retail foreign exchange dealers, and to require such dealers to provide more detailed disclosures to current and prospective customers.

Finally, the CFTC evaluated the validity and effectiveness of the measures within this objective and made appropriate decisions as detailed in the tables below.

PERFORMANCE MEASURE 2.2.a.1: Review and provide feedback as appropriate on swap dealer (SD) and major swap participant (MSP) risk-exposure reports.

Description: The Commission will review 50 percent of the SD and MSP risk exposure reports that the DSIO receives by 2018 and provide feedback as appropriate.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
10%	No reporting		

Target: Other – Discontinued

Explanation of Results: Given significant challenges encountered in gathering the reliable and comprehensive data needed to effectively assess performance of this activity, this measure has been terminated.

Responsible Division/Office: DSIO

PERFORMANCE MEASURE 2.2.a.2: Percent of swap dealers (SDs) and major swap participants (MSPs) registration documentation completed.

Description: The Commission, in tandem with the National Futures Association (NFA), will review the registration applications of SDs and MSPs to determine whether the registrants have included adequate policies and procedures in accordance with applicable regulation. The Commission guides the NFA by sampling registration documentation and providing NFA with policy guidance on substantive law areas relevant to registration applications that correspond to 14 modules used by NFA to review SD and MSP registration applications. (The NFA currently is the designated self-regulatory organization (DSRO) responsible for regulating SDs and MSPs registered with the Commission).

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
70%	71%	90%	94%

Target: Met

Explanation of Results: The Commission continues to work with NFA to develop the NFA's capacity to review SD applications effectively. The CFTC has provided substantial regulatory interpretive guidance to the NFA for establishing that registrant applications have demonstrated the ability to comply with the CEA.

Responsible Division/Office: DSIO

PERFORMANCE MEASURE 2.2.a.3: Percent of substantive industry issues addressed in a timely manner.

Description: The Commission will address no-action requests, exemption requests, and other requests for guidance regarding new and existing regulations applicable to these registrants and guide such registrants to adopting better business practices through compliance with the CEA and Commission regulations.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
40%	No reporting	180 days	180 days

Target: Not Met

Explanation of Results: The Commission has implemented (for 2016) metrics tracking to be able to determine the amount of time to respond to registrants and market participants using a more appropriate time based approach.

Responsible Division/Office: DSIO

OBJECTIVE 2.3: STRONG GOVERNANCE AND OVERSIGHT BY FINANCIAL REGISTRANTS

FY 2015 Performance

The Commission performed reviews of most of the Chief Compliance Officer (CCO) annual reports for FCMs and both U.S. and non-U.S. SDs. Formal, individualized feedback was provided during FY 2015 with regard to basic compliance with the report content regulatory requirements for about half of the FCMs and SDs (CFTC has provided similar feedback to most of the remaining FCMs and SDs during the first part of FY 2016). In this effort, the CFTC has established standard procedures for reviewing these reports and intends to provide more in-depth feedback on issues discussed in the reports in future years. These procedures allow the

CFTC to review the reports more efficiently, identify issues and areas that need improvement, and communicate this feedback effectively. Finally, the CFTC evaluated the validity and effectiveness of the measures within this objective and made appropriate decisions as detailed in the tables below.

Other Key Activities

- Continued efforts to monitor FCMs by conducting various direct and horizontal limited scope reviews while reviewing over 1,200 financial filings and 1,700 notices. The new horizontal reviews focused on the liquidity of FCMs, the sufficiency of excess segregation and secured requirements, risk management, and internal controls at FCMs.

PERFORMANCE MEASURE 2.3.a.1: Conduct oversight reviews of swap dealers (SDs).

Description: Relying upon a risk-based and regulatory compliance oversight approach, the Commission will conduct targeted reviews and examinations of SDs in key areas, such as cyber-security policies, with the National Futures Association (NFA) conducting regular direct examinations of SDs.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
10 SDs	3 SDs	30 SDs	30 SDs

Target: Not Met

Explanation of Results: Given resource constraints and other factors, the Commission did not meet the target. Moving forward, the Commission is making key changes to its examinations process. The Commission has determined that because NFA conducts regular direct examinations of SDs, the Commission's examination activity should be targeted in a risk-based manner, with the Commission conducting limited scope reviews of SDs in key areas. For example, in FY 2015, the Commission reviewed the Chief Compliance Officer reports of SDs. In FY 2016, the Commission is focusing on other key areas such as cyber-security policies and deploying a new, more efficient written examination approach for certain examinations.

Responsible Division/Office: DSIO

PERFORMANCE MEASURE 2.3.a.2: Conduct oversight reviews of futures commission merchants (FCMs).

Description: Relying upon a risk-based and regulatory compliance oversight approach, the Commission will conduct targeted reviews and examinations of FCMs in key areas, such as cyber-security policies, with the designated self-regulatory organizations (DSROs) conducting regular direct examinations of FCMs.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
10 FCMs	0 FCMs	30 FCMs	30 FCMs

Target: Not Met

Explanation of Results: Given resource constraints and other factors, the Commission did not meet the target. Moving forward, the Commission is making key changes to its examinations process. The Commission has determined that because the DSROs conduct regular direct examinations of FCMs, the Commission's examination activity should be targeted in a risk-based manner, with the Commission conducting limited scope reviews of FCMs in key areas. For example, in FY 2015, the Commission reviewed the Chief Compliance Officer reports of FCMs, and in FY 2016, the Commission is focusing on other key areas such as cyber-security policies and deploying a new, more efficient written examination approach for certain examinations.

Responsible Division/Office: DSIO

PERFORMANCE MEASURE 2.3.b: Review Chief Compliance Officer (CCO) annual reports for swap dealers (SDs), major swap participants (MSPs), and futures commission merchants (FCMs), and provide feedback to the registrants on governance and compliance oversight.

Description: The Commission will review the CCO annual report filings of the SDs, MSPs, and FCMs and evaluate governance and compliance best practices, effectiveness of the evaluations, and areas for follow up with specific firms where the report is not up to expectations.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
75%	49%	50%	60%

Target: Not Met

Explanation of Results: Final 49 percent reporting based on (83 reviewed in total) ÷ (168 received in total). The DSIO focused on the CCO annual reports for domestic SDs in FY 2015 reviewing and providing feedback on 100 percent of those reports. The DSIO also reviewed most of the FCM and non-U.S. SD reports during FY 2015, provided feedback on some of them in FY 2015 (and on the remaining reports during the first part of FY 2016). In this effort, the DSIO has established standard procedures for reviewing these reports that will apply in future years. These procedures allow the DSIO to review the reports more efficiently, identify issues and areas that need improvement, and communicate this feedback more effectively.

Responsible Division/Office: DSIO

OBJECTIVE 2.4: MARKET PARTICIPANTS MAINTAIN SUFFICIENT FINANCIAL RESOURCES, RISK MANAGEMENT PROCEDURES, AND CUSTOMER PROTECTION PRACTICES

ensure that the Commission’s staff were properly focused on situations that could put customer assets at risk. An example of this would be CFTC staff monitoring of retail forex dealers during the foreign currency volatility event that occurred in January 2015. Staff worked closely with the DSRO and industry participants to ensure that retail forex dealers remained in compliance with Commission capital and other financial requirements. Finally, the CFTC evaluated the validity and effectiveness of the measures within this objective and made appropriate decisions as detailed in the tables below.

FY 2015 Performance

The Commission met its objective of monitoring FCMs and foreign exchange (forex) dealers for signs of financial stress. This monitoring, in many cases coordinated closely with other regulatory agencies such as the SEC, helped to

PERFORMANCE MEASURE 2.4.a: Conduct limited scope reviews of swap dealers (SDs), major swap participants (MSPs), and futures commission merchants (FCMs) risk management and internal control systems and procedures, including controls, processes and procedures over technology risks.

Description: On a risk basis, the Commission will perform limited scope reviews of SDs, MSPs, and FCMs.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
10	No reporting		

Target: Other – Discontinued

Explanation of Results: The Commission has determined that the two measures outlined in 2.3.a.1 and 2.3.a.2 encapsulate the activities covered in 2.4.a, rendering it redundant. As a result, this performance measure has been discontinued.

The Commission intends to fulfill the activities in 2.4.a through the activities in 2.3.a.1 and 2.3.a.2.

Responsible Division/Office: DSIO

PERFORMANCE MEASURE 2.4.b: Monitor high-risk registrants focusing on futures commission merchants (FCMs) for signs of financial stress.

Description: The Commission will monitor registrant firms for financial stress by reviewing notices and monthly and/or annual financial filings, among other things. High-risk firms are identified as such through metrics developed by the staff which consider such attributes as capital, liquidity, ratio of excess segregated to secured collateral, CPA firm, leverage ratios, etc.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
100%	100%	100%	100%

Target: Met

Explanation of Results: Through the development of watch lists, automated financial data analytics, monitoring press releases/industry events, and monitoring of notices, CFTC staff were able to monitor registrants. The Commission notes that this agency measure was amended so that it focused more appropriately on the CFTC’s FCM monitoring activities, as FCMs maintain customer funds in recognition of the National Futures Association’s lead role in monitoring swaps registrants.

Responsible Division/Office: DSIO

GOAL TWO CHALLENGES & RISKS

MAJOR CHALLENGES

- Obtaining adequate staffing resources in terms of staff numbers and skill sets needed to carry out priorities and other functions essential to comprehensive regulation and oversight.
- Obtaining and retaining staffing resources with appropriate data and quantitative skill sets.
- Providing necessary training to staff to meet increasing oversight responsibilities.
- Obtaining necessary funding and resources to conduct reviews of CFTC registrants.
- Completing annual examinations of the two FSOC-designated SIDCOs, in accordance with Title VIII of the Dodd-Frank Act. These examinations are expansive and complex, and require significant staff and technology resources.
- Overseeing risk management practices in an ever-changing global financial marketplace and technology environment, including incorporating uncleared risk into risk surveillance analysis and obtaining and maintaining staff expertise in cyber-security.

- Assuring appropriate coordination of oversight responsibilities with SROs and other regulators to minimize duplicative efforts and to conserve limited resources for other oversight responsibilities that are subject to exclusive CFTC review.
- Receiving and analyzing large amounts of position and margin data.

MAJOR RISKS

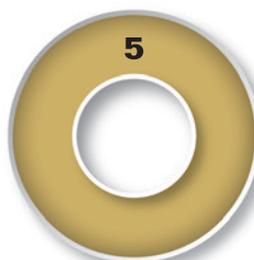
- Inadequate oversight of DCOs could result in missed opportunities to intervene before a DCO fails to meet its financial obligations, has a significant operational failure, or experiences a major cyber-security incident.
- Inadequate oversight of FCMs or SROs may result in loss of customer funds or inability of clearing FCMs to meet their financial obligations to DCOs or foreign brokers.
- Lack of effective capital rules for SDs and margin rules for uncleared swap transactions present potential risks to the participants in the swaps marketplace.

GOAL THREE: COMPREHENSIVE ENFORCEMENT

The Commission is committed to prosecuting violations of the CEA and Commission regulations to protect market participants and promote market and financial integrity. The Commission's DOE investigation and litigation matters are broadly categorized into four areas: 1) manipulation, 2) trade practice,¹ 3) fraud, and 4) supervision and control. This year's civil monetary penalties total more than 12 times the CFTC's operating budget for the fiscal year. Please see Appendix A for a list of major enforcement actions during FY 2015.

Goal Leader: Director, Division of Enforcement (DOE)

Goal Three Performance Summary



- **Met:** The program/activity fully met or exceeded the terms of its target(s) during the fiscal year.
- **Not Met:** The program/activity did not achieve the terms of its target(s) during the fiscal year.
- **Baseline:** Metrics that have not been finalized.
- **Other:** Metrics that do not have targets or have been discontinued.

GOAL THREE PERFORMANCE MEASURES, ANALYSIS, AND REVIEW

OBJECTIVE 3.1: STRENGTHEN CAPACITY TO RECEIVE AND EXPEDITIOUSLY HANDLE HIGH-IMPACT TIPS, COMPLAINTS, AND REFERRALS

FY 2015 Performance

The Commission established a new Litigation, Intake, and Triage Unit and developed a Commission-wide process to divert all tips and complaints to the unit. This dedicated unit performs the preliminary analysis which informs the Commission's decision whether to devote more resources to a full investigation. This key role had previously taken valuable staff time away from investigations. Establishment of the unit allows the enforcement staff to put greater emphasis on investigating cases involving commodities fraud, market manipulation, spoofing, and other disruptive trading practices. The

enforcement program is developing several measures which will help gauge the effectiveness of the new unit in FY 2016 and beyond. (performance measure 3.1.a.2)

The Commission developed a communications outreach strategy for the Whistleblower Program, which included attending 12 public forums and trade shows, such as the Futures Industry Association Expo, and other key activities. The intent of these outreach efforts is to inform the public about the assistance and protections available under the CFTC's Whistleblower Program, which could translate into market participants coming forward with key information. The WBO developed and completed training sessions for all new DOE staff, including all new division contractors, on the responsibility and protocol for handling whistleblower information. (performance measure 3.1.b.2)

¹ Trade practice violations generally include disruptive trading, spoofing, wash sales, and other activities that interfere with the competitive trading of exchange-traded contracts.

PERFORMANCE MEASURE 3.1.a.1: Strengthen and ensure a coordinated approach to receiving, assessing, and referring tips, complaints and referrals as necessary and appropriate; establish a unit or office dedicated to this function.

Description: The Commission will evaluate and refine the current processes and mechanisms, if necessary, for handling leads from all sources to increase the effectiveness and efficiencies of those processes and mechanisms. This measure reflects the need of the Commission to enhance its capability to receive, analyze, and process tips, complaints, and referrals; and focuses in particular on the preliminary analysis which informs the Commission's decision whether to devote more resources to a full investigation.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
20-hour review/referral for tips, complaints and referrals (TCRs).	20-hour average time to review TCRs met.	18-hour review/referral for TCRs.	12-hour review/referral for TCRs.
50% of referrals lead to an investigation.	No reporting yet on this metric.	60% of referrals lead to an investigation.	75% of referrals lead to an investigation.

Target: Met

Explanation of Results: As of the end of FY 2015, the average time to review new tips and complaints was 20 hours.

Note: Reporting on the percent of referrals that lead to an investigation will commence in FY 2016.

Responsible Division/Office: DOE

PERFORMANCE MEASURE 3.1.a.2: Strengthen and ensure a coordinated approach to receiving, assessing, and referring tips, complaints and referrals as necessary and appropriate; if resources permit, establish a unit or office dedicated to this function.

Description: The Commission will establish a unit within the DOE, staffed with attorneys, investigators, and analysts that will handling the intake and triage of tips and leads from all sources.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Establish a unit to perform this function.	New Litigation, Intake and Triage Unit established.		

Target: Met

Explanation of Results: The CFTC has a Commission-wide process to divert all tips and complaints to the new Litigation, Intake, and Triage Unit, which was establish during FY 2015. The unit has overall responsibility to help provide additional flexibility to the enforcement staff to shift greater effort on investigating cases involving commodities fraud, market manipulation, spoofing, and other disruptive trading practices. The unit is responsible for deciding if leads (tips/complaints) merit further investigations under the direction of the Director.

Responsible Division/Office: DOE

PERFORMANCE MEASURE 3.1.b.1: Develop a comprehensive communication strategy, geared for internal and external stakeholders, relating to the role of whistleblowers and the function of the Whistleblower Office (WBO).

Description: For FY 2015, the Commission will develop and provide training to new DOE and contractor new hires.

This measure reflects the need of the WBO to communicate effectively to internal audiences. Internal communication allows the WBO staff to train and inform the Commission staff about the WBO, the relevant law surrounding the role of whistleblowers, and the unique and protected nature of whistleblower identifying information. Internal communication also informs the WBO staff about external persons to whom they need to direct their message.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Develop and provide training to new DOE hires (full-time equivalents and contractors).	Completed training for 28 new DOE staff, including training 13 newly hired division contractors.	Develop and provide annual training to new hires and staff. Provide live, in-person training to staff in the home office and the regions.	Provide annual training to new hires and staff. Provide live, in-person training to staff in home office and regions. Draft best practices guide for the DOE when working with the WBO in investigations, litigation, and administrative proceedings.

Target: Met

Explanation of Results: During FY 2015, the Commission completed training sessions for 28 new DOE staff, including training 13 newly hired division contractors on the responsibility and protocol for handling whistleblower information. The CFTC’s intent is to ensure that all DOE staff (Federal employees and contractors) have a solid understanding of the whistleblower legislation and its impact on the Commission.

Responsible Division/Office: DOE

PERFORMANCE MEASURE 3.1.b.2: Develop a comprehensive communication strategy, geared for internal and external stakeholders, relating to the role of whistleblowers and the function of the Whistleblower Office (WBO).

Description: The Commission will participate in five annual public forums and trade shows annually, including the national Futures Industry Association Conference. This measure reflects the need of the WBO to communicate effectively to external audiences. Outreach is an essential part of the program. The WBO will send the message that the program is in place and emphasize in its message the rewards and protections offered by Section 23 of the CEA and the Commission regulations.

Whistleblowers provide the Commission with the opportunity to receive timely information relating to potential violations of the CEA that may not otherwise be available.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Participate in five annual public forums and trade shows.	Participated in 12 public forums and trade shows.	Participate in 12 annual public forums and trade shows. Launch new website for WBO.	Participate in 15 annual public forums and trade shows. Update new website to make it more effective tool for communicating with external stakeholders.

Target: Met

Explanation of Results: During FY 2015, the Commission developed a communications outreach strategy, which included attending 12 public forums and trade shows, such as the Futures Industry Association Conference, and other key activities.

The intent of these outreach efforts is to inform the public about the assistance and protections available under the CFTC’s Whistleblower Program, which could translate into market participants coming forward with key information.

Responsible Division/Office: DOE

OBJECTIVE 3.2: EXECUTE RIGOROUS AND THOROUGH INVESTIGATIONS

FY 2015 Performance

Commission investigations are becoming increasingly complex and incur high litigation expenses. In conducting investigations, the enforcement program is committed to completing effective and diligent investigations in a timely manner. This measure identifies the percentage of investigations that the Commission completes within 18 months of opening (dependent upon the nature and scope of the investigations and resources available). The Commission’s baseline target of 70 percent was exceeded, with an average of 75 percent of the CFTC’s enforcement investigations closed within 18 months. Despite the market challenges faced, the Commission has an unwavering commitment to protect customers and ensure market integrity.

Other Key Activities

- The CFTC filed 69 enforcement actions focusing on manipulation, spoofing, and high frequency trading, while ensuring market participants meet their regulatory requirements. The Commission also continued to devote significant resources to litigating complex cases involving

foreign exchange and retail fraud, and a number of those litigations reached successful settlements.

- The CFTC took a number of significant actions enforcing the new authorities granted by Congress under the Dodd-Frank Act. These actions included:
 - Enforcement of the CEA’s anti-spoofing clause, including its action, along with the U.S. Department of Justice (DOJ), against Navinder Sarao;
 - Use of the CEA’s new anti-manipulation authority; and
 - Enforcement actions against swaps markets intermediaries to ensure their compliance with supervision and reporting obligations, which are critical to effectiveness of the financial markets and CFTC’s ability to detect and address potential misconduct.
- The CFTC also continued its prosecution of benchmark rate manipulation cases, imposing the largest monetary penalty in CFTC history (\$800 million) against Deutsche Bank for manipulation of London Interbank Offered Rate (LIBOR), as well as bringing and settling the first case charging attempted manipulation of forex benchmark rates and the International Swaps and Derivatives Association Fix (ISDAFIX) rate, both benchmark rates used by individuals and firms across the globe.

PERFORMANCE MEASURE 3.2.a: Percentage of enforcement investigations completed within 18 months of opening, depending on the nature and scope of investigations.

Description: This measure identifies the percentage of investigations that the Commission closes within 18 months of their opening, depending upon the nature and scope of the investigations and resources available. In conducting investigations, the enforcement program endeavors to complete effective and fair investigations in a timely manner.

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
81%	69%	62%	23%	Baseline Year	75%	75%	75%

Target: Met

Explanation of Results: The Commission’s baseline target of 70 percent was exceeded, with a fiscal year average of 75 percent of the CFTC’s investigations closed within 18 months. This result is sufficient for the year due to the increasingly complex nature of CFTC cases and high expenses associated with litigating those cases.

Note: From FY 2011 – FY 2014, the performance measure was percentage of enforcement investigations completed within 12 months. The Commission has found that its investigations have become more complex over time.

Responsible Division/Office: DOE

GOAL THREE CHALLENGES & RISKS

MAJOR CHALLENGES

- As markets become more sophisticated, resource constraints limit the Commission's ability to expeditiously conduct the economic and legal analysis necessary to rigorously protect the integrity of the markets and the customers who rely on them.
- Cases where high-frequency trading and spoofing tactics occur are straining the limited staffing resources that perform the intensive analysis required to interpret the algorithms.
- Maintaining adequate integrity and vigilant oversight over the thousands of contracts used in multi-trillion dollar foreign exchange benchmarks is curtailed.

MAJOR RISKS

- There is increasing growth and sophistication of the financial markets, trading instruments, and practices, in addition to industry trading volume producing potentially new cases which impede timely investigations of current cases.
- Widespread use of deceptive algorithms and other automated trading activities sap confidence from the markets and undermine the Commission's regulatory oversight.
- Lack of adequate resources increasingly disadvantages the Commission's enforcement technology capability compared to tools used by industry.

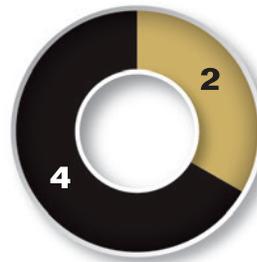
GOAL FOUR: BROAD OUTREACH ON REGULATORY CONCERNS

The implementation of comprehensive regulations under the Dodd-Frank Act legislation marked a new era in the swaps marketplace by mandating, among other things, the regulation of SDs, clearing of swaps, transaction reporting, trade execution and transparency with respect to those transactions. Because the swaps market is a global market, international cooperation among regulators is necessary to regulate financial markets effectively.

Recognizing this risk, President Obama joined with other G-20 leaders in 2009 to require that all major market jurisdictions bring swaps under regulation. Since that date, the Commission has been engaged in an unprecedented outreach to major market jurisdictions and expanded involvement in numerous international working groups to encourage the adoption of swaps regulations consistent with the G-20 leaders' commitments.

Other Indicators – Four CFTC metrics in Goal Four are what OMB calls “other indicators”. These measures identify

Goal Four Performance Summary



- **Met:** The program/activity fully met or exceeded the terms of its target(s) during the fiscal year.
- **Not Met:** The program/activity did not achieve the terms of its target(s) during the fiscal year.
- **Baseline:** Metrics that have not been finalized.
- **Other:** Metrics that do not have targets or have been discontinued.

external factors related to Commission goals and objectives, but the activities are still worth tracking each year, even with no targets. The CFTC will track progress of these four “other indicators” and report out on annual results each year in the APR, but not on achievement of targets. Therefore, these four metrics will not be included in the annual Met/Not Met totals.

Goal Leader: Director, Office of International Affairs (OIA)

GOAL FOUR PERFORMANCE MEASURES, ANALYSIS, AND REVIEW

OBJECTIVE 4.1: BROAD OUTREACH ON REGULATORY CONCERNS

FY 2015 Performance

As part of its market oversight role, the Commission is charged with exchanging views with other domestic and foreign regulators and with the public. During FY 2015, the Commission actively participated in a wide range of conferences and meetings with domestic and international regulators that furthered the Commission’s interest (see performance measure 4.1.a below for a list of key meetings).

The Commission continues its leadership role in domestic cooperation, where the CFTC staff typically engages with relevant staff from Treasury and the SEC on multiple occasions on each working day. For example, while the CFTC is not a member of the Financial Stability Board (FSB), the CFTC participates in a number of key FSB bodies, including

the FSB Over-the-Counter (OTC) Derivatives Working Group, which assesses the progress in implementing OTC reforms promulgated by the 2009 G-20 reforms discussed above. The semi-annual report requires the U.S. regulatory agencies to agree on one unified response, and the CFTC therefore works closely with the SEC, the Federal Reserve, and other financial regulators in preparing this report. In addition, as the CFTC principal is frequently asked to participate on an ad hoc basis in FSB Steering Committee meetings, CFTC staff closely coordinate with Treasury, SEC, and the Federal Reserve in preparing the key interventions that each of the four U.S. principals will provide during a given meeting.

Similarly, within IOSCO, the CFTC coordinates closely with the SEC on all levels in order to seek to ensure a consistent and coordinated approach to securities and derivatives policy issues. This approach includes both expert-level meetings in IOSCO standing committees and task forces, as well as

higher-level meetings of the CFTC and SEC principals at IOSCO Board meetings.

The CFTC also works closely with Treasury, SEC, and the U.S. bank regulatory agencies in various international dialogues, which involves representatives from each of these jurisdictions. These include the U.S.-European Union (EU) Financial Markets Regulatory Dialogue, the U.S.-China Strategic and Economic Dialogue, well as separate dialogues with India and the North America Free Trade Agreement countries (Canada and Mexico).

For FY 2016, the Commission will enhance its data collection methods to include additional reporting on this topic from all relevant divisions/offices.

Other Key Activities

- Helped to lead efforts within the FSOC Financial Market Utility Committee to assess and promote the resilience of financial market utilities, in particular, central counterparties (CCPs).
- Coordinated with the Federal Deposit Insurance Corporation (FDIC) in developing resolution plans for DCOs.
- Collaborated with the Federal Reserve on the examination of DCOs, among other issues.
- Provided substantial work leading to the joint staff report, "The U.S. Treasury Market on October 15, 2014," which gave staff findings from Treasury, Board of Governors of the Federal Reserve System, Federal Reserve Bank of New York, SEC, and the CFTC concerning unusual Treasury market activity on that date.
- Collaborated consistently with the Treasury's Office of Financial Research (OFR) to develop standards for swap data reporting under Part 45, including both international and data standards. CFTC and OFR staff coordinate their technical work and consult each other on technical and standards aspects of the data on a regular basis.
- Collaborated with the SEC on the development of swap data reporting standards by co-chairing a Committee on Payments and Market Infrastructure (CPMI)-IOSCO working group to develop international standards for reporting swap data.
- Collaborated with Treasury's OFR, SEC, FDIC, Federal Reserve, and Office of the Comptroller of the Currency on setting up the Global Legal Entity Identifier System (GLEIS), including the implementation of the Legal Entity Identifier (LEI) Regulatory Oversight Committee that assists the Commission in the implementation of Part 45 swap data reporting.

PERFORMANCE MEASURE 4.1.a: Number and types of opportunities that have been provided for the exchange of views between the Commission and other domestic and international regulators.

Description: The Commission will attend conferences and meetings, such as Commission advisory committee meetings, research seminars, international regulator conferences, and briefings for Congressional staff and other government officials. Activities also include meetings with SEC, U.S. Federal Reserve System, Treasury, as well as participation in country dialogues under auspices of Treasury.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Other Indicator – no annual target	Other Indicator – no annual target	Other Indicator – no annual target

Target: Other Indicator – no annual target

Explanation of Results: The Commission participated in meetings with U.S. and foreign regulators regarding:

- clearinghouse resiliency and recovery and resolution planning,
- global harmonization of data reporting standards,
- removal of barriers to trade reporting,
- development of the Global Legal Entity Identifier System (GLEIS),
- data sharing issues,
- margin requirements for uncleared derivatives transactions, and
- trading platform harmonization.

These meetings with foreign regulators included:

- in-person and telephonic meetings of the International Organization of Securities Commissions (IOSCO) Board and committees;
- meetings of Committee on Payments and Market Infrastructure (CPMI)-IOSCO, meetings of the Legal Entity Identifier (LEI) Regulatory Oversight Committee;
- meetings of the Over-the-Counter (OTC) Derivatives Regulators Group (ODRG); and
- U.S.-EU Financial Markets Regulatory Dialogue.

Responsible Division/Office: OIA

PERFORMANCE MEASURE 4.1.b: Number and types of opportunities that have been provided for the exchange of views between the Commission and the public.

Description: The Commission will attend conferences and meetings, such as Commission advisory committee meetings, rulemaking meetings, research seminars, international regulator conferences, and briefings that are open to the public.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Other Indicator – no annual target	Other Indicator – no annual target	Other Indicator – no annual target

Target: Other Indicator – no annual target

Explanation of Results: The Commission held meetings of the Energy and Environmental Markets Advisory Committee, Market Risk Advisory Committee, and Agricultural Advisory Committee, as well as multiple public roundtables. Commissioners participated as speakers at numerous conferences, including international regulator conferences. The Commission sought public comment through several notices of proposed rulemakings and other matters.

During the baseline year for this measure, the Commission was able to track only a limited number of exchange of views between the Commission and the public. For FY 2016, the Commission is putting in place more effective means to measure the key exchanges of views with the public.

Responsible Division/Office: OIA

OBJECTIVE 4.2: SOUND INTERNATIONAL STANDARDS AND PRACTICES

FY 2015 Performance

Throughout the year, the Commission worked with foreign authorities, including the European Commission, European Securities Market Authority, Financial Conduct Authority, and IOSCO and other foreign regulators to coordinate policies to harmonize rules for market infrastructure and participants (e.g., with regard to SDRs, DCMs, DCOs, and SEFs). For example, the CFTC completed the Financial Sector Assessment Program (FSAP), a joint International Monetary Fund-World Bank program providing an integrated analysis of financial stability and development issues. The FSAP includes financial sector analysis, stress testing, and an assessment of the observance and implementation of international standards and codes. Also, the CFTC provided a detailed self-assessment on how U.S. regulation and supervision meets international standards as set forth in the IOSCO Objectives and Principles of Securities Regulation and provided in-depth responses to questions as part of the International Monetary Fund Technical Note on Systemic Risk Oversight and Management.

In FY 2015, the CFTC Chairman signed supervisory memoranda of understanding (MOUs) with authorities in three jurisdictions:

- Manitoba Securities Commission, which joined the supervisory MOU originally signed by four other Canadian authorities;
- Australian Prudential Regulation Authority MOU for the supervision of covered firms; and
- Korean Financial Services Commission and Financial Supervisory Service; which signed an MOU for the supervision of clearing organizations.

Added emphasis on swap market regulation supplements the Commission's long-standing engagement with foreign regulators to establish and enforce customer and market protection

arrangements in derivatives trading, including the Commission's participation in the IOSCO Multilateral MOU, which enables the Commission to obtain cooperation from approximately 100 foreign regulators in enforcement matters.

The CFTC also served as a co-chair of the IOSCO Task Force on OTC Derivatives Regulation, which completed a comprehensive review in 2015 and published a paper on recent developments regarding the implementation of post-trade public transparency requirements in the credit default swaps (CDS) market. The IOSCO Board recently approved further work by this task force in the CDS area, which is now engaged on a new mandate involving the research of information regarding the functioning of the International Swaps and Derivatives (ISDA) Credit Determinations Committee and CDS auction processes, and to assess whether the task force should recommend to the IOSCO Board further work in this area.

The CFTC was a key participant in the OTC Derivatives Regulators Group (ODRG), which is made up of authorities with responsibility for the regulation of OTC derivatives markets in Australia, Brazil, EU, Hong Kong, Japan, Ontario, Quebec, Singapore, Switzerland, and the United States. Consistent with a request from the G-20 leaders, the CFTC and other ODRG members have been working on practical aspects of deference in the area of CCPs, by drawing out themes and identifying approaches. The ODRG is also continuing work on monitoring of substituted compliance and equivalence assessments and is looking at furthering its co-operation on clearing obligation mandates. The CFTC will chair the ODRG in 2016.

One critical area for the Commission is ensuring the strength and resiliency of clearinghouses. In fact, the Commission and other financial regulators have placed increased importance on central clearing. Through the Commission's co-leadership of the CPMI-IOSCO Policy Standing Group (PSG), the Commission has assisted in creating building blocks for increased CCP resiliency. In particular, the PSG has conducted surveys among approximately 30 CCPs covering stress testing, margin, recovery, the adequacy of financial resource standards, and "skin-in-the-game," and is analyzing the results of those

surveys, and as appropriate, developing guidance on these issues to enhance CCP resiliency. The CPMI-IOSCO Implementation Monitoring Standing Group (IMSG) (in which the Commission also participates) is conducting an assessment, with respect to 10 globally and regionally active CCPs, of the implementation of the risk management standards under the CPMI-IOSCO Principles for Financial Market Infrastructures. The PSG is coordinating with the IMSG, and considering the results of their assessment work in assessing the need for, and developing, guidance on these issues.

The CFTC also participates in the FSB Resolution Steering Group (ReSG), and the work of the FMI Cross-Border Crisis Management Group. In 2015, the FSB ReSG completed a survey on CCP resolution regimes and resolution planning in FSB member jurisdictions (including the United States). In addition, the Commission participates in an international study group that was created in 2015 to identify, quantify, and analyze interdependencies between CCPs, major clearing members, and other significant participants in the

financial system, and any resulting systemic implications. The study group will map key interconnections between CCPs, clearing members and other significant participants in the financial system globally—in terms of both memberships and multiple service provisions (such as reliance on particular banks for lines of credit, etc.).

CFTC staff are currently co-chairing the CPMI-IOSCO effort to develop international data harmonization standards for swaps reporting. This effort is producing guidelines for the industry on key data elements related to swaps reporting, including elements to uniquely identify swap transactions and elements to uniquely identify swap products.

The Explanation of Results box below includes an extensive list of FY 2015 international regulatory projects in which the Commission participated. Negotiation of such arrangements enhances cooperation by encouraging deeper knowledge of other regulatory approaches and by developing shared understandings with respect to supervision.

PERFORMANCE MEASURE 4.2.a: Number and types of projects that have been initiated and/or completed within international regulatory and standard setting groups that promote the CFTC's regulatory policies.

Description: The Commission will participate in projects with standard-setting organizations such as the International Organization of Securities Commissions (IOSCO).

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Other Indicator – no annual target	Other Indicator – no annual target	Other Indicator – no annual target

Target: Other Indicator – no annual target

Explanation of Results: The Commission continued to lead discussions in several international regulatory arenas. The CFTC played a key role on IOSCO committees and task forces and the Financial Stability Board (FSB) during FY 2015.

IOSCO

- Cross Border Task Force – Assisted in development of toolkit of cross border regulatory approaches to assist policymakers and regulators in addressing challenges they face in protecting investors, maintaining market quality, and reducing systemic risk. Toolkit highlights characteristics associated with approaches to cross-border regulation and potential impact that use of such cross-border regulatory tools may have on investor protection, market quality, and systemic risk. IOSCO published toolkit in final report on cross border regulation.
- IOSCO Committee 7 on Commodity Derivatives Markets – Investigated impact of storage and delivery infrastructure on derivatives market pricing.
- Played key role in IOSCO final report that examined second year of implementation of IOSCO Principles for Oil Price Reporting Agencies.
- IOSCO Market Conduct Task Force – Developed task force mandate which will provide overview of existing initiatives by IOSCO and its members and also collect information about regulatory tools that securities regulators can use to: 1) help ensure that senior individuals and risk takers that operate in these markets comply with market conduct rules and regulations, and 2) promote ethical behavior at financial services firms.
- IOSCO Committee 3 for Regulation of Market Intermediaries – Developed mandate and survey to study regulatory initiatives related to marketing of off-exchange financial products to retail investors.
- ODRG – Developed draft report to G-20 leaders which addresses deference in context of clearing houses. Report also addresses sharing of information about legal or regulatory changes to help ensure that existing substituted compliance or equivalence determinations are kept current, and possible new work on ways to enhance an existing framework for cooperation on mandatory clearing determinations.
- Committee on Payments and Market Infrastructure (CPMI) and IOSCO – Leading efforts regarding potential global aggregation of over-the-counter (OTC) derivatives trade repository data by co-chairing CPMI-IOSCO Working Group for Harmonization of Key OTC Derivatives Data Elements with European Central Bank. Working Group published two consultation reports regarding: 1) the harmonization of key OTC derivatives data elements and 2) harmonization of a unique transaction identifier data element.
- Helped draft methodology used to assess second year implementation by Euro Interbank Offered Rate (Euribor), London Interbank Offered Rate (LIBOR), and the Tokyo Interbank Offered Rate (TIBOR) of the IOSCO Principles for Financial Benchmarks.

Financial Stability Board

- FSB Standing Committee on Standards Implementation – Participated in peer review team that evaluated progress within FSB jurisdictions in achieving G-20 commitment that all OTC derivatives transactions should be reported to trade repositories.

Note: Projects with international regulatory/standard setting groups vary each year for many reasons. Therefore, no targets can be set.

Responsible Division/Office: OIA

PERFORMANCE MEASURE 4.2.b: Number of regulatory cooperation and coordination arrangements negotiated with international regulatory authorities to facilitate high-quality derivatives regulation worldwide and the CFTC's supervision of markets and entities that are global in nature.

Description: The Commission will negotiate memoranda of understanding (MOUs) and other arrangements (e.g., letters setting out respective cooperation efforts) that are needed in connection with oversight of international registered swap dealers and central counterparties.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Other Indicator – no annual target	Other Indicator – no annual target	Other Indicator – no annual target

Target: Other Indicator – no annual target

Explanation of Results: The Commission develops and negotiates cooperative arrangements with foreign authorities. Formal arrangements such as MOUs assist the Commission in the supervision of various types of entities that are subject to regulation both in the United States and in another jurisdiction. In FY 2015, the CFTC Chairman signed supervisory MOUs with authorities in three jurisdictions:

1. The Manitoba Securities Commission,
2. The Australian Prudential Regulation Authority, and
3. The Korean Financial Services Commission and Financial Supervisory Service.

Each of these arrangements requires approval by the Commission, as well as by the foreign signatory or signatories.

Responsible Division/Office: OIA

OBJECTIVE 4.3: PROVIDE GLOBAL TECHNICAL ASSISTANCE

FY 2015 Performance

CFTC provides technical assistance to emerging and recently-emerged markets to help these jurisdictions in establishing and implementing laws and regulations that foster global

market integrity. CFTC staff engaged approximately 150 staff from 26 foreign jurisdictions in FY 2015 in providing technical information about CFTC rules and regulatory practices. In addition, the Commission's international training symposium continues to attract wide attendance by foreign regulators who look to the Commission as a global leader in derivatives regulation. In FY 2015, there were 56 participants in the training symposium from 21 jurisdictions.

PERFORMANCE MEASURE 4.3.a: Number of non-U.S. regulators trained.

Description: The Commission provides technical assistance to international authorities by training non-U.S. regulators each year.

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
225	414	401	260	225	150 non-U.S. regulators trained	Other Indicator – no annual target	Other Indicator – no annual target

Target: Met

Explanation of Results: The 56 regulators from 21 jurisdictions participated in the FY 2015 annual international training symposium. In total, approximately 150 staff from 26 jurisdictions were trained in FY 2015. As a result of the world economy, requests for training were lower than expected.

Unlike other Federal agencies that provide training to foreign officials, the CFTC operates under a system where foreign entities request training and pay for it from their own funds. This fact explains why prior years' training numbers have varied and makes it hard to set annual targets a year in advance. The Commission endeavors to train all foreign counterparts who request training that year. As a result, the Commission has determined that it will discontinue the notional target-setting in the recent past, and simply track progress at the end of each fiscal year. Therefore, as of FY 2016, this performance will become an "other indicator".

Responsible Division/Office: OIA

OBJECTIVE 4.4: ROBUST DOMESTIC AND INTERNATIONAL ENFORCEMENT COOPERATION AND COORDINATION

FY 2015 Performance

The Commission develops engagements for regulatory and enforcement cooperation on coordination with domestic and international authorities. The Commission routinely obtains and provides enforcement investigative assistance to and from domestic and international authorities each year. International and criminal enforcement meetings are the main opportunity for the Commission to liaise with fellow financial regulators to address cross-border investigation and information sharing issues of relevance to the international securities and derivatives enforcement community. The CFTC attended 11 meetings for the fiscal year, more than double the annual target. Notably, the meetings included the IOSCO meeting and the DOJ Roundtable, held during the third quarter. These domestic and international enforcement meetings enabled the Commission to speak on the legislative policies for its markets. As a byproduct of these collaborative talks, the Commission is further bridging its relationship with other authorities in its enforcement investigations. These cooperative efforts bolster the effectiveness of the CFTC's enforcement program by allowing it to investigate and litigate more efficiently, and seek penalties that provide the appropriate punitive and deterrent effect. The Commission's successes in bringing LIBOR actions involved valuable assistance from the Commission's cooperative relationships with its counterpart foreign regulators, which aided the Commission's ability to obtain evidence of the widespread wrongdoing.

Other Key Activities

- The Commission continued to place a high priority on cooperative enforcement efforts with Federal and state criminal and civil law enforcement authorities, SROs, and international civil and criminal authorities. During the fiscal year, the Commission handled nearly 300 matters involving joint cooperation with Federal and state criminal and civil authorities. The DOE also issued approximately 200 requests for assistance to foreign regulators and received approximately 30 assistance requests from foreign regulators. The information obtained from and exchanged with foreign regulators and domestic government agencies assisted the CFTC in bringing many of its actions in FY 2015. Actions include the Sarao case and the benchmark manipulation cases discussed above, as well as many parallel criminal proceedings.
- Nearly 90 percent of the Commission's major fraud and manipulation cases involved parallel criminal proceedings. During FY 2015, there were indictments against 24 individuals and criminal judgments against 35 individuals and entities. The criminal judgments imposed sentences up to 21 years in prison, restitution orders of over \$265 million, and almost \$4.2 billion in penalties and fines that resulted in the parallel actions taken against seven banks in connection with the forex and LIBOR manipulation cases.
- Among the most successful cooperative enforcement efforts during FY 2015 was the achievement of substantial customer relief and criminal sanctions in the joint civil and criminal enforcement actions by the DOE, the SEC, and the U.S. Attorney's Office for the Southern District of New York against Stephan Walsh, Paul Greenwood, and the entities they controlled. These actions achieved a 97 percent return of losses to defrauded customers in a \$7.2 billion Ponzi scheme and the prosecution of Walsh and Greenwood to prison sentences of 20 and 10 years respectively.

PERFORMANCE MEASURE 4.4.a: Leverage the impact of its enforcement program through coordination with self-regulatory organizations (SROs) and active participation in domestic and international cooperative enforcement efforts.

Description: This measure reflects the Commission’s continued participation in regular meetings with the SROs and with domestic and international cooperative partners. The Commission’s enforcement program regularly meets with the SROs to discuss matters of common interest, including investigations, enforcement actions, and the sanctioning of violative conduct. The Commission’s enforcement program also works cooperatively with both domestic and international authorities to maximize its ability to detect, deter, and bring sanctions against wrongdoers involving U.S. markets, registrants, and customers.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Participate in five relevant domestic and international cooperative enforcement meetings, task forces, projects, and working groups.	Participated in 11 domestic and international cooperative meetings, task forces, etc.	Participate in seven domestic and international cooperative enforcement meetings, task forces, etc.	Participate in 10 domestic and international cooperative enforcement meetings, task forces, etc.

Target: Met

Explanation of Results: The CFTC attended 11 meetings for the fiscal year. The focus of the international and domestic enforcement meetings was to enable the Commission to speak on the legislative policies for its markets. As a byproduct of these collaborative talks, the Commission is further bridging its relationship with other authorities in its enforcement investigations.

The international and criminal enforcement meetings are the main opportunity for the Commission to liaise with fellow financial regulators to address cross-border investigation and information sharing issues of relevance to the international securities and derivatives enforcement community.

Responsible Division/Office: DOE

GOAL FOUR CHALLENGES & RISKS

MAJOR CHALLENGES

- The major challenge confronting the Commission under Goal Four is how best to allocate its limited staff resources to an increasing volume of work. A primary focus for the Commission is the implementation of the Dodd-Frank Act regulations that have a cross-border impact. The Commission will focus on reaching out to relevant foreign jurisdictions to anticipate issues that might arise with regard to the ability of U.S. registered entities to conduct business in foreign jurisdictions. Additionally, the Commission responds to cross-border proposals that arise not only in the rapidly expanding work projects within IOSCO, but also within other international forums such as FSB and G-20.

MAJOR RISKS

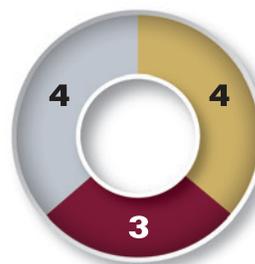
- None listed.

MANAGEMENT OBJECTIVES

The Management Objectives section addresses those areas that enable the Commission to execute its mission of protecting market users and the public from fraud, manipulation, and abusive practices. Excellence in this area is reflected in strong and focused planning and governance, top notch information technology (IT) and infrastructure, sufficient facilities, efficient use of resources, and an educated and productive workforce. The key results summarize CFTC’s mission support strategy.

Goal Leaders: Office of the Executive Director (OED) and Office of Data and Technology (ODT)

Management Objectives Performance Summary



- Met:** The program/activity fully met or exceeded the terms of its target(s) during the fiscal year.
- Not Met:** The program/activity did not achieve the terms of its target(s) during the fiscal year.
- Baseline:** Metrics that have not been finalized.
- Other:** Metrics that do not have targets or have been discontinued.

MANAGEMENT OBJECTIVES PERFORMANCE MEASURES, ANALYSIS AND REVIEW

OBJECTIVE 5.1: A HIGH-PERFORMING, DIVERSE, AND ENGAGED WORKFORCE

FY 2015 Performance

Increasing the Federal Employee Viewpoint Survey (FEVS) scores is a continued focus for the Commission, and in 2015 FEVS results exceeded the target. The Commission’s target is to increase the Employee Engagement Index (EEI) by two percent each year until 2018 (EEI is one index in the overall FEVS). In 2015, the EEI was 60 percent, which is a four percent increase from 56 percent in 2014. This result compares to 64 percent government-wide and 67 percent among small, independent agencies. While the 2015 target was exceeded, more work is required to achieve a ranking of Top 10 Best Places to Work. (performance measure 5.1.e)

The Commission focuses on recruiting, developing, and retaining highly qualified staff. To support this focus area, the Commission is engaged in a multi-year effort to develop and establish certification programs to ensure that employees at all levels have the most up-to-date tools and competencies.

During FY 2015, the Commission did not quite meet its targets to establish a training advisory board and board charters for certification programs and baseline participation/eligibility criteria for all three certification programs. (performance measure 5.1.d)

Other Key Activities

- Improved the Employee Suggestion Program after benchmarking against successful employee suggestion programs, resulting in an increase of employees making suggestions through the program.
- Created the Commission’s Learning Circles Initiative, which delivered a just-in-time knowledge sharing program where senior leaders share their technical expertise with staff.
- Conducted executive training and outreach to promote leadership competencies among Federal employees in partnership with the Office of Personnel Management (OPM), the League of United Latin American Citizens, and the National Association for Hispanic Federal Executives.
- Established a new credit service contract, resulting in instantaneous credit results and expediting the onboarding process.

PERFORMANCE MEASURE 5.1.a: Implement operational planning across the Commission.

Description: Design, develop, and implement annual division/office operational plans based on the CFTC Strategic Plan. Operational plans ensure strategic goals and objectives are achieved through approved and coordinated tactical goals and objectives.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Operational planning implemented	See explanation below	TBD	TBD

Target: Not Met

Explanation of Results: The Commission continues to develop and refine its use of operational plans in bridging the CFTC Strategic Plan with the execution of the budget. In 2015, the Commission took two steps toward Commission-wide operational planning. First, the Commission recognized the importance of aligning the Annual Performance Plan with the Annual Performance Report. This move recognizes the need for Commission-wide plans that align with strategic goals and priorities. Second, the Commission developed a series of budget strategy documents that the Chairman used to make strategic resource decisions. These strategy documents were developed by office and division and provided greater clarity in how CFTC would execute its requested FY 2017 appropriations. The CFTC continues to recognize the importance of operational planning and will build on these accomplishments in the future.

Responsible Division/Office: OED

PERFORMANCE MEASURE 5.1.b: Implement performance management plans for executives.

Description: Design, develop, and implement an enhanced performance management program to gain transparency, accountability, credibility, and to properly reward performance. The program will establish performance standards, help to properly identify goals, and hold senior staff accountable for performance results.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
20%	15%	40%	60%

Target: Not Met

Explanation of Results: During FY 2015, the Commission made progress toward performance management for the CFTC executives. An improved template for strategic alignment for executive plans was developed, based on OPM's Executive Core Qualifications, to improve strategic alignment, performance results, and accountability at the senior leadership level.

Responsible Division/Office: OED

PERFORMANCE MEASURE 5.1.c: Establish and implement an Individual Development Plan (IDP) strategy.

Description: As the nature of CFTC positions changes as a result of new regulatory requirements, supervisors must anticipate what skills will be needed to implement the new requirements, and take steps to build those competencies and knowledge in the workforce. To that end, supervisors will discuss development and training goals with employees during quarterly progress reviews.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Baseline Year	Increase baseline percentage to 15% of Commission employees have IDPs, and establish and launch IDP marketing and educational campaign.	Expand IDP marketing and educational campaign and increase FY 2016 percentage to 20%.

Target: Baseline Year

Explanation of Results: CFTC completed baseline activities and projects, such that approximately 10 percent of Commission employees have IDPs.

An IDP is an important tool that enables employees to formally lay out a road map to identify career goals and strengthen professional skills, and includes a specific action plan highlighting how they plan to achieve the identified goals. The IDP is a tool that CFTC supervisors can use when estimating resources needed for employee development and training activities and can help outline how the organization can develop its workforce to meet current and future needs, and support mission changes.

Responsible Division/Office: OED

PERFORMANCE MEASURE 5.1.d: Establish certification programs in executive, supervisory, and one core subject matter function.

Description: Develop and establish certification programs to ensure that employees at all levels have the most up-to-date tools and competencies. For example, an executive certification program is critical for leadership positions, a supervisory certification program is vital for effective human capital management, and swaps certification is essential for carrying out the mission of the CFTC.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Establish Training Advisory Board and board charters for certification programs and baseline participation/eligibility criteria for all three certification programs.	80% of planned FY 2015 activities completed.	Design, develop, and vet curriculum framework for all three certification programs.	Begin to deploy training programs aligned with certification requirements and pilot the three certification programs with identified employee groups and redesign, as needed.

Target: Not Met

Explanation of Results: The Commission is identifying guidelines and legal parameters for establishing internal/external advisory boards, informal round-tables, and internal advisory meetings. The CFTC completed the Draft Training Advisory Board charter and data collection for baselining participant eligibility project phase of this multi-year effort.

The CFTC, as part of its commitment to enhancing and refining the technical knowledge of employees, has established a series of 18 peer-to-peer learning opportunities created/taught by CFTC staff, intended for CFTC staff. This formal program of knowledge sharing will support the continuation of a technical certificate program. All of the certificate programs will have a direct impact on individual and organizational success by addressing CFTC-specific competencies that employees and leaders need in order to support mission requirements. Establishing a strong foundational framework to support certification programs will be essential to the success of each program.

Responsible Division/Office: OED

PERFORMANCE MEASURE 5.1.e: Increase Federal Employee Viewpoint Survey (FEVS) scores to achieve and maintain a ranking of Top 10 in the Best Places to Work (small agency category).

Description: Annually identify areas of greatest need and focus on enhancing or implementing programs, campaigns, or policies that will contribute to increasing those scores.

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
8 (ranking in small agency category of Best Places to Work)	12	24	27	58% Employee Engagement Index (EEI) score	60% EEI score 25 (CFTC ranking)	62% EEI score	64% EEI score

Target: Met

Explanation of Results: The 2015 CFTC FEVS results exceeded the 2015 target. The Commission’s target is to increase the EEI by two percent each year until 2018 (EEI is one index in the overall FEVS). In 2015, the EEI was 60 percent, which is a four percent increase from 56 percent in 2014.

This result compares to 64 percent government-wide and 67 percent among all small, independent agencies. While the 2015 target was exceeded, more work is required to achieve a ranking of Top 10 in the Best Places to Work.

Note 1: EEI does not gauge employee engagement per se, rather EEI concentrates on factors that lead to an engaged workforce.

Note 2: Between FY 2011 and FY 2014, the Commission tracked the Commission’s overall ranking. The CFTC’s EEI score is a measure over which the Commission’s activities to affect change in the work environment can be measured. Because of these facts, the Commission focused its energies on improving employee engagement, while still tracking the Commission’s annual ranking on the Best Places to Work list (small agency category).

Responsible Division/Office: OED

PERFORMANCE MEASURE 5.1.f: Number of diversity-related partnerships and alliances.

Description: Each fiscal year, pursue two formal partnerships with organizations to advance the Commission’s competency, diversity, and outreach priorities. Formal partnerships through memoranda of understanding provide a systematic method for reaching target populations aligned with the Commission’s employment and outreach goals. The partnerships will help position the CFTC as an employer-of-choice among target communities and will help CFTC disseminate key anti-fraud messages to key communities.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Three new partnerships	Three new partnerships	Three new partnerships	Four new partnerships

Target: Met

Explanation of Results: CFTC partnered with Blacks in Government, the League of United Latin American Citizens, and Women in Derivatives to advance CFTC diversity priorities.

Note: Plans are to establish 3-4 new partnerships each year through FY 2017.

Responsible Division/Office: Office of Minority and Women Inclusion (OMWI)

OBJECTIVE 5.2: EFFECTIVE STEWARDSHIP OF RESOURCES

FY 2015 Performance

The Commission addresses the effective stewardship of resources through two strategies:

1. Expand management support and data and IT internal controls, governance, and planning; and
2. Ensure all employees have the knowledge, tools, and resources to effectively and efficiently accomplish the CFTC mission.

The best way to gauge employee satisfaction with management programs and services is through a customer survey. A well-crafted survey can gauge employee views on how well Commission resources are used. In FY 2015, the Commission identified the programs and services that will be evaluated in the employee survey. In FY 2016, the Commission plans to develop, issue, and analyze the customer survey to establish a baseline customer satisfaction rating.

Other Key Activities

- Delivered role-based training to the ODT and to Human Resources Branch and collaborated to improve data-handling practices—one on handling medical records and one on the conversion of paper to electronic official personnel folders.

- Successful migration of the CFTC Portal and CFTC.gov websites to a Federal Risk and Authorization Management Program-certified cloud hosting provider. By implementing this change, CFTC will, at a reduced cost, better support the submission of industry information and an improved public website.
- Enhanced data management tools by internally publishing a data catalog that provides CFTC staff with a timely and consistent source of information regarding industry data ingested by the Commission.
- Continued to expand storage, computing, and communications infrastructure and enhance analytics platforms to support the continually-increasing volumes of industry data and the increased complexity of surveillance and investigation analytics.
- Continued to support swaps data harmonization, data quality, and international data standards activities that in the long term will lower costs for regulators and industry participants.
- Automated data aggregation methods for futures public reporting and improved the automated validation of both futures and swaps data reported to the Commission.
- Employed electronic records and document management solutions to automate internal processes, for example, for Commission and staff letters, legal exemplar documents, and MOUs.

PERFORMANCE MEASURE 5.2.a: Improved CFTC customer satisfaction with management programs and services.

Description: Resource allocation, including financial, human, and information technology resources, is one of the primary services provided by mission support. Design and conduct a survey in FY 2016 that addresses key services provided by each office to establish a baseline.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Baseline Year	Implement CFTC customer survey to address programs and services identified in FY 2015.	Improve CFTC customer satisfaction by a percentage TBD after FY 2016 survey results. Implement customer survey to collect second year survey data.

Target: Baseline Year

Explanation of Results: In FY 2015, the Commission identified the programs and services that will be evaluated in the subject performance measure. In FY 2016, the Commission will issue a CFTC customer survey to establish a baseline customer satisfaction rating.

Responsible Division/Office: ODT and OED

PERFORMANCE MEASURE 5.2.b: Decrease in per employee operating cost

Description: Identify program areas with predominantly stable output or service requirements and operations and maintenance activities and establish baseline total cost of ownership for those program areas in FY 2016. Each office will initiate savings initiatives with a positive return on investment and define target annual decreases for FY 2015 through FY 2018.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Baseline Year	TBD	TBD

Target: Baseline Year

Explanation of Results: In 2015, the Commission established the scope and parameters for specific information technology cost efficiencies. The total cost of ownership baseline has been established, and further reviews are being conducted to implement future policies and procedures that could result in additional savings. In FY 2016, further analysis will be conducted to track and ensure achievement of the CFTC’s goal each year through 2018.

Responsible Division/Office: ODT and OED

OBJECTIVE 5.3: A ROBUST AND COMPREHENSIVE CONSUMER OUTREACH PROGRAM

FY 2015 Performance

The Commission launched a comprehensive anti-fraud campaign early in FY 2015 with online advertising, a satellite media tour, a press conference, and other media and outreach activities. During the year, the campaign grew to include television advertising, social media, videos, and infographics. The Commission tracks the campaign’s effectiveness through a series of internal metrics. The first 10 months of the campaign had over 84 million online impressions, 152 million earned media impressions, and reached over 15 percent of the campaign’s target demographic with television advertising.

At the heart of the campaign is the Commission’s website and related activities, called SmartCheckSM. It connects investors to tools to check the registration, license, and disciplinary history of certain financial professionals. This collection of tools allows the responsible investor to confirm the credentials of investment professionals, uncover any past disciplinary history, and stay ahead of scam artists with news and information. The Commission created SmartCheck Week and held many successful SmartCheck Days outreach events across the country. The campaign drove nearly 286,000 sessions on SmartCheck.gov in its first 11 months. This campaign is central to the CFTC’s commitment to protect investors through robust fraud prevention and investor education.

Prior to SmartCheck.gov, consumers had to consult a variety of databases from different government and SROs to conduct a thorough background check of financial professionals. With SmartCheck.gov, this research is made far easier because the website acts as a portal and navigation tool. Between 2010 and 2014, the CFTC took action on fraudulent schemes that affected at least 37,000 investors with losses totaling more than \$1.15 billion. Notably, the majority of fraud schemes involved unregistered financial professionals. Investors who check whether or not a financial professional is properly registered or licensed can greatly reduce their chance of falling victim to a fraudulent scheme. SmartCheck.gov will help consumers identify those most likely to commit fraud.

During the fourth quarter of the fiscal year, the Commission conducted a follow-up nationwide survey of respondents who reported checking the background of financial professionals with a government source (a baseline of 17 percent was established early in FY 2015). The survey assesses campaign awareness, awareness of signs of fraud, and other investor sentiments. The draft was completed late in FY 2015, and the CFTC expects to have complete results and analyses early in FY 2016. The Commission plans to conduct annual surveys in the future to determine changes in investor sentiments.

PERFORMANCE MEASURE 5.3.a: Launch long-term anti-fraud campaign.

Description: Launch a long-term campaign during FY 2015. The campaign will use a multitude of outreach tactics and channels to disseminate messages leading to the behaviors that are anticipated to achieve fewer incidences of fraud.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Launch campaign during FY 2015.	Campaign launched in FY 2015.		

Target: Met

Explanation of Results: The Commission launched an anti-fraud campaign early in FY 2015 with robust online advertising, a satellite media tour, a press conference, and other media and outreach activities. The campaign grew to include television advertising, social media, videos, infographics, SmartCheck Week, and many successful SmartCheck Days outreach events. The Commission tracks campaign effectiveness through a series of internal metrics. The first 10 months of the campaign had over 84 million online impressions, 152 million earned media impressions, and reached over 15 percent of the campaign's target demographic with television advertising. The campaign drove nearly 286,000 sessions on SmartCheck.gov in its first 11 months.

Although the target has been achieved, the CFTC will continue to monitor campaign progress through various performance measures.

Responsible Division/Office: OED

PERFORMANCE MEASURE 5.3.b: Finalize and monitor campaign success measures.

Description: The Commission surveys investors who report checking the background of financial professionals with a government source, a belief that government sources will help reduce instances of fraud, and awareness of the signs of fraud. The Commission plans to conduct annual surveys to determine any changes in investor sentiments.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Baseline Year	Baseline of 17% determined in FY 2015. (see explanation below)	17%	TBD

Target: Baseline Year

Explanation of Results: The baseline survey was completed early in FY 2015. This survey set baseline numbers (17 percent) for campaign awareness, the campaign's behavior changes goals, and other investor sentiments. The repeat of the survey for year one of the campaign was fielded in September 2015. The draft of the year-one campaign evaluation report is complete.

Responsible Division/Office: OED

PERFORMANCE MEASURE 5.3.c: Complete Congressional Report.

Description: The CEA requires the Commission to transmit an annual report to the Senate Committee on Agriculture, Nutrition, and Forestry, and the House of Representatives Committee on Agriculture, including customer education initiatives that were funded by the Fund during the preceding fiscal year.

FY 2015 Plan	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Submit Congressional Report	FY 2014 Congressional Report submitted		

Target: Met

Explanation of Results: The Commission completed the FY 2014 Congressional Report in November 2014. The CFTC drafted a FY 2015 Congressional Report that was pending Commissioners’ and Chairman review and approval as of September 30, 2015.

The CFTC will continue to submit this annual report but will no longer track this submission in the Annual Performance Report.

Responsible Division/Office: OED

MANAGEMENT OBJECTIVES CHALLENGES & RISKS

MAJOR CHALLENGES

- Acquisition planning and management of complex systems and services, performance management, pay administration, and labor relations will be crucial in helping CFTC achieve its mission and strategic plan goal.
- Consolidating the improvements resulting from the implementations of both a new asset management system and a new travel management system, as well as, the enhancement of skill sets following agency-wide continuity of operations and privacy and records training, and the continued development of human capital certification programs, needs assessments, and the clarity provided by the Competency Model.

MAJOR RISKS

- Achieving the goal objectives with the current Commission staffing levels.
- Based on completion of robust internal control reviews, addressing risk on a Commission-wide basis and developing mitigation responses.

COMPLETENESS AND RELIABILITY OF PERFORMANCE DATA



The Commission understands the importance of having appropriate controls in place to ensure the completeness and reliability of performance information. The CFTC views this process as an evolutionary one, with improvements developing as budget, time, and expertise will allow. At the end of 2014, the CFTC developed and put into place a new strategic plan, providing an opportunity to improve how the Commission approaches the verification and validation of the performance measures.

While developing the FY 2014–2018 Strategic Plan in FY 2014, the CFTC continued to build completeness and reliability into the performance measures. The CFTC developed a performance measure dictionary. The dictionary serves as a key internal control document for performance measures and will provide continuity and consistency in data collection and analysis.

The performance measure dictionary:

- Further defines the performance measures,
- Describes offices of primary and secondary responsibility,
- Provides detailed justifications explaining how the performance measures measure progress toward the overall strategic objectives,
- Lists all data sources,
- Provides verification and validation of data and data sources, and
- Provides detailed methodologies on how to build the performance measures.

PROGRAM EVALUATIONS



The Office of the Inspector General (OIG) conducts and supervises audits and investigations of programs and operations of the CFTC and recommends policies to promote economy, efficiency, and effectiveness in CFTC programs and operations and to prevent and detect

fraud and abuse. The OIG's assessment is located in the *Other Accompanying Information* section of the FY 2015 Agency Financial Report (AFR) and on the Commission website at <http://www.cftc.gov/ucm/groups/public/@aboutcftc/documents/file/2015afr.pdf>

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*T*his Annual Performance Report was produced by the contributions of dedicated and talented Commission staff. To these individuals, the Business Management and Planning Branch would like to offer a genuine thank you and acknowledge our true appreciation for their effort.

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Aitan Goelman	Michael Pollard	

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

THE CFTC GLOSSARY

A GUIDE TO THE LANGUAGE OF THE FUTURES INDUSTRY

<http://www.cftc.gov/ConsumerProtection/EducationCenter/CFTCGlossary/index.htm>

The Glossary of Acronyms for this report is intended to assist the public in understanding some of the specialized words and phrases used in the futures industry since many of these terms are not found in standard reference works. This glossary is not inclusive, and if you cannot find the term you are looking for or have any other comments, please let us know at questions@cftc.gov.

Definitions are not intended to state or suggest the views of the Commission concerning the legal significance or meaning of any word or term. No definition is intended to state or suggest the Commission's views concerning any trading strategy or economic theory.

GLOSSARY OF ACRONYMS

U.S. Federal Law

CEA Commodity Exchange Act of 1936

Dodd-Frank Act Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

GPRAMA Government Performance and Results Act Modernization Act of 2010

CFTC Divisions and Offices

DCR Division of Clearing and Risk

DMO Division of Market Oversight

DOE Division of Enforcement

DSIO Division of Swap Dealer and Intermediary Oversight

OCE Office of the Chief Economist



ODT Office of Data and Technology

OED Office of the Executive Director

OGC Office of the General Counsel

OIA Office of International Affairs

OMWI Office of Minority and Women Inclusion

OIG Office of the Inspector General

WBO Whistleblower Office

U.S. Federal Departments and Agencies

CFTC	U.S. Commodity Futures Trading Commission
DOJ	U.S. Department of Justice
FDIC	Federal Deposit Insurance Corporation
FSOC	U.S. Financial Stability Oversight Council
OFR	Office of Financial Research
OMB	Office of Management and Budget
OPM	Office of Personnel Management
SEC	U.S. Securities and Exchange Commission
Treasury	U.S. Department of the Treasury
USDA	U.S. Department of Agriculture

Other Abbreviations

AFR	Agency Financial Report
APP	Annual Performance Plan
APR	Annual Performance Report
BC/DR	Business Continuity/Disaster Recovery
CBOT	Chicago Board of Trade
CCO	Chief Compliance Officer
CCP	Central Counterparty
CDS	Credit Default Swaps
CME	Chicago Mercantile Exchange Group
COMEX	Commodity Exchange Division
CPMI	Committee on Payments and Market Infrastructure
DCM	Designated Contract Market

DCO	Derivatives Clearing Organization
DSRO	Designated Self-Regulatory Organization
EI	Employee Engagement Index
EU	European Union
Euribor	Euro Interbank Offered Rate
FBOT	Foreign Board of Trade
FCM	Futures Commission Merchant
FEVS	Federal Employee Viewpoint Survey
FOREX	Foreign Exchange
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FY	Fiscal Year
G-20	The Group of 20 (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, Korea, Turkey, the United Kingdom, United States, and European Union)
GLEIS	Global Legal Entity Identifier System
IDP	Individual Development Plan
IMSG	Implementation Monitoring Standing Group
IOSCO	International Organization of Securities Commissions
IR	Interest Rate
IRS	Interest Rate Swap
ISDA	International Swaps and Derivatives Association
ISDAFIX	International Swaps and Derivatives Association Fix

IT	Information Technology	ReSG	Resolution Steering Group
LEI	Legal Entity Identifier	SD	Swap Dealer
LIBOR	London Interbank Offered Rate	SDR	Swap Data Repository
MSP	Major Swap Participant	SEF	Swap Execution Facility
MOU	Memorandum of Understanding	SIDCO	Systemically Important Derivatives Clearing Organization
NFA	National Futures Association	SPFI	Summary of Performance and Financial Information
NYMEX	New York Mercantile Exchange	SRO	Self-Regulatory Organization
OCR	Ownership and Control Reporting	SSE	System Safeguards Examinations
ODRG	OTC Derivatives Regulators Group	TBD	To Be Determined
OPERA	Organizations, Products, Events, Rules, and Actions	TCR	Tips, Complaints and Referrals
OTC	Over-the-Counter	TIBOR	Tokyo Interbank Offered Rate
PSG	Policy Standing Group	U.S.	United States
RER	Rule Enforcement Review		

APPENDIX A

FY 2015 ENFORCEMENT ACTIONS

SPOOFING AND MANIPULATION, ATTEMPTED MANIPULATION

Two of the important new authorities Congress provided the CFTC in the Dodd-Frank Act were statutory tools to fight manipulation and the market-disrupting tactic of “spoofing,” defined as entering an order with the intent to cancel it before it is consummated in a complete transaction. This year, the CFTC has used these tools in its efforts to ensure market integrity.

- Navinder Singh Sarao and his company Nav Sarao Futures Limited PLC were charged with manipulation, attempted manipulation, and spoofing with regard to the E-mini S&P 500 futures contracts over a five-year period, including on May 6, 2010, during which the Defendant’s alleged misconduct contributed to the market conditions that led to the “Flash Crash.” On April 21, 2015, the CFTC and DOJ unsealed previously filed Complaints against Sarao, who was arrested in his home in London, and Sarao is currently fighting extradition to the United States. According to the CFTC’s Complaint, from April 2010 to April 2015, Sarao netted over \$40 million from his E-mini S&P trading.
- Eric Moncada and proprietary trading firms BES Capital LLC and Serdika LLC settled charges of attempted manipulation through “spoofing” orders, fictitious, and non-competitive transactions in the wheat futures market. After the DOE persuaded the court to grant summary judgment against Moncada on the charges of fictitious sales and non-competitive transactions, the parties settled the attempted manipulation charges with a \$1.56 million civil monetary penalty, a five-year wheat futures trading ban, and one-year bans on registration and trading of other products. Per the consent order, Moncada attempted to manipulate the wheat futures market by entering and cancelling large lot orders without the intent to fill the orders. In FY 2014, the CFTC also obtained default judgments against the firms with civil monetary penalties totaling \$32.24 million and permanent trading and registration bans.

FOREIGN EXCHANGE, LIBOR, AND ISDAFIX BENCHMARK RATES

With this year’s actions, the CFTC has imposed over \$4.6 billion in penalties in 15 actions against banks and brokers to address FX, LIBOR, and ISDAFIX benchmark abuses and ensure the integrity of global financial benchmarks. As Director Goelman emphasized, benchmark corruption is a central concern of the Commission: “Ensuring the integrity of our markets and the public’s faith in that integrity is a core mission of the CFTC. There is very little that is more damaging to the public’s faith in the integrity of our markets than a cabal of international banks working together to manipulate a widely-used benchmark in furtherance of their own narrow interests.”

- The CFTC issued five Orders filing and settling charges against Citibank N.A. (Citibank), HSBC Bank plc (HSBC), JPMorgan Chase Bank N.A. (JPMorgan), The Royal Bank of Scotland plc (RBS), and UBS AG (UBS) for attempted manipulation of, and for aiding and abetting other banks’ attempts to manipulate, global foreign exchange benchmark rates to benefit the positions of certain traders. The relevant period of conduct varied across the banks, with conduct commencing for certain banks in 2009, and for each bank, continuing into 2012. The Orders collectively imposed over \$1.4 billion in civil monetary penalties, specifically: \$310 million each for Citibank and JPMorgan, \$290 million each for RBS and UBS, and \$275 million for HSBC. The CFTC also required the banks to take remedial actions to improve their internal controls and procedures to ensure the integrity of their participation in the fixing of any foreign exchange benchmark rate.
- The CFTC issued an order against Deutsche Bank AG (Deutsche Bank) finding that Deutsche Bank routinely engaged in acts of false reporting and attempted manipulation and, at times, succeeded in manipulating the LIBOR for U.S. dollar, yen, sterling, and Swiss franc, and the Euribor, and did so to benefit cash and



derivatives trading positions that were priced off LIBOR or Euribor. The CFTC ordered Deutsche Bank to pay an \$800 million civil monetary penalty, the largest fine in the CFTC's history.

OTHER ATTEMPTED MANIPULATION RESULTS

- Joseph F. Welsh III settled charges of attempted manipulation of the settlement prices of NYMEX palladium and platinum futures contracts, while working as a broker at MF Global, Inc. The order requires Welsh to pay a \$500,000 civil monetary penalty and permanently bans him from trading those contracts. The CFTC had previously settled related enforcement actions against Welsh's customer for whom the trades were entered, Christopher Louis Pia, and Pia's former employer, Moore Capital Management LLC (a predecessor of Moore Capital Management, LP).

BITCOIN-RELATED ENFORCEMENT ACTIONS

There is a great deal of excitement and press attention to the potential of Bitcoin, other crypto-currencies and the block chain technology. The DOE has acted this year to ensure that those active in these areas understand that they are obliged to comply with the same laws as all other market participants.

- Coinflip, Inc. d/b/a Derivabit (Coinflip), a Bitcoin options trading platform operator, and its CEO, Francisco Riordan, operated a facility for the trading or processing of commodity options without complying with the CEA or CFTC regulations otherwise applicable to swaps or conducting the activity pursuant to the CFTC's exemption for trade options. Additionally, the Order finds that Coinflip operated a facility for the trading of swaps but did not register the facility as a SEF or DCM, as required.
- TeraExchange LLC (Tera), a provisionally registered SEF, failed to enforce its prohibition on wash trading and prearranged trading on the SEF platform, which offered for trading a non-deliverable forward contract based on the relative value of the U.S. dollar and Bitcoin, a virtual currency (the Bitcoin Swap). As a provisionally registered SEF, Tera is required under the SEF Core Principles of the CEA and CFTC regulations to enact and enforce rules prohibiting certain types of trade practices on the SEF, including wash trading and prearranged trading. This action is also notable because it is the first action by the CFTC charging a registered entity with a failure to comply with applicable Core Principles.

REPORTING VIOLATIONS

The reporting requirements for market participants are essential to the CFTC's ability to conduct effective surveillance of the derivatives markets that it regulates. Since the Dodd-Frank Act, this includes reporting obligations related to swaps transactions, part of the Commission's responsibility for bringing greater transparency than heretofore. In FY 2015, the CFTC brought several actions charging reporting violations, including its first enforcement actions enforcing the new Dodd-Frank Act large trader reporting requirements for physical commodity swap positions and for real time public reporting of swap transactions and the reporting of swap data to SDRs. The CFTC also took action against an exchange for recurring data reporting problems, sending a clear message that all persons must be held accountable to meet their regulatory responsibilities.

SWAPS REPORTING

- Deutsche Bank AG, a provisionally registered SD, failed to properly report its swaps transactions, did not diligently address and correct the reporting errors until the bank was notified of the CFTC's investigation, and failed to have an adequate swaps supervisory system governing its swaps reporting requirements; Deutsche Bank was ordered to pay a \$2.5 million civil monetary penalty.

OTHER REPORTING VIOLATIONS

- ICE Futures U.S., Inc. (ICE), a DCM DCO, failed to submit accurate and complete reports, which errors included incorrect clearing member reports, permanent record data, and transaction-level trade data; ICE was ordered to pay a \$3 million civil monetary penalty.

PROTECTION OF CUSTOMER FUNDS (INCLUDING PROPER CAPITALIZATION AND USE OF FUNDS)

- Morgan Stanley & Co. LLC (Morgan Stanley), a registered FCM and provisionally registered SD, failed to hold sufficient U.S. dollars in segregated accounts in the United States to meet all of its U.S. dollar obligations to cleared swaps customers. The CFTC further found that Morgan Stanley did not have in place adequate procedures to



- comply with the currency denomination requirements for cleared swaps customer collateral and did not train and supervise its personnel to ensure compliance with CFTC regulations. The CFTC implemented these regulations for the protection of cleared swaps customer collateral under the Dodd-Frank Act. Morgan Stanley was required to pay a \$300,000 civil monetary penalty.
- MF Global Holdings Ltd. (MFGH) was ordered to pay a \$100 million civil monetary penalty and \$1.212 billion in restitution or such amount as necessary to ensure that claims of customers of its subsidiary, MF Global Inc. (MFGI), are paid in full. The CFTC previously filed and settled charges against MFGI for misuse of customer funds and related supervisory failures. This settlement together with the Commission's settlement with MFGI required the company to pay restitution to customer claimants. The CFTC is happy to announce that the trustee for the MF Global Inc. estate reported in FY 2015 that funds have been distributed to cover 100 percent of the allowed customer claims. The Commission continues in its suit against the remaining Defendants, Jon S. Corzine, and Edith O'Brien.
- U.S. Bank National Association (U.S. Bank) was ordered to pay \$18 million to be returned to registered FCM Peregrine Financial Group, Inc. (Peregrine) customers. Peregrine and Russell Wasendorf held a customer segregated funds account at the bank that Wasendorf used to defraud more than 24,000 Peregrine clients and misappropriate over \$215 million of customers' money.

TRADE PRACTICE VIOLATIONS

- Royal Bank of Canada (RBC) engaged in more than 1,000 illegal wash sales, fictitious sales, and noncompetitive transactions over a three-year period, using a trading strategy designed by senior RBC personnel, which was motivated in part by tax benefits it generated for the RBC corporate group; RBC was ordered to pay a \$35 million civil monetary penalty.
- INTL FCStone Markets, LLC (FCStone), the CFTC found that FCStone provided inadequate oversight of swaps traders in its Kansas City Energy Group, lacked adequate policies and procedures to ensure that discretionary trading of customer accounts was appropriate and properly controlled, and failed to implement policies and procedures already in place. FCStone was ordered to pay a \$200,000 civil monetary penalty. This was the first CFTC enforcement action charging a SD with failure to meet its swaps supervisory obligations required by the Dodd-Frank Act.
- Kent Woods, a longtime floor broker in the soybean commodity futures pit at the CBOT, failed to comply with applicable recordkeeping and audit trail rules; created after-the-fact trading records containing fictitious information that were submitted for clearing; engaged in



unauthorized trading; and failed to supervise employees of Futures International LLC (FI), an introducing broker of which he was a principal. The CFTC ordered Woods to pay a \$200,000 penalty. The CFTC also obtained a \$500,000 penalty in settling the related civil injunctive action against FI and its COO Amadeo Cerrone, a principal of the firm, over violations arising from the same underlying set of facts in the Woods Order.

ANTI-FRAUD ENFORCEMENT

Anti-fraud enforcement remains a core commitment of the CFTC's enforcement program. During FY 2015, the CFTC filed 17 enforcement actions against persons who sought to defraud retail customers, pool participants, and others. Examples of these enforcement actions and litigation successes include:

- Mark Evan Bloom and his company, North Hills Management, LLC, were ordered to pay a \$26 million civil monetary penalty for operating a fraudulent commodity pool and misappropriating customer funds. Bloom pled guilty in a related criminal action, which required him to pay restitution to his victims.
- RFF GP, LLC, KGW Capital Management, LLC, and Kevin G. White, were ordered to pay a \$4,150,000 civil monetary penalty and restitution of \$3,365,888 for fraudulently soliciting approximately \$7.4 million from more than 20 commodity pool participants and misappropriating approximately \$1.7 million of that amount. In a related criminal action, White was sentenced to eight years' imprisonment.

ILLEGAL, OFF-EXCHANGE PRECIOUS METALS TRANSACTIONS

Under the Dodd-Frank Act, financed transactions in precious metals with retail customers are illegal off-exchange transactions unless they result in actual delivery of metal within 28 days. During FY 2015, the Commission continued its vigorous enforcement efforts in this area by filing 11 enforcement actions. Many times, these metals firms represented to customers that their transactions would be introduced to AmeriFirst Management LLC, Hunter Wise, LLC, Lloyds Commodities, LLC, and/or Worth Group Inc., against whom the CFTC had previously taken action, yet no precious metal

was delivered, and some firms also fraudulently solicited their customers. Examples of these and related enforcement actions appear below.

PRECIOUS METALS CASES FILED AND RESULTS

- The Tulving Company, Inc. and Hannes Tulving, Jr. (solicitation and misappropriation of at least \$17.8 million from at least 381 customers); Guardian Asset Group, LLC and Andrew Kurzbard (solicitation of at least \$1.7 million and receipt of commissions and fees totaling at least \$434,413); Harvard Assets LLC, London Assets Inc., Harvard International Trading, Inc. and Todd Owen Marshall (solicitation of approximately \$1.7 million); Mintco LLC and Stuart Rubin and Richard Q. Zimmerman (also charging fraud); Sentry Asset Group, LLC (SAG) and John Pikel (solicitation of \$1.1 million and receipt of commissions and fees totaling approximately \$278,767).

FALSE STATEMENTS TO THE COMMISSION OR THE NATIONAL FUTURES ASSOCIATION

- Gary Creagh and Wall Street Pirate Management, LLC (Wall Street Pirate) were charged with willfully making false statements or representations to the National Futures Association (NFA) and concealing material information from the NFA in statutorily required reports and during an NFA audit. The Complaint also charged that Wall Street Pirate failed to maintain required books and records and provide account statements and privacy notices to commodity pool participants.

For a full listing of CFTC's annual enforcement results for FY 2015, see: <http://www.cftc.gov/PressRoom/PressReleases/pr7274-15>



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