



COMMODITY FUTURES TRADING COMMISSION
PRESIDENT'S BUDGET AND PERFORMANCE PLAN

FISCAL YEAR
2015





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

Mark P. Wetjen
Acting Chairman

(202) 418-5050
(202) 418-5533 Facsimile
mwetjen@cftc.gov

Chairman's Transmittal Letter

March 5, 2014

The Honorable Barbara Mikulski
Chairwoman
Committee on Appropriations
U.S. Senate
Washington, D. C.

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

The Honorable Richard Shelby
Ranking Member
Committee on Appropriations
U.S. Senate
Washington, D. C.

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

Dear Chairwoman Mikulski, Senator Shelby, Chairman Rogers and Representative Lowey:

I am pleased to transmit to you the Commodity Futures Trading Commission (CFTC) Budget and Performance Estimate for FY 2015. It estimates the need for an appropriation of \$280,000,000 and 920 staff years for the agency, an increase of \$65,000,000 and 253 staff-years over the FY 2014 levels.

The Commission was directed by Congress to police the derivatives markets, which includes futures, options and swaps contracts related to underlying commodities. These markets are critical to the efficient functioning of the global financial system and the economies it supports.

Without them, a farmer cannot lock in a price for his crop; a small business cannot lock in an interest rate that would otherwise fluctuate, perhaps raising its costs; a global manufacturer cannot lock in a currency value, making it harder to plan and grow its global business; and a lender cannot manage its assets and balance sheet to ensure it can continue lending, fueling the economy in the process. The derivatives markets better enable these enterprises to do what they do best: create jobs and grow the economy.

The unfortunate reality is that, at current funding levels, the Commission is unable to adequately fulfill the mission Congress gave it. That mission is to prevent disruptions to market integrity and the build-up of systemic risk, as well as ensure that the derivatives markets are free of fraud and manipulation.

The FY 2015 request is a significant step towards the longer-term funding level that is necessary to fully and responsibly fulfill the agency's core mission.

The request balances the need for more technological tools to monitor the markets and identify risk and compliance issues, with the need for expert staff to analyze the data collected through technology.

I am available to discuss this budget estimate and to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark P. Wetjen', written in a cursive style.

Mark P. Wetjen
Acting Chairman

cc:

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

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

The Honorable Mike Johanns
Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. Senate
Washington, D. C.

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

This page intentionally left blank.

The FY 2015 President’s Budget & Performance Plan

Table of Contents

EXECUTIVE SUMMARY	1
PURPOSE STATEMENT	3
OVERVIEW OF THE FY 2015 BUDGET & PERFORMANCE PLAN 8	
Summary of FY 2015 Budget Request by Program	8
Summary of FY 2015 Budget Request by Mission Activity	9
Summary of FY 2015 Budget Request by Division	10
Summary of FY 2015 Budget Request by Object Class	11
Crosswalk from FY 2014 to FY 2015.....	12
Statement of Availability on Basis of Obligations.....	13
MISSION ACTIVITIES	14
Registration	14
Product Reviews	20
Surveillance	24
Examinations.....	29
Enforcement	37
Economic and Legal Analysis	41
International Policy.....	47
Data and Technology Support	51
Agency Direction and Management	56
INDUSTRY TRENDS AND CFTC RESOURCE REQUIREMENTS .	59
Overview	59
Industry Trend 1.....	60
Industry Trend 2	61
Industry Trend 3	64
Industry Trend 4	66
Industry Trend 5	69
EXHIBIT 1. INFORMATION TECHNOLOGY	71
EXHIBIT 2. CUSTOMER PROTECTION FUND	75
APPENDIX 1.....	77
The Commissioners.....	77
APPENDIX 2	78
Organizational Divisions and Offices	78
Agency Direction	79
Administration Management and Support.....	79
Chief Economist	79
Clearing & Risk.....	79
Data and Technology	80
Enforcement	80
General Counsel	80
International Affairs	80
Market Oversight	80
Swap Dealer and Intermediary Oversight.....	81

APPENDIX 3.....	82
Inspector General	82
APPENDIX 4.....	83
The Commission and the Industry We Regulate.....	83
APPENDIX 5.....	97
FY 2015 Planned Resources by Strategic Goal	97
APPENDIX 6.....	101
Table of Acronyms	101

The FY 2015 President’s Budget & Performance Plan

Figures and Tables

Table 1: Summary of FY 2013 to 2015 by Program.....	8
Figure 1: \$280.0 Million Budget Request by Program.....	8
Table 2: Summary of FY 2013 to 2015 by Mission Activity	9
Figure 2: \$280.0 Million Budget Request by Mission Activity	9
Table 3: Summary of FY 2013 to 2015 by Division.....	10
Table 4: Summary of FY 2013 to 2015 by Object Class	11
Figure 4: \$280.0 Million Budget Request by Object Class	11
Table 5: Crosswalk from FY 2014 to FY 2015	12
Table 6: Summary of FY 2013 to 2015 Statement of Availability on Basis of Obligations.....	13
Table 7: Breakout of Registration by Division	19
Figure 5: Registration Request by Division	19
Table 8: Breakout of Product Reviews by Division.....	23
Figure 6: Product Reviews Request by Division	23
Table 9: Breakout of Surveillance by Division	28
Figure 7: Surveillance Request by Division.....	28
Table 10: Breakout of Examinations by Division.....	36
Figure 8: Examinations Request by Division.....	36
Table 11: Breakout of Enforcement by Division.....	40
Figure 9: Enforcement Request by Division	40
Table 12: Breakout of Economic and Legal Analysis by Division.....	46
Figure 10: Economic and Legal analysis Request by Division	46
Table 13: Breakout of International Policy by Division	50
Figure 11: International Policy Request by Division.....	50
Table 14: Breakout of Data and Technology Support by Division.....	55
Table 15: Breakout of Agency Direction and Management by Division.....	58
Figure 12: Agency Direction and Management Request by Division.....	58
Figure 13: Matrix of U.S. Registered Entities and Registrants by CFTC Mission Activity	84
Figure 14: Number of Market Participants by Fiscal Year	85
Figure 15: Growth of Volume of Contracts Traded	87
Figure 16: Estimated Swap Event Volume	88
Figure 17: Actively Traded Futures and Option Contracts	89
Figure 18: Notional Value of Futures and Option Open Contracts	90
Figure 19: Notional Value of Exchange-Traded and OTC Contracts	91
Figure 20: Customer Funds in FCM Accounts.....	92
Figure 21: Aggregate Sum of House Origin Margin on Deposit	93
Table 18: Number of Registrants.....	94
Table 19: Contract Markets Designated by the CFTC.....	95
Table 20: Derivatives Clearing Organizations Registered with the CFTC	96
Table 21: Breakout of Goal One by Mission Activity.....	97
Figure 22: Breakout of Goal One Request by Mission Activity	97
Table 22: Breakout of Goal Two by Mission Activity	98
Figure 23: Breakout of Goal Two Request by Mission Activity	98
Table 23: Breakout of Goal Three by Mission Activity	99
Figure 24: Breakout of Goal Three Request by Mission Activity	99
Table 24: Breakout of Goal Four by Mission Activity	100
Figure 25: Breakout of Goal Four Request by Mission Activity	100

Executive Summary

By any measure, the markets under the Commodity Futures Trading Commission's (CFTC or the Commission) regulatory purview are large and economically significant. The CFTC regulates a U.S. futures and options market with approximately \$31 trillion notional value. With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the CFTC is tasked with regulating the U.S. swaps markets. The gross notional value of the previously unregulated swaps markets is dramatically larger than that of the exchange-traded markets; swap data repository (SDR) data show approximately \$400 trillion notional value (open interest equivalent) of outstanding swaps.

The Commission anticipates that, by 2015, the Commission will have essentially completed building the regulatory foundation necessitated by the 2008 failure of the financial regulatory systems within the CFTC's area of responsibility. With the passage of the Dodd-Frank Act in 2010 and the finalization of 68 rules, orders, and guidances, the complex foundation has been set for the swaps market to operate in a transparent, open, and competitive manner. In fulfilling its mandate, the Commission has worked closely and collaboratively with the U.S. Securities and Exchange Commission (SEC) and other U.S. and international regulators. In addition to its work on swaps market reforms, the Commission is currently pursuing reforms related to protection of customer funds, benchmark interest rates, and direct market access.

The Commission continually responds to the challenges presented by operating in a fluid environment. Input from industry groups, other Federal and international regulators, and others affect the timing and details of forthcoming rules, which in turn impacts the timing and nature of the CFTC's resource needs. New information from the markets sheds light on risks in the Commission's pre-Dodd-Frank Act scope that need to be examined and/or addressed, most notably in the past year on the protection of customer funds and the potential for market disruptions from algorithmic trading. The 2014 Budget was driven by the assumption that while rules relating to key provisions of the Dodd-Frank Act, namely capital and margin requirements for swaps, the Volcker Rule and position limits, remain to be finalized, the Commission anticipates little regulatory uncertainty will remain in the swaps market in 2015.

The Commission's FY 2014 plan has been realigned to meet its current understanding of the markets and market participants. FY 2014 is a pivotal year for CFTC, as market participants are well along the path of implementing the statutory reforms under the Dodd-Frank Act. The Commission has based its FY 2015 request on the new realities in the derivatives market and the operational requirements established by the 68 rules, orders, and guidance actions completed to date.¹

2015 Priorities

In FY 2015, the Commission is requesting a total of \$280 million and 920 staff years for the agency. The allocation of the 920 FTE resources reflects a shift in the Commission's understanding of the markets and the (almost) complete regulatory framework for 2015:

- The Commission's top priorities for 2015 support its direct oversight responsibilities including:
 - *Enforcement*. This mission activity encompasses 22 percent of the Commission's staff (200 FTE) and 22 percent of the total resources requested (\$62.3 million). The Commission protects market participants and other members of the public from fraud, manipulation and other abusive practices in the futures and swaps markets. Its cases range from quick strike actions against Ponzi enterprises that victimize investors across the country, to sophisticated manipulative and disruptive trading.
 - *Surveillance*. The Surveillance mission activity is by far the most technology intensive of all of the regulatory activities, with 21 percent of the Commission's

¹ As of December 16, 2013

requested staff (193 FTE) and 19 percent of the total requested resources (\$53.5 million, including \$20 million in information technology). The Commission monitors trading and positions of market participants on an on-going basis. Commission staff screen for potential market manipulations and disruptive trading practices, as well as trade practice violations. Such market surveillance is dependent on the ability to acquire large volumes of data and the development of sophisticated analytics to identify trends and/or outlying events that warrant further investigation. In addition, the Commission conducts risk and financial surveillance of derivatives clearing organizations (DCOs), clearing futures commission merchants (FCMs), and other market participants such as swap dealers (SDs), major swap participants (MSPs), and large traders that may pose a risk to the markets.

- Examinations. This mission activity is a staff-intensive regulatory activity, representing 17 percent of the Commission's requested staff (158 FTE) and 14 percent of its total requested resources (\$38.1 million). Examinations are formal, structured assessments of regulated entities' operations or oversight programs to assess on-going compliance with statutory and regulatory mandates. Regular examinations are the most effective method of ensuring that the entities' are complying with the core principles established in the Commodity Exchange Act (CEA or the Act) and the Commission's rules.
- The Commission's second priority is to continue to invest in its enterprise-wide Data Infrastructure and Technology Support activities. The Commission plans that 16 percent (\$45.2 million) of its total resources and 5 percent (50 FTE) of its staff will be dedicated to this mission activity. Data, and the ability to analyze and report data, are more important than ever in the derivatives markets, and in CFTC's ability to oversee those markets. The CFTC must aggregate data from across asset classes, access data from a wide variety of data sources and markets, overseeing trading strategies, risk analytics, and margin requirements, among others. The CFTC has an imperative to aggregate various types of data from multiple industry sources (*e.g.*, DCMs, SDRs, and DCOs) across multiple markets (*e.g.*, futures, exchange-traded swaps, and bilaterally-executed swaps). The increasing complexity, volume, and interrelations of the data set will require significantly more powerful hardware such as parallel processing systems to support business analytics. This mission activity supports the cross-agency data and technology infrastructure needs of the Commission.

In realigning its resource priorities, the Commission will be well positioned to build its operational capabilities, evaluate changes in the industry as it responds to the Dodd-Frank regulatory framework, and address any unanticipated issues that will naturally arise in implementing the sweeping reforms called for under the Dodd-Frank Act. The Commission will continue to monitor its resource requirements for implementing the Dodd-Frank Act, and may seek additional staffing and/or information technology resources in FY 2016.

Purpose Statement

The mission of the CFTC is to protect market users and the public from fraud, manipulation, other abusive practices, and systemic risk, related to derivatives that are subject to the CEA and to foster open, transparent, competitive, and financially sound markets.

Congress established the CFTC as an independent agency in 1974 to administer the CEA, 7 U.S.C. Section 1, *et. seq.* The CEA established a comprehensive regulatory structure to oversee the volatile futures trading complex, including futures trading in all goods, articles, services, rights and interests; commodity options trading; and leverage trading in gold and silver bullion and coins.

To meet changing market conditions, CFTC's mandate has been renewed and expanded several times since its inception. In response to the 2008 financial crisis, the scope of CFTC's mission grew dramatically in 2010 with the enactment of the Dodd-Frank Act, which expanded CFTC's mission to include oversight of the previously unregulated over-the-counter (OTC) swaps marketplace.

The Dodd-Frank Act amended the CEA to establish a comprehensive new regulatory framework for swaps, as well as enhanced authorities over historically regulated entities. 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 by:

- Providing for the registration, regulation and oversight of SDs and MSPs;
- Imposing clearing and trade execution requirements on standardized derivatives products;
- Creating robust recordkeeping and real-time reporting regimes; and
- Enhancing the Commission's rulemaking and enforcement authorities to include all registered entities and intermediaries subject to the Commission's oversight.

The U.S. derivatives markets play a critical role in empowering legitimate and prudential hedging strategies through transference of price risk. It is therefore essential to protect the financial stability of these markets by ensuring they are transparent, open and competitive. To this end, the CFTC has consulted closely and acted in conjunction with other regulators on Dodd-Frank implementation, including the SEC, the Federal Reserve Board of Governors, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and international regulatory counterparts around the world.

The CFTC has made significant progress in the area of Dodd-Frank Act rule writing. To date², the CFTC has finalized 68 rules, exemptive orders, guidance actions, and five other actions to allow the market participants to operate under the foundational requirements for substantive swaps market reform in an orderly manner, including:

- The CFTC completed rules, guidance, and acceptable practices for designated contract markets (DCMs). DCMs will be able to list and trade swaps, helping to bring the benefit of pre-trade transparency to the swaps marketplace.
- The CFTC adopted new rules, guidance and acceptable practices for swap execution facilities (SEFs).
- The Commission has adopted final rules establishing registration and regulatory requirements for SDRs, which will gather data on all swaps transactions, including credit default swap indices.
- The CFTC implemented the two principal reforms of Dodd-Frank related to clearing the adoption of final rules for the risk management of clearing houses, as well as rules requiring

² December 16, 2013

that certain classes of swaps be cleared. The Commission has determined that swaps in four interest rate classes (US Dollar, Euro, Sterling and Yen) and two credit index swap classes (CDX and iTraxx) are subject to the clearing requirement, covering the vast majority of interest rate and credit default index swaps.

- The CFTC has completed key rules on oversight of SDs and investment funds operating in the swaps market. Eighty-two SDs and two MSPs have provisionally registered to date, and the Commission anticipates further registrations as its cross-border guidance takes effect.
- The CFTC issued an interpretive guidance and policy statement providing guidance to market participants on the scope and application of the Dodd-Frank provisions that prohibit certain disruptive trading, practices, and conduct.
- The CFTC issued interpretive guidance and a final exemptive order regarding the cross-border application of the Dodd-Frank swap reforms, either directly under the U.S. framework or through compliance with comparable and comprehensive rules of another jurisdiction. The CFTC is continuing to work with international jurisdictions, including Australia, Canada, the European Union, Hong Kong, Japan, and Switzerland, to assess their regulatory regimes with regard to possible substituted compliance determinations.

Dodd-Frank Act Rules with Significant Resource Requirements

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

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

**Impact of major rules related to core principles and other registration requirements
by Mission Activity**

Title	Reference	REG	PR	SVL	EXM	ENF	E&L	INT'L	DATA
Core Principles and Other Requirements for DCMs	17 CFR Parts 1, 16, and 38	✓	✓	✓	✓	✓	✓	✓	✓
Derivative Clearing Organization General Provisions and Core Principles	17 CFR Parts 1, 21, 39, 140	✓	✓	✓	✓	✓	✓	✓	✓
Swap Data Repositories: Registration Standards, Duties and Core Principles	17 CFR Part 49	✓	✓	✓	✓	✓	✓	✓	✓
Registration of Swap Dealers and Major Swap Participants	17 CFR Parts 3, 23, and 170	✓		✓	✓	✓	✓	✓	✓
Core Principles and Other Requirements for Swap Execution Facilities	17 CFR Part 37	✓	✓	✓	✓	✓	✓	✓	✓
Cross-Border Application of Swaps Provisions	TBD	✓	✓	✓	✓	✓	✓	✓	✓
Business Conduct Standards for Intermediaries	Multiple			✓	✓	✓	✓	✓	
Antidisruptive Practices Authority	78 FR 31890	✓		✓	✓	✓		✓	✓

Table Key

Acronym Mission Activity³

- REG Registration and Registration Compliance
- PR Product Reviews
- SVL Surveillance, including Data Acquisition and Analytics
- EXM Examinations
- ENF Enforcement
- E&L Economic and Legal Analysis
- INT'L International Policy Coordination
- DATA Data Infrastructure and Technology Support

³ The Agency Direction, Management and Administrative Support mission activity is not included, as rules have little to no direct impact on workload in this mission activity.

Impact of major rules related to swap products by Mission Activity

Title	Reference	REG	PR	SVL	EXM	ENF	E&L	INT'L	DATA
Definition of Swaps, Swap Dealer, Major Swap Participants	Multiple	✓	✓	✓	✓	✓	✓	✓	✓
Swap Data Recordkeeping and Reporting Requirements	17 CFR Part 45			✓	✓	✓	✓	✓	✓
Reviews of Swaps for Clearing Requirement Determination	Multiple		✓	✓	✓	✓	✓		
Real-Time Public Reporting of Swaps Transaction Data	17 CFR Part 45			✓			✓		✓
Large Trader Reporting for Physical Commodity Swaps	17 CFR Parts 15 and 20			✓		✓			✓
Block Sizes	Multiple		✓	✓		✓	✓		

Table Key

Acronym Mission Activity⁴

- REG Registration and Registration Compliance
- PR Product Reviews
- SVL Surveillance, including Data Acquisition and Analytics
- EXM Examinations
- ENF Enforcement
- E&L Economic and Legal Analysis
- INT'L International Policy Coordination
- DATA Data Infrastructure and Technology Support

⁴ The Agency Direction, Management and Administrative Support mission activity is not included, as rules have little to no direct impact on workload in this mission activity.

Strategic Response

The Commission's Strategic Plan is under revision to reflect FY 2014 – 2018 goals. As a set of guiding principles for implementing the CFTC's expanded scope, this plan provides direction for a future that is still fluid. These strategic goals are constructed in a focused way, lending credence to unifying goals found within CEA, as amended by the Dodd-Frank Act. Using this strategic plan, Commission activities will be aligned through 2018.

The Commission's draft strategic goals are:

1. Market Integrity and Transparency.
2. Financial Integrity and Avoidance of Systemic Risk.
3. Comprehensive Enforcement.
4. International and Domestic Cooperation and Coordination.

Overview of the FY 2015 Budget & Performance Plan

FY 2015 Budget Request by Program^{1 2}

	FY13 Actual \$ (000)	FY14 Estimate \$ (000)	FY15 Request \$ (000)
Salaries and Expenses	\$159,589	\$172,100	\$230,000
Information Technology	42,140	42,900	50,000
Total	\$201,729	\$215,000	\$280,000

Table 1: Summary of FY 2013 to 2015 by Program

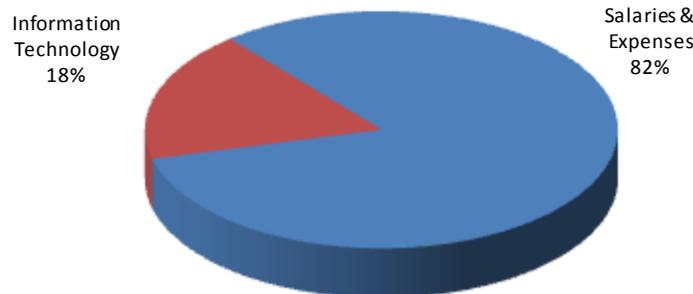


Figure 1: \$280.0 Million Budget Request by Program

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

² Salaries and Expenses: The Salaries and Expenses program provides funding for all CEA-related activities. This includes funding for all Federal staff salaries and benefits, leasing of facilities, travel, training, and general operations of the Commission. It also includes funding for information technology (as described below) in FY 2014 and 2015.

Information Technology: The Information Technology program provides funding for information technology investments. This includes hardware, software, contractor support, and other related information technology requirements.

FY 2015 Budget Request by Mission Activity ¹²

	FY13 Actual		FY14 Estimate		FY15 Request	
	FTE	\$ (000)	FTE	\$ (000)	FTE	\$ (000)
Registration	40	\$9,116	43	\$10,628	68	\$16,214
Product Reviews	23	5,359	25	6,226	26	6,196
Surveillance	122	38,333	119	37,020	193	53,483
Examinations	82	18,652	95	23,586	158	38,105
Enforcement Activity	153	42,418	149	46,329	200	62,317
Economic and Legal Analysis	94	22,697	74	20,216	92	24,104
International Policy	14	3,630	15	4,261	15	4,220
Data and Technology Support	38	35,373	39	38,947	50	45,152
Agency Direction and Management	116	26,151	108	27,787	118	30,209
Total	682	\$201,729	667	\$215,000	920	\$280,000

Table 2: Summary of FY 2013 to 2015 by Mission Activity

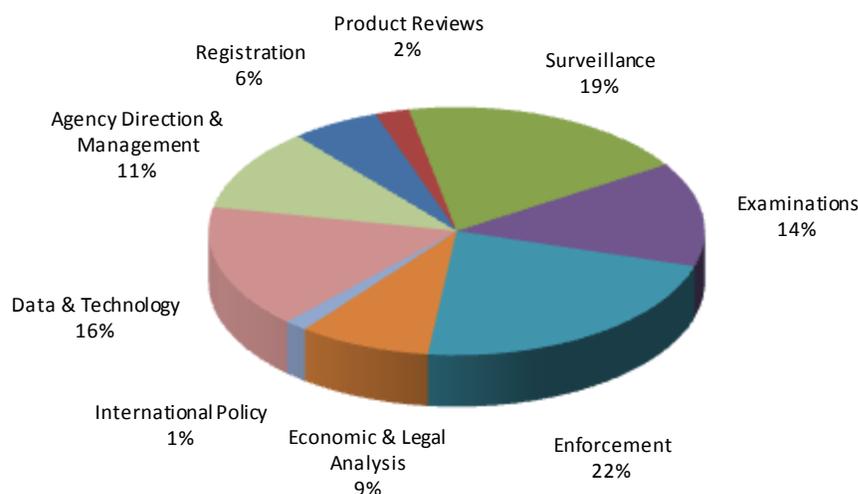


Figure 2: \$280.0 Million Budget Request by Mission Activity

¹ Information Technology costs, including IT investments (e.g., hardware, software, contractor services), FTE, and indirect costs, are directly attributed to the benefiting Mission Activity wherever possible. Any IT costs that are not directly attributed to another Mission Activity are captured in the Data and Technology Support Mission Activity.

² The Commission considers the Salary and Expense and the Information Technology programs to be its sole programs, projects, and activities (PPAs). All other budget displays by Mission Activity, Division or any other depiction are for informational purposes only.

FY 2015 Budget Request by Division¹

	FY13 Actual		FY14 Estimate		FY15 Request	
	FTE	\$ (000)	FTE	\$ (000)	FTE	\$ (000)
Agency Direction	32	\$5,832	25	\$6,314	29	\$7,263
Administrative Management & Support	79	18,846	77	18,277	82	18,793
Chief Economist	12	2,482	9	2,632	17	4,021
Clearing & Risk	59	14,002	59	15,011	91	22,717
Data & Technology ²	83	59,781	86	64,140	110	74,884
Enforcement	157	39,728	152	43,312	203	58,019
General Counsel	51	13,059	50	13,141	52	13,532
International Affairs	10	2,662	11	3,190	11	3,160
Inspector General	5	1,473	6	2,028	7	2,574
Market Oversight	116	26,397	110	26,722	184	43,082
Swap Dealer & Intermediary Oversight	78	17,467	82	20,233	134	31,955
Total	682	\$201,729	667	\$215,000	920	\$280,000

Table 3: Summary of FY 2013 to 2015 by Division

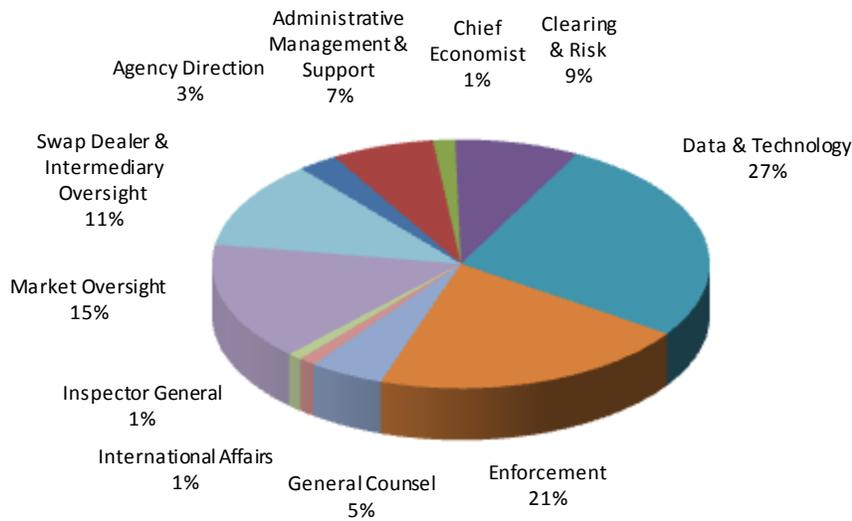


Figure 3: \$280.0 Million Budget Request by Division

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

² Data & Technology amounts include all costs funded by the Information Technology program and FTE and indirect costs funded by the Salaries and Expenses program.

FY 2015 Budget Request by Object Class

	FY13 Actual \$ (000)	FY14 Estimate \$ (000)	FY15 Request \$ (000)
11.0 Personnel Compensation	\$99,504	\$101,268	\$141,553
12.0 Personnel Benefits: Civilian	29,433	30,170	42,193
13.0 Benefits for Former Personnel	5	0	0
21.0 Travel & Transportation of Persons	1,249	2,000	2,545
22.0 Transportation of Things	35	75	75
23.2 Rental Payments to Others	19,953	20,267	22,808
23.3 Communication, Utilities & Misc.	3,705	6,083	6,132
24.0 Printing & Reproduction	1,016	1,200	1,597
25.0 Other Services	40,902	45,725	54,492
26.0 Supplies & Materials	843	1,000	1,393
31.0 Equipment	5,077	7,212	7,212
32.0 Building & Fixed Equipment	7	0	0
Total	\$201,729	\$215,000	\$280,000

Table 4: Summary of FY 2013 to 2015 by Object Class

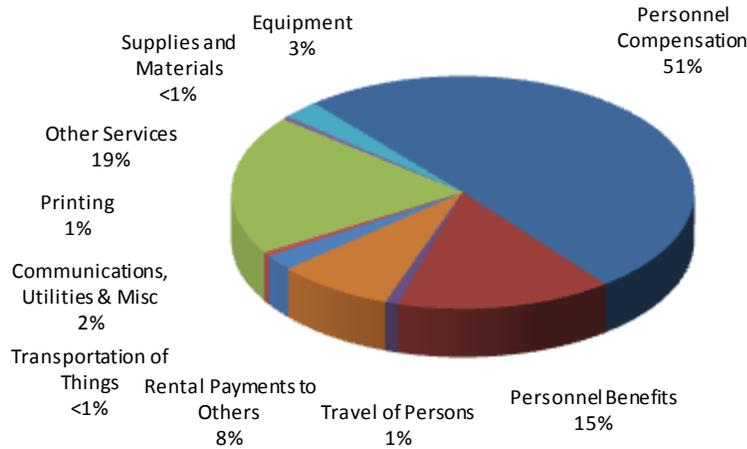


Figure 4: \$280.0 Million Budget Request by Object Class

FY 2015 President's Budget & Performance Plan

Crosswalk from FY 2014 to FY 2015

	FY 2014 Estimate	FY 2015 Request	Change
Budget Authority (\$000)	\$215,000	\$280,000	\$65,000
Full-Time Equivalents (FTEs)	667	920	+253
<hr/>			
<u>Explanation of Change</u>		<u>FTE</u>	<u>Dollars (\$000)</u>
Current Services Increases: (Adjustments to FY 2014 Base)			
To provide for changes in personnel compensation:			2,578
To provide for the following changes in non-personnel costs:			2,590
--Space Rental/Communications/Utilities (\$2,590)			
Program Increase: (Adjustments to FY 2015 Current Services)			
Salaries and Expenses:		253	52,732
--Addition of 253 FTE (\$50,530)			
-Travel/Transportation (\$545)			
--Other Services (\$867)			
--Supplies/Printing (\$790)			
Information Technology			7,100
<hr/>			
Total Change		+253	\$65,000
<hr/>			

Table 5: Crosswalk from FY 2014 to FY 2015

Statement of Availability on Basis of Obligations

	FY 2013 Actual	FY 2014 Estimate	FY 2015 Request
	<u>\$ (000)</u>	<u>\$ (000)</u>	<u>\$ (000)</u>
New Appropriations	\$205,294	\$215,000	\$280,000
Sequestration	(10,739)	0	0
Carryover from Prior Year	6,234	2,102	202
Recoveries of Prior Year Obligations	3,103	2,000	2,000
Total Available	203,892	219,102	282,202
Obligations	201,729	218,800	282,000
Balance Available	2,164	302	202
Lapsing Appropriations	62	100	100
Total Available or Estimate	\$2,102	\$202	\$102

Table 6: Summary of FY 2013 to 2015 Statement of Availability on Basis of Obligations

Mission Activities

Registration

Resource Overview

	FY 2014 Estimate	FY 2015 Request	Change
BUDGET	\$10,628,140	\$16,213,761	+\$5,585,622
FTE	43	68	+25

Mission Activity Description

The Commission performs a thorough review of the applications of all entities seeking to be registered or designated as DCMs, SEFs, foreign boards of trade (FBOTs), DCOs, and SDRs, as well as oversight of the National Futures Association's (NFA), registration of SDs, MSPs, and other market participants. Multi-disciplinary review teams of attorneys, industry economists, surveillance analysts, data analysts, and risk analysts are needed to ensure that the Commission undertakes a thorough analysis of such applications to ensure compliance with the applicable statutory core principles and Commission regulations. Site visits are required to validate required technical and self-regulatory capabilities. Improving data reporting compliance mechanisms will allow staff to conduct registration more efficiently.

Justification of Request

The FY 2015 request for \$16,213,761 will continue to support the Commission's registration/designation and continuing compliance.

- In addition to performing direct registration/designation of new U.S. and foreign-based entities, the CFTC staff will perform periodic reviews to ensure compliance with the CEA's (as amended) core principles and implementing regulations.
- On a day-to-day basis, registered entities are subject to CFTC oversight, which includes review of registrants' rules, operations, and procedures. The CFTC also reviews daily, quarterly, annual, and event-specific reports from DCOs to ensure compliance with financial and risk management regulations.
- Much of the effort in FY 2014 and 2015 will be devoted to permanently registering SEFs and SDRs as well as reviewing new applicants.
- In addition, the 2014 level of effort will also be driven by expected increases in workload due to the cross-border scope of the Dodd-Frank Act and rule filings as the increased number of entities continue to implement and refine their rules of operation under the new regulatory framework.
- Data reporting compliance mechanisms will be improved to increase integration between registration and other regulatory mission activities using the CFTC regulatory portal.

FY 2014 Planned Objectives

- Permanent registration of applicants with provisional or temporary applications, and continued registration/designation of SEFs, DCMs, FBOTs and at least two DCOs.

- Analyze the substance of all new rules and rule changes (currently approximately 175 per month) submitted by DCMs, SEFs, and SDRs and ensure that the analysis of all rule certifications are completed within the 10 day regulatory deadline.
- Analyze the financial status of each DCM, SEF and SDR on a quarterly basis for compliance with the Commission's financial resource requirements.
- Interpret and provide relief from regulations under Parts 43, 45, and 49 of the Commission's regulations to appropriately and effectively regulate swap data management and reporting.
- Analyze FBOT reports including notifications of major changes and annual status and quarterly volume reports to ensure FBOT (there are 18 FBOTs) compliance with no-action relief letter terms and conditions and/or registration terms and conditions and home country good standing.
- Analyze contract terms and conditions proposed to be made available for trading by direct access to ensure contracts are eligible for U.S. person trading.
- Analyze listing and trading of all linked contracts to ensure FBOTs meet additional requirements applicable to contracts including large trader reporting, comparable position limits and additional reporting obligations.
- Analyze the Annual Compliance Reports submitted by SDRs under Part 49 of the Commission's regulations.
- Review how entities that apply for and achieve registered entity status (DCMs, SEFs, SDRs, DCOs), as well as FBOTs, comply or intend to comply with their particular reporting obligations under the Commission's regulations.
- Oversee operation of swap data repositories under CEA section 12a and 24a and Part 49 of the Commission's regulations.
- Implement Commission rules relating to data collection and reporting obligations.
- Review daily, quarterly, annual, and event-specific DCO reports for regulatory compliance.
- Conduct DCO rule reviews including CFTC-Federal Reserve Board reviews of systemically important DCO (SIDCO) risk-related rules.
- Respond to DCO inquiries for legal interpretations, no-action relief, and portfolio margining orders.
- Propose amendments to CFTC regulations governing registrants, based upon experience under the new Dodd-Frank framework.
- Sustain efforts to follow, assess and validate NFA's oversight of SD and MSP registration and compliance with Dodd-Frank requirements. As currently projected, the new registrant populations will ultimately include approximately 120 SDs and six MSPs and, to date, over 80 such entities have submitted registration requests.
- Continue to respond to requests for interpretation or other requests for relief or information while working to further integrate SDs and MSPs in the agency's regulatory structure for existing futures markets registrants.
- Maintain strong relationships and collaborate with the SEC, NFA and other relevant stakeholders to harmonize registrant reporting requirements to avoid or mitigate potential duplication or unnecessary delays in the regulatory and compliance process.
- Implement and refine new rules that incorporate foreign-domiciled entities that would otherwise be required to register as SDs or MSPs as those terms are defined under the CEA and Commission regulations.
- Analyze rule submissions by futures markets self-regulatory organizations (SROs) as required by the Dodd-Frank Act and Commission regulations.

FY 2015 President's Budget & Performance Plan

- Continue to respond to requests for interpretation or other requests for relief or information regarding application of registration and reporting requirements to CPOs, CTAs and IBs related to swaps activities.
- Implement Volcker rule and participate in inter-agency working group to coordinate implementation.
- Review quarterly and annual risk and compliance reports submitted by SDs and MSPs.
- Continue to address issues arising from the futures market and futures market participants and to respond to formal/informal requests for interpretation of existing regulations impacting futures markets and futures market participants.

FY 2015 President's Budget Planned Outcomes

- Continue efforts for permanent registration of applicants with provisional or temporary applications, and continued registration/designation of SEFs, DCMs, FBOTs, and DCOs.
- Analyze the substance of all new rules and rule changes submitted by DCMs, SEFs and SDRs and ensure that all rule certifications are completed within the 10 day regulatory deadline.
- Analyze the financial status of each DCM, SEF and SDR on a quarterly basis for compliance with the Commission's financial resource requirements.
- Analyze the Annual Compliance Reports submitted by SDRs under Part 49 of the Commission's regulations.
- Analyze FBOT reports including notifications of major changes and annual status and quarterly volume reports to ensure FBOT (forecast to be 20) compliance with no-action relief letter terms and conditions and/or registration terms and conditions and home country good standing.
- Analyze contract terms and conditions proposed to be made available for trading by direct access to ensure contracts are eligible for U.S. person trading.
- Analyze listing and trading of all linked contracts to ensure FBOTs meet additional requirements applicable to contracts including large trader reporting, comparable position limits and additional reporting obligations.
- Analyze daily, quarterly, annual, and event-specific DCO reports for regulatory compliance.
- Conduct CFTC-Federal Reserve Board reviews of SIDCO risk-related rules.
- Finalize amendments to CFTC regulations governing DCOs and other registrants.
- Initiate compliance examinations of SDs and MSPs.
- Develop and issue rulemakings, orders, interpretations, and other registration work product related to SDs, MSPs, FCMs, IBs, commodity pool operators (CPOs), commodity trading advisors (CTAs), and associated persons (APs).
- Sustain efforts to follow, assess and validate NFA's oversight of SD and MSP registration and compliance with Dodd-Frank requirements.
- Continue to respond to requests for interpretation or other requests for relief or information while working to further integrate SDs and MSPs in the agency's regulatory structure for existing futures markets registrants.
- Maintain strong relationships and collaborate with the SEC, NFA and other relevant stakeholders to harmonize registrant reporting requirements to avoid or mitigate potential duplication or unnecessary delays in the regulatory and compliance process.
- Implement and refine new rules that incorporate foreign-domiciled entities that would otherwise be required to register as SDs or MSPs as those terms are defined under the CEA and Commission regulations.

- Review rule submissions by futures markets self-regulatory organizations (SROs) as required by the Dodd-Frank Act and Commission regulations.
- Continue efforts to incorporate, refine and perform additional responsibilities and business processes required by the Dodd-Frank Act and the Commission's SD and MSP rulemakings.
- Continue to respond to requests for interpretation or other requests for relief or information regarding application of registration and reporting requirements to CPOs, CTAs and IBs related to swaps activities.
- Implement Volcker rule and participate in inter-agency working groups to coordinate implementation.
- Review quarterly and annual risk and compliance reports submitted by SDs and MSPs.
- Continue to address issues arising from the futures market and futures market participants and to respond to formal/informal requests for interpretation of existing regulations impacting futures markets and futures market participants.

Forward-Looking: FY 2016 Planned Outcomes

- Process all incoming DCM, SEF, FBOT, and SDR applications.
- Analyze the substance of all new rules and rule changes submitted by DCMs, SEFs and SDRs and ensure that all rule certifications are completed within the 10 day regulatory deadline.
- Analyze the financial status of each DCM, SEF and SDR on a quarterly basis for compliance with the Commission's financial resource requirements.
- Analyze the Annual Compliance Reports submitted by SDRs under Part 49 of the Commission's regulations.
- Interpret and provide relief from regulations under Parts 43, 45, and 49 of the Commission's regulations to appropriately and effectively regulate swap data management and reporting.
- Analyze FBOT reports including notifications of major changes and annual status and quarterly volume reports to ensure FBOT) compliance with no-action relief letter terms and conditions and/or registration terms and conditions and home country good standing.
- Analyze contract terms and conditions proposed to be made available for trading by direct access to ensure contracts are eligible for U.S. person trading.
- Analyze listing and trading of all linked contracts to ensure FBOTs meet additional requirements applicable to contracts including large trader reporting, comparable position limits and additional reporting obligations.
- Review daily, quarterly, annual, and event-specific DCO reports for regulatory compliance.
- Conduct CFTC-Federal Reserve Board reviews of SIDCO risk-related rules.
- Respond to DCO inquiries for legal interpretations, no-action relief, and portfolio margining orders.
- Develop and issue rulemakings, orders, interpretations, and other registration work product related to SDs, MSPs, FCMs, IBs, CPOs, CTA, and APs.
- Review commodity pool financial data submitted by CPOs for the purpose of assessing whether the financial positions of a commodity pool may pose systemic risk issues.
- Review, evaluate and make determinations concerning applications submitted by FCMs, SDs, and MSPs to use proprietary models to compute regulatory capital and margin for uncleared swap transactions.

FY 2015 President's Budget & Performance Plan

- Continue to respond to requests for interpretation or other requests for relief or information while working to further integrate SDs and MSPs in the agency's regulatory structure for existing futures markets registrants.
- Maintain strong relationships and collaborate with the SEC, NFA and other relevant stakeholders to harmonize registrant reporting requirements to avoid or mitigate potential duplication or unnecessary delays in the regulatory and compliance process.
- Review rule submissions by futures markets self-regulatory organizations (SROs) as required by the Dodd-Frank Act and Commission regulations.
- Continue efforts to incorporate, refine and perform additional responsibilities and business processes required by the Dodd-Frank Act and the Commission's SD and MSP rulemakings.
- Continue to respond to requests for interpretation or other requests for relief or information regarding application of registration and reporting requirements to CPOs, CTAs and IBs related to swaps activities.
- Implement Voleker rule and participate in inter-agency working group to coordinate implementation.
- Review quarterly and annual risk and compliance reports submitted by SDs and MSPs.
- Continue to address issues arising from the futures market and futures market participants and to respond to formal/informal requests for interpretation of existing regulations impacting futures markets and futures market participants.

Breakout of Registration Request by Program

	FTE	Salaries and Expenses (\$000)	IT (\$000)	Total (\$000)
Clearing and Risk	7	\$1,747	\$0	\$1,747
Data and Technology	2	415	38	453
General Counsel	3	781	0	781
Market Oversight	28	6,556	0	6,556
Swap Dealer and Intermediary Oversight	28	6,677	0	6,677
Total	68	\$16,176	\$38	\$16,214

Table 7: Breakout of Registration by Division

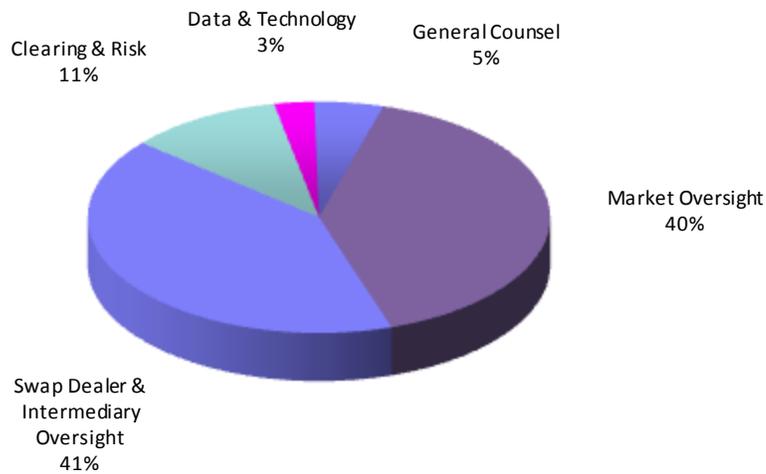


Figure 5: Registration Request by Division

Product Reviews

Resource Overview

	<u>FY 2014 Estimate</u>	<u>FY 2015 Request</u>	<u>Change</u>
BUDGET	\$6,225,977	\$6,196,143	-\$29,834
FTE	25	26	+1

Mission Activity Description

The CFTC's traditional scope of work includes reviewing new futures and options contract filings, reviewing contract amendment submissions, and developing new rules and policies to accommodate innovations in the industry. Currently, the Commission conducts due diligence reviews of new contract filings to ensure that the contracts are not readily susceptible to manipulation or price distortion, and that the contracts are subject to appropriate position limits or position accountability. The Commission also analyzes amendments to contract terms and conditions to ensure that the amendments do not render the contracts readily susceptible to manipulation and do not otherwise affect the value of existing positions. In addition, the Commission conducts reviews of foreign stock index futures contracts to certify that the contracts are not narrow-based and they comply with the CEA. In order to prioritize work with its constrained staffing, the Commission implemented a procedure that assigns greater review priority to contracts that have achieved certain thresholds of trading volume and open interest.

The Commission also has responsibility for reviews of aggregate position limits for physical commodity derivatives. Because it has the authority to gather data and impose regulations across trading venues, the Commission is uniquely situated to establish uniform position limits and related requirements for all economically-equivalent derivatives. Thus, in accordance with the Dodd-Frank Act, the Commission is proposing rules to establish Federal position limits for specified core commodities and expects to review periodically those Federal limits.

In addition, the Commission has several new product-review responsibilities under the Dodd-Frank Act. The Commission will need to evaluate transaction and pricing data collected by SDRs. This data will be used by the Commission to determine appropriate block trade and large notional swap threshold levels that registered SEFs, DCMs, and market participants may use to delay public reporting of swap transaction data. The Commission must also evaluate market data and contract characteristics to determine whether a swap contract that is listed on a DCM or SEF has been "made available to trade." The Commission also will be performing mandatory clearing determinations, and assessing swaps presented by DCOs to determine their acceptability for clearing.

Continuing implementation of the CFTC regulatory portal will reduce staff burdens and increase the efficiency with which staff conducts reviews of new or amended contracts and rule filings. Through the portal, exchanges will be 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 information into its systems.

Justification of Request

The FY 2015 request for \$6,196,143 will continue to support the Commission's activities related to products reviews and assessment of product-related rules.

- The majority of rules associated with the product review of swaps were published in the last quarter of FY 2012. The foundational work for swaps contract reviews will be performed primarily in FY 2014, but the Commission anticipates on-going product reviews during FY 2014 and beyond as new contracts are created in response to changing market needs.

- In addition, the Commission anticipates that it will begin to analyze, by asset class, the percentage and volume of previously non-transparent swaps now cleared, the level of risk transfer, the potential relative movement of institutions to new financial products, and the implied overall credit and market risk in FY 2014 to ensure that the Commission's regulations reflect an appropriate understanding of the market segments most prone to market failure. The Commission anticipates reallocating resources directed toward product review activities between 2013 and 2014, commensurate with a surge of new activity in 2013, and a return to more of a steady-state requirement in 2014.
- Key regulatory processes supported by the CFTC regulatory portal and will be fully automated and integrated with Electronic Records and Document Management (ERDM). Dashboards will provide transparency and management visibility into process status.

FY 2014 Planned Objectives

- Determine which swaps that are subject to mandatory clearing have been "made available for trading."
- Establish Federal position limits for specified core commodities based on Commission estimates of deliverable supplies of those commodities.
- Analyze derivatives contracts certified by and listed on DCMs and SEFs to determine whether those derivatives contracts are not readily susceptible to manipulation and are subject to appropriate position limits or position accountability standards.
- Analyze amendments to contract terms and conditions to determine compliance with the Commodity Exchange Act and Commission regulations and to ensure that the amendments do not affect the value of existing positions.
- Analyze foreign stock index futures certification requests within established timeframes to determine whether those contracts are based on broad-based security indexes and are not readily susceptible to manipulation.
- Establish block trade and large notional swap transaction sizes for various swap categories for the purpose of delayed public reporting of swap transaction and pricing data.
- Continue to review, evaluate and make determinations concerning the mandatory clearing of existing swaps from product categories currently being cleared at DCOs such as interest rate and currency products, credit and equity products, and commodity products.
- Develop data analysis procedures to monitor compliance with existing clearing determinations and the use of exceptions, exemptions, and other relief by market participants from the requirements thereof.
- Analyze clearing requirements from foreign jurisdictions to assess the comparability with the Commission's clearing determinations.

FY 2015 President's Budget Planned Outcomes

- Determine which swaps that are subject to mandatory clearing are "made available to trade."
- Estimate deliverable supplies for specified core commodities and revise Federal position limits as necessary and appropriate.
- Conduct and complete analyses of derivatives products that meet volume and open interest thresholds to ensure that those contracts are not readily susceptible to manipulation and are subject to appropriate position limits or position accountability standards.
- Conduct and complete analyses of amendments to contract terms and conditions to ensure that the amendments do not render contracts readily susceptible to manipulation and do not affect the value of existing positions.

FY 2015 President's Budget & Performance Plan

- Conduct and complete certification analyses of foreign stock index futures within established timeframes to ensure that the underlying security indices are broad based and that the contracts are not readily susceptible to manipulation.
- Analyze swap transaction data and re-establish block trade and large notional swap transaction sizes for the purpose of delayed public reporting of swap transaction and pricing data.
- Review, evaluate, and make determinations concerning the mandatory clearing of new and more complex swaps in existing product categories such as interest rate and currency products, credit and equity products, as well as commodity products that are introduced for clearing at DCOs.
- Conduct data analysis on market positions to identify those swaps which are not being cleared by DCOs, and conduct assessments relating to the risk management, market liquidity, idiosyncratic product characteristics and legal certainty of those swap contracts to evaluate whether those contracts can be cleared and whether such products should be required to be cleared by market participants under a clearing determination.
- Continue to evaluate clearing requirements from foreign jurisdictions to assess comparability with the Commission's clearing determinations.

Forward-Looking: FY 2016 Planned Outcomes

- Determine which swaps that are subject to mandatory clearing are “made available to trade.”
- Estimate deliverable supplies for specified core commodities and revise Federal position limits as necessary and appropriate.
- Conduct and complete analyses of derivatives products that meet volume and open interest thresholds to ensure that those contracts are not readily susceptible to manipulation and are subject to appropriate position limits or position accountability standards.
- Conduct and complete analyses of amendments to contract terms and conditions to ensure that the amendments do not render the contract readily susceptible to manipulation and do not affect the value of existing positions.
- Conduct and complete certification analyses of foreign stock index futures within established timeframes to ensure that the underlying security indices are broad based and that the contracts are not readily susceptible to manipulation.
- Analyze swap transaction data and re-establish block trade and large notional swap transaction sizes for the purpose of delayed public reporting of swap transaction and pricing data.
- Conduct studies related to derivatives markets and provide technical economic expertise with respect to regulatory policy and jurisdictional matters.
- Develop automated data tools to monitor compliance with existing determinations and to identify new products for consideration within new clearing determinations.

Breakout of Product Reviews Request by Program

	FTE	Salaries and Expenses (\$000)	IT (\$000)	Total (\$000)
Clearing and Risk	7	\$1,747	\$0	\$1,747
Market Oversight	19	4,449	0	4,449
Total	26	\$6,196	\$0	\$6,196

Table 8: Breakout of Product Reviews by Division



Figure 6: Product Reviews Request by Division

Surveillance

Resource Overview

	<u>FY 2014 Estimate</u>	<u>FY 2015 Request</u>	<u>Change</u>
BUDGET	\$37,020,216	\$53,482,832	+\$16,462,616
FTE	119	193	+74

Mission Activity Description

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

Market Surveillance

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

Market oversight and surveillance activities are dependent on the ability to acquire large volumes of data and the development of sophisticated analytics to respond to outlying events or help identify trading or positions that warrant further inquiry. The combination of analysis of available data sets and Special Call authority leads to an understanding of benign market activities and possible violations of the CEA. It is anticipated that through the collection of shared data sets, the Commission will have the unique and essential ability to aggregate data received by all market participants after building data set aggregation tools. This ultimate aggregation will give the Commission a more encompassing view of futures, options and swaps transactions, which will, in turn, allow the Commission to conduct participant level surveillance for violations and abuses across markets. This capability is particularly important with the expansion of the Commission's mandate in the disaggregated swaps markets, as market participants may have swaps data residing in multiple SDRs, and multiple DCOs. The Commission's ability to view data across the industry landscape is essential.

Staff will enhance market surveillance monitoring to further understand structural market changes and support new regulatory requirements. These systems will also incorporate innovative surveillance approaches developed by staff into scheduled, routinely run processes.

Financial and Risk Surveillance

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

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

Enhancing CFTC's financial analysis tools is critical as the Commission will be the only financial regulator that will be able to aggregate and evaluate risk across all DCOs. Each DCO's view of risk is limited to market participants clearing at that DCO. Many market participants will have positions at multiple DCOs in more than one asset class. The Commission is enhancing its existing futures-specific risk surveillance program to include the ability to stress test positions in swaps for market

participants and DCOs. These financial analysis tools will also be used as part of oversight and reviews of FCMs and swaps dealers risk management controls.

Business Analytics

CFTC also maintains a business analytics platform for performing data analysis. Platforms allows staff analyzing industry data to keep pace with the continuing growth in industry data volume and complexity.

The Commission must conduct market, financial, risk and economic analysis based on the most current data. Business analytics platform empower staff to quickly evaluate data and build specific work products for unique business situations.

Justification of Request

The FY 2015 request for \$53,482,832 will continue to support the Commission's activities related to surveillance.

- *Market Surveillance*. The Commission anticipates building further automated surveillance tools and data visualizations. In addition, as trading across the world's marketplaces has moved almost entirely to electronic systems, the Commission must handle unprecedented volumes of transactions in a matter of milliseconds. New analysis techniques of messaging data are expected to be developed in 2014 to support surveillance inquiries into disruptive trading.

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

Staff will gather and analyze trade and order book data from SEFs and DCMs and work with DCMs to collate order book data, develop a database to store this data or alternatively, access data from DCMs on an as-needed basis, and develop tools to analyze this data and integrate it with trade data. Similarly, staff will work with SEFs to develop data standards and protocols to collate both trade and order book data, and develop tools to analyze this data.

- *Financial and Risk Surveillance*. The Commission's current financial and risk surveillance technology has been primarily applied to futures and options on futures products. Following the collection of position data on cleared swaps and OTC products, the Commission will update existing and introduce new financial and risk surveillance technology to expand data intake, surveillance, analysis, and reporting.

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

FY 2015 President's Budget & Performance Plan

- *Business Analytics.* The Commission will improve its ability to conduct surveillance, investigations, and economic analysis by providing additional data partitioning, parallel processing, high-performance indexing, and query optimization. These improvements will allow staff to more quickly gather subsets of enterprise data for analysis, optimize the analytics performance, and reduce extraction, transformation and loading times for very large order message volumes, market reconstructions and simulation, complex swap valuation, and high frequency and algorithmic trading datasets.

Statistical analysis and high-performance computing platforms will be integrated, expanded, and enhanced. Flexible dashboards will be developed to increase dynamic visibility into key sets of data. Data aggregation methods will be established and refined. CFTC data storage will be expanded to handle the continuing growth of analytical data.

FY 2014 Planned Objectives

- Continue to enhance forensic capabilities to detect activity which may constitute market manipulation and discover abusive trade practices in order to preserve commodity market integrity via forensic detection.
- Incorporate swaps data into existing surveillance techniques in order to identify potential abuses, price distortion or price disruption in cash, futures and other derivative markets.
- Review trading for conformance with speculative limits as well as abuses of granted Federal hedge exemptions, for the nine commodities that have position limits in place. Continue to approve or deny hedge exemption applications.
- Initiate Special Calls to participants as appropriate including evaluation of price convergence of cash physical to futures prices and uncover non-bona fide off exchange trading.
- Support the Division of Enforcements building cases through both subject matter expertise and analysis. Examine swap data reporting insufficiencies and errors for possible referral to Enforcement.
- Interact with other domestic and international agencies for both regular and event driven cooperation.
- Further automate and streamline scheduled data collection activities, including data collected from SDRs and DCOs and expand high-performance computing capabilities to reduce the latency of processing market data for analysis.
- Improve and implement improved standards for managing reference and master data and implement aggregation mechanisms for swaps data.
- Begin implementation of order message data from the exchanges and SEFs and develop tools to review and analyze the order message data. The Commission will process specific product and time-based message data to facilitate analysis and will expand the number of facilities providing order messages and the frequency of processing as needed for surveillance requirements.
- Implement improved processes and methods of auditing SDRs, SEFs, reporting firms and exchanges for compliance with the Commission's data standards and practices.
- Adopt new identification tools to link hedge-exemption data with end-of-day and intra-day trading data.
- Implement surveillance tools used by SROs and integrate capabilities of SROs into operational prototypes. The Commission will develop and implement risk metrics and will implement risk surveillance software to analyze and stress test risks.
- Develop procedures for conducting firm-level stress testing across all registered DCOs.
- Develop a program to monitor firm level variation and initial margin requirements across DCOs. Firms have to have access to sufficient liquid financial resources in order to make large variation payments in a short time. The program will allow DCR to track daily variation and

initial margin requirements so that clearing firms with unusually large variation payment obligations will be contacted by DCR to confirm the firm's ability and resources to make such payments.

- Develop a financial reporting database to collect and evaluate CPO/CTA data received pursuant to Commission Regulation 4.27.

FY 2015 President's Budget Planned Outcomes

- Continue to refine tools and data visualization techniques that identify fraud, manipulative and abusive trading practices.
- Develop tools to back test/evaluate sufficiency of all material product and portfolio margin requirements. The tools will seek to ensure that DCOs are calculating margin levels at amounts sufficient to cover historical price moves for appropriate liquidation periods. The defaulting firm's margin is the first financial resource to be used in the event of a default. The Commission needs to be proactive in ensuring DCOs are setting adequate margin levels. Additional aspects of this program will include documenting a comprehensive understanding of each DCO's margin model and comparing margin requirements for like products cleared at more than one DCO.
- Create analysis to provide DCO profiles that can be prepared on a regular basis to monitor the growth in swap and futures margin requirements, growth in customer/house margin requirements and size of markets participants in futures and swaps markets.
- Review commodity pool financial data submitted by CPOs for the purpose of assessing whether the financial positions of a commodity pool may pose systemic risk issues.
- Review, evaluate and make determinations concerning applications submitted by FCMs, SDs, and MSPs to use proprietary models to compute regulatory capital and margin for uncleared swap transactions.
- Use regulatory, market and DCO data to conduct on-going surveillance of compliance with the Commission's clearing determinations and the related exemptions thereto.

Forward-Looking: FY 2016 Planned Outcomes

- Continue to refine tools and data visualization techniques that identify fraud, manipulative and abusive trading practices.
- Develop processes to combine cleared and bilateral positions to obtain a more complete picture of a clearing firm's risk. A market participants' bilateral position will not affect their variation or margin requirements at a DCO. However, additional losses on a bilateral position may affect a market participant's ability to make a variation or margin payment. The Commission will use SDR data to develop procedures to combine cleared and bilateral positions to have a comprehensive understanding of risk of market participants.

Breakout of Surveillance Request by Program

	FTE	Salaries and Expenses (\$000)	IT (\$000)	Total (\$000)
Clearing and Risk	28	\$6,990	\$0	\$6,990
Data and Technology	52	10,783	9,209	19,992
Market Oversight	103	24,116	0	24,116
Swap Dealer and Intermediary Oversight	10	2,385	0	2,385
Total	193	\$44,274	\$9,209	\$53,483

Table 9: Breakout of Surveillance by Division

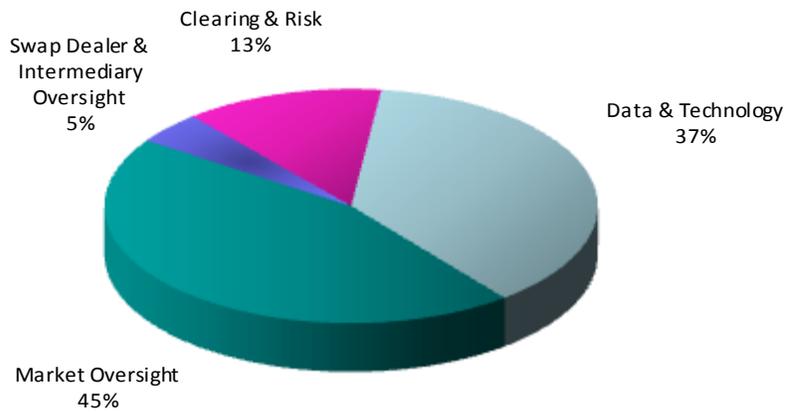


Figure 7: Surveillance Request by Division

Examinations

Resource Overview

	FY 2014 Estimate	FY 2015 Request	Change
BUDGET	\$23,586,317	\$38,105,442	+\$14,519,125
FTE	95	158	+63

Mission Activity Description

Examinations are formal, structured reviews of regulated entities' operations or oversight programs to assess on-going compliance with statutory and regulatory mandates. Regular examinations are an effective method of ensuring that the entities' are complying with the core principles established in the CEA (as amended):

- Examinations of DCMs, SEFs and SDRs focus on compliance with the core principles, specifically audit trail, trade practice surveillance, disciplinary, market surveillance, and system safeguards for the structural sufficiency of their self-regulatory and compliance programs.
- Examinations of DCOs' compliance with core principles, and regulations implementing such core principles, to ensure the soundness of the financial condition of those entities. For SIDCOs, examinations must address enhanced supervision standards established pursuant to Title VIII of Dodd-Frank. These standards address areas such as management of credit, liquidity and operational risks, and require examinations of increasing depth and complexity. The Commission is required to examine SIDCOs at least annually. Moreover, in order to permit exposures to DCOs seeking treatment (for bank capital purposes) as qualifying central counterparties, frequent examinations, probably annual, will be necessary.
- Reviews of registered intermediaries ensure compliance with mandated standards regarding the fitness and conduct necessary to ensure the protection of market participants and the financial soundness of the market.
- Examinations of FCMs, SDs, MSPs and retail foreign exchange dealers (RFEDs) compliance with risk management and Chief Compliance Officer regulations and applicable capital, segregation, and financial reporting requirements to protect markets from systemic risk and ensure that customers funds are protected from loss.
- Oversight of the financial surveillance and compliance programs of SROs (the exchanges and registered futures associations are designed to help ensure that the SROs are effectively monitoring the financial integrity of market intermediaries and protecting customer funds.
- CFTC Part 39 regulations required DCOs to provide quarterly submissions, annual certified financial statements, and various other reports. Staff will review the submission and evaluate compliance with the CEA and implementing regulations.

Examinations are performed by multi-disciplinary teams of attorneys, industry economists, trade practice analysts, risk analysts, quantitative risk management specialists, information management specialists, accountants and others knowledgeable of the industry, depending on the scope and complexity of the review. As described in Goal One and Two of the Strategic Plan, it is the Commission's goal to move to annual reviews of significant entities, to help ensure the effectiveness of Commission regulations.

FY 2015 President's Budget & Performance Plan

- The Commission anticipates performing routine limited annual examinations for compliance with the eight major core principles of the high risk DCMs, SEFs, and SDRs, with reviews of the less risky entities every two to three years as resources are available. The ability to perform the biennial or triennial reviews will depend, in part, on the number of “for cause” examinations the Commission must undertake in a given time.
- The Commission is required to examine SIDCOs at least annually, pursuant to Title VIII. Moreover, in order for Subchapter C DCOs to qualify as Qualifying Central Counterparties for purposes of international bank capital requirements, it will be necessary to examine them frequently.
- The Commission’s FY 2015 budget request will support a continuation of efforts to help ensure that SEFs, SDRs, MSPs, FCMs, SDs, DCOs, SIDCOs and other entities comply with the applicable core principles set forth in the CEA and Commission regulations, including:
 - Direct compliance examinations of DCMs, SDRs, SEFs, and DCOs;
 - Direct limited scope examinations for FCMs, SDs, MSPs, and designated self-regulatory organizations (DSROs), and oversight/annual performance assessments of SRO financial surveillance programs;
 - Monitoring of CFM and SD financial condition through review of financial reports and notices submitted to the Commission.
 - Daily financial surveillance of market activities and associated reporting;
 - Continuous industry and stakeholder engagement, communications, and relationship building;
 - Development and promotion of best practices standards including data standards and data quality; and
 - Development of software and automated tools to be used during the examination process.

Justification of Request

The FY 2015 request for \$38,105,442 will continue to support the Commission’s activities related to examinations.

- The Commission projects that the number of SEFs will grow to as many as 20 -40 by the end of 2015. Examinations will require additional expertise to complete annual exams of these new entities in addition to DCMs and SDRs.
- The Commission projects the number of DCOs will grow from 13 at the end of FY 2013 to approximately 19 during FY 2015. In addition, the number of designated systematically important DCOs where the CFTC has been named the primary regulator may grow from two to four. In addition, the CFTC estimates that the combined population of new SDs and MSPs, which already exceeds 84 registrants at the end of 2013, will grow to approximately 126 entities by FY 2015, a fifty percent increase.
- The Commission’s examination expertise will need to be expanded to examine registrant’s compliance with emerging risks in information security, especially in the area of cyber-security as required by the Financial Stability Oversight Counsel (FSOC).

- Examinations of DCO's compliance with the core principles and implementing regulations will necessitate the need for new automated tools that will aid in the evaluation of compliance with these new regulations.
- Automating integration between registration and review, market and trade practice surveillance, financial and risk surveillance, examination, and enforcement activities will result in a reusable data sources, improve workflow, increase re-use of information, improve situational awareness and coordination, and increase the ability of staff to correlate data and events. Collaborating with DCOs and sharing of information about key algorithms will result in reduced CFTC systems development efforts. The Commission will develop a program to compare margin requirements for similar or the same products that are cleared at more than one DCO. Processes supporting oversight of registered participants will be automated through business process management software (BPMS) and integration of CFTC and NFA systems through secure services and automated data transfers in collaboration with NFA. Industry-provided tools in use by FCMs, CPOs, and swap participants to evaluate their own financial risk tools will be implemented and integrated with CFTC systems.

FY 2014 Planned Objectives

- Develop a program to expand System Safeguards Examinations (SSE) to include 19 SEFs and four SDRs, in addition to 17 DCMs to ensure compliance with the Dodd-Frank Act and Commission regulation.
- Review and evaluate DCM and SEF filings related to exchange self-regulatory programs and event-specific filings for compliance with the CEA and Commission regulations, in particular, Parts 37 and 38.
- Execute a risk-based, targeted examinations strategy that focuses on emerging practices or potential risks in DCM and SEF operations. Given limited resources for full-scope examinations, targeted examinations will be used to maintain sufficient oversight of DCM and SEF markets.
- Using a risk-based approach, select a minimum of seven DCMs and three SDRs to evaluate their compliance with the CEA and Commission regulations, including applicable core principles. Examinations will include analysis of core principles relating to trade practice and market surveillance, audit trail, disciplinary, and system safeguards.
- Support rule enforcement reviews, and legal activities with improvements to collaboration tools and increased integration between the online portal, automated business processes, analytic tools, and enterprise case management. The online portal for market participants will be connected with additional workflow-based and event-based internal CFTC business processes and will host additional document, form, and market data submissions. The online portal for reporting by market participants will also facilitate a dialogue with industry by allowing the CFTC to provide feedback through the portal to market participants, as well as receive comments directly into relevant systems.
- As required under the Dodd-Frank Act, consult with the Board of Governors of the Federal Reserve Bank (FRB) regarding the scope and methodology prior to each Examination of DCOs that have been designated as systematically important where the CFTC has been named the primary regulator. Coordinate document requests and meeting requests with all regulatory agencies that are participating in the examination.

FY 2015 President's Budget & Performance Plan

- Initiate examinations of DCOs that are determined to be systemically important to evaluate their compliance with heightened risk management standards, prudential standards concerning payment, clearing and settlement supervision, and the promotion of safety and soundness. Examinations must be performed annually as required by Title VIII. The Commission must consider the views of FRB prior to the issuance of an examination report.
- Using a risk-based approach, initiate examinations for four DCOs that are not designated as systematically important to evaluate their compliance with the CEA and Commission regulations, including applicable core principles. Write business requirements for tools that would aid staff in the examination process.
- Review and evaluate quarterly DCO filings, annual filings, and event-specific filings for compliance with the CEA and Commission regulations, in particular, Part 39.
- Coordinate with foreign regulators to determine efficiencies when planning DCO examinations of entities located outside of the U.S.
- Continue execution of a risk-based, risk-driven examinations strategy that seeks to target the highest priority threats to market participants and customers. Given the planned increase in Auditor resources, this strategy will be expanded/enhanced to more proactively identify at-risk firms, resolve/mitigate threats to customer funds, and better assess the financial integrity of FCMs, SDs and other intermediary registrants.
- Design and implement a specialized training program for the CFTC's intermediary examinations work force that will focus on enhancing and institutionalizing staff knowledge and analytical expertise in areas such as risks and controls over swap transactions, financial liquidity, and financial risk identification and mitigation.
- Continue the review program of the financial surveillance programs of the major SROs, the NFA and the CME group. The reviews will include an assessment of the SRO's oversight of member compliance with minimum financial and related reporting requirements, as well as certain non-financial requirements including disciplinary programs. The results of this review will be used to identify areas of weakness and develop solutions for improvement.
- Using a risk-based approach, review compliance with the new regulations that became effective on January 14, 2014. These regulations are designed to enhance protections for customers and strengthen the safeguards surrounding the holding of money, securities and other property deposited by customers with FCMs, SDs and DCOs. Specifically, these amendments will increase protection for customers and customer funds by:
 - Amending Part 30 of the regulations to require FCMs to hold sufficient funds in secured accounts to meet their total obligations to both U.S.-domiciled and foreign-domiciled customers trading on foreign contract markets, computed under the net liquidating equity method;
 - Prohibiting FCMs from holding any positions in a Part 30 secured account other than customers' foreign futures and option positions and associated margin collateral;
 - Requiring FCMs to hold sufficient proprietary funds in segregated accounts and Part 30 secured accounts to reasonably ensure that the firms are properly segregated and secured to cover margin deficiencies in customers' trading accounts;

- Requiring FCMs to implement and maintain written policies and procedures governing the maintenance of excess funds in customer segregated and Part 30 secured accounts, and requiring FCMs to obtain the pre-approval of management prior to the withdrawal of 25 percent or more of the excess funds held in segregated or secured accounts if the withdrawals were not for the benefit of the FCMs' customers;
- Requiring FCMs to provide the Commission and their respective DSROs with daily reporting of the segregation and Part 30 secured amount computations, and semi-monthly reporting of the location of customer funds and how such funds are invested under Commission Regulation 1.25;
- Requiring FCMs and DCOs to provide the Commission and DSROs, as applicable, with read-only direct electronic access to bank and custodial accounts holding customer funds;
- Requiring FCMs to adopt and implement policies and procedures on supervision and risk management of customer funds;
- Requiring FCMs to provide potential customers with additional disclosures addressing firm specific risks; and
- Enhancing the standards for the SROs' examinations of member FCMs.

FY 2015 President's Budget Planned Outcomes

- Execute program to examine eight DCMs, ten SEFs, and four SDRs for compliance with relevant core principles and Parts 37, 38, and 49.
- Execute periodic examinations to analyze DCMs', SEFs' and SDRs' ongoing compliance with core principles and Commission regulations. Specifically, these examinations will analyze the audit trail, trade practice surveillance, market surveillance, disciplinary, and compliance programs.
- Conduct periodic System Safeguards Examinations of DCMs, SEFs, and SDRs with core principles and Commission regulations related to systems safeguards. Specifically, this addresses automated systems and business continuity and disaster recovery programs required by exchanges to maintain appropriate plans, oversight, and testing to ensure that their automated systems and related operations are secure and resilient, and have adequate functionality and capacity.
- As required under the Dodd-Frank Act, consult with the Board of Governors of the Federal Reserve Bank (FRB) regarding the scope and methodology prior to each Examination of DCOs that have been designated as systematically important where the CFTC has been named the primary regulator. Coordinate document requests and meeting requests with all regulatory agencies that are participating in the examination.
- Continue annual examinations of two to four DCOs that are determined to be systemically important to evaluate their compliance with heightened risk management standards, prudential standards concerning payment, clearing and settlement supervision, and the promotion of safety and soundness. Examinations must be performed annually as required by Title VIII. The Commission must consider the views of FRB prior to the issuance of an examination report.
- Finalize examinations of four DCOs begun in 2014.

FY 2015 President's Budget & Performance Plan

- Using a risk-based approach, initiate examinations for six DCOs that are not designated as systematically important to evaluate their compliance with the CEA and Commission regulations, including applicable core principles.
- Review and evaluate quarterly DCO filings, annual filings, and event-specific filings for compliance with the CEA and Commission regulations, in particular, Part 39.
- Coordinate with foreign regulators to determine efficiencies when planning DCO examinations of entities located outside of the U.S.
- Continue development/refinement of examinations core processes and respond as necessary to market developments, trends and regulatory changes.
- Continue performance of direct, limited reviews of Commission registrants, including FCMs, SDs, and MSPs to assess their compliance with applicable regulations governing financial requirements and business conduct standards.
- Conduct reviews of SRO oversight programs, including NFA's program for the oversight of SDs and MSPs.
- Maintain close working relationships with other Commission components and key stakeholders such as the NFA, CME, SEC, FINRA and industry representatives to support harmonization of regulatory reporting, coordinate examinations scheduling, *etc.*
- Continue to collaborate with the SEC, FINRA, NFA, CME and other relevant stakeholders to harmonize registrant reporting requirements to avoid or mitigate potential duplication or unnecessary delays in the regulatory and compliance process.
- Continue efforts to incorporate information technology tools and solutions to enhance examinations capabilities and efficiencies.

Forward-Looking: FY 2016 Planned Outcomes

- Conduct periodic examinations of each DCM's, SEF's and SDR's ongoing compliance with the core principles and Commission regulations through the self-regulatory programs operated by the exchange. Specifically examines the audit trail, trade practice surveillance, market surveillance, disciplinary, and dispute resolution programs, among other self-regulatory programs.
- Conduct periodic examinations of each DCM's SEF's and SDR's ongoing compliance with the core principles and Commission regulations. Specifically examines the automated systems and business continuity and disaster recovery programs required by exchanges to maintain appropriate plans, oversight, and testing to ensure that their automated systems and related operations are secure and resilient, and have adequate functionality and capacity.
- As required under the Dodd-Frank Act, consult with the Board of Governors of the Federal Reserve Bank (FRB) regarding the scope and methodology prior to each Examination of DCOs that have been designated as systematically important where the CFTC has been named the primary regulator. Coordinate document requests and meeting requests with all regulatory agencies that are participating in the examination.
- Initiate examinations of DCO that are determined to be systemically important to evaluate their compliance with heightened risk management standards, prudential standards concerning payment, clearing and settlement supervision, and the promotion of safety and soundness.

Examinations must be performed annually as required by Title VIII. The Commission must consider the views of FRB prior to the issuance of an examination report.

- Finalize examinations of DCOs begun in 2015, and initiate examinations of DCOs that are not designated as systematically important to evaluate their compliance with the CEA and Commission regulations, including applicable core principles.
- Review and evaluate quarterly DCO filings, annual filings, and event-specific filings for compliance with the CEA and Commission regulations, in particular, Part 39.
- Coordinate with foreign regulators to determine efficiencies when planning DCO examinations of entities located outside of the U.S.
- Continue development/refinement of examinations core processes and respond as necessary to market developments, trends and regulatory changes.
- Continue performance of direct reviews of Commission registrants, including FCMs, SDs, and MSPs to assess their compliance with applicable regulations governing financial requirements and business conduct standards.
- Conduct reviews of SRO oversight programs, including NFA's program for the oversight of SDs and MSPs.
- Maintain close working relationships with other Commission components and key stakeholders such as the NFA, CME, SEC, FINRA and industry representatives to support harmonization of regulatory reporting, coordinate examinations scheduling, *etc.*
- Continue to collaborate with the SEC, FINRA NFA, CME and other relevant stakeholders to harmonize registrant reporting requirements to avoid or mitigate potential duplication or unnecessary delays in the regulatory and compliance process.
- Continue efforts to incorporate information technology tools and solutions to enhance examinations capabilities and efficiencies.

FY 2015 President's Budget & Performance Plan

Breakout of Examinations Request by Program

	FTE	Salaries and Expenses (\$000)	IT (\$000)	Total (\$000)
Clearing and Risk	46	\$11,483	\$0	\$11,483
Data and Technology	0	0	30	30
Market Oversight	27	6,322	0	6,322
Swap Dealer and Intermediary Oversight	85	20,270	0	20,270
Total	158	\$38,075	\$30	\$38,105

Table 10: Breakout of Examinations by Division

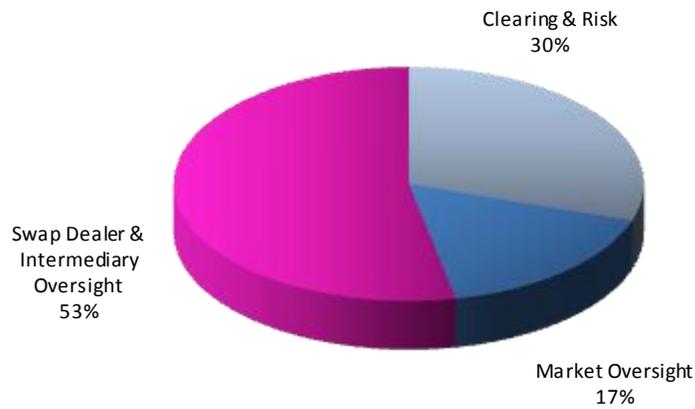


Figure 8: Examinations Request by Division

Enforcement

Resource Overview

	FY 2014 Estimate	FY 2015 Request	Change
BUDGET	\$46,328,895	\$62,317,493	+\$15,988,598
FTE	149	200	+51

Mission Activity Description

The Commission protects market participants and other members of the public from fraud, manipulation and other abusive practices in the commodities, futures and swaps markets. Its cases range from quick strike actions against Ponzi enterprises that victimize investors across the country, to sophisticated manipulative and disruptive trading schemes in markets the Commission regulates including financial instruments, oil, gas, precious metals and agricultural goods. The importance of the Commission's enforcement responsibilities are specifically addressed in Strategic Plan Goal Three, which emphasizes cooperative enforcement to increase the Commission's effectiveness in identifying and deterring illegal conduct.

The Commission has the authority to: 1) shut down fraudulent operations and immediately preserve customer assets through asset freeze and receivership orders, 2) terminate manipulative and disruptive schemes, 3) ban defendants from trading and being registered in its markets, and 4) seek restitution, disgorgement and monetary penalties up to the greater of three times the amount of a defendant's gain or a fixed statutory amount.

The Commission continuously opens investigations in response to the numerous leads it receives. The scope and level of effort associated with investigations varies widely. Manipulation investigations are generally more time consuming than fraud and other types of investigations.

Enforcement of the Dodd-Frank Act and associated regulations will increase the Commission's enforcement burdens for a number of reasons. For example, the Dodd-Frank Act extends the Commission's jurisdiction to the swaps markets, and clarifies its jurisdiction with respect to certain retail off-exchange transactions, including transactions in precious metals. This expansion is expected to translate into more investigations, and more enforcement actions.

As a result of the Dodd-Frank Act, there will be new types and an increase in the number of CFTC registrants including exchanges, SEFs, SDRs, clearing organizations, intermediaries and dealers that require the Commission to issue concomitant regulations. The Commission's enforcement workload will now include investigations concerning any violations by these new registrants of these new rules.

In addition, the Dodd-Frank Act established anti-fraud and anti-manipulation authority over swaps and new broader anti-manipulation authority in the futures markets. While preventing manipulation is critical to the Commission's mission to help protect taxpayers and the markets, as noted above, manipulation investigations and litigations are time consuming. The Dodd-Frank Act also includes a prohibition on disruptive trading. The Commission anticipates that disruptive trading investigations and litigation will also be time intensive, particularly when high-frequency and algorithmic trading is involved, due to an inherent complexity comparable to that of market-wide manipulation investigations.

The Commission will continue to aggressively pursue domestic and international cooperative enforcement efforts. The Commission routinely works with domestic and international financial regulatory and criminal counterparts on multi-jurisdictional and multi-national investigations. There has been a significant increase in both the number of outgoing and incoming international requests each year since FY 2008. This change is directly related to the increase in enforcement cases in general, but is likely to be accelerated given the global nature of the swaps marketplace.

FY 2015 President's Budget & Performance Plan

Enhancing eLaw program technology (*e.g.*, case assessment and management, document review, eDiscovery, forensics, searching, audio analytics, data analytics) will address rising case volumes, complex enforcement actions, and extensive use of technology by opposing counsel. Providing enforcement and cooperative enforcement staff with sufficient technical support resources increases their opportunity to focus on investigation and litigation strategically and tactically and also ensures that investments in technology provide full, realized benefits. Expanding the use of interagency collaboration platforms will support enforcement, cooperative domestic and international enforcement, and international coordination.

Justification of Request

The FY 2015 request for \$62,317,493 will continue to support the Commission's activities related to enforcement.

The Commission believes that a robust enforcement program, including the proverbial "cops on the beat," is critical in protecting the public. Technology investments are also important. eLaw technology components will be enhanced. Data storage capacity will be increased to support ever increasing volumes of digital evidence and analytic support databases. Computer forensics will be enhanced to examine new types of digital evidence. Technical support services for staff will be increased to ensure that technical and logistical activities minimally constrain the critical time lines of enforcement actions. The Commission will ensure that staff has required digital credentials and supporting policy and processes to participate on platforms provided by other agencies. In cases where the purpose of the platform is specific to the CFTC mission, the Commission will establish platforms that are secure and supported by transparent management and system controls.

FY 2014 Planned Objectives

- Continued growth in enforcement cases filed under the new jurisdiction and enforcement powers provided under Dodd Frank including fraud based manipulation, manipulation authority over OTC trading, and enforcement of new false reporting prohibitions.
- Deliberate and specialized growth of swaps enforcement activities and expertise.
- New case filings in FY 2012 and FY 2013 will carry a "delayed" resource burden in FY 2014 as those matters are litigated through the Federal courts.
- Domestic and international cooperative enforcement efforts will continue to be a force. The Commission has seen a significant increase in both the number of outgoing and incoming international requests over the last several years. This increase is directly related to the increase in enforcement cases in general, thus an escalation in international activity is expected to continue through FY 2014 and beyond.
- Increased automation of investigation, discovery, forensics, evidentiary analysis, and case management. Implementation of new tools for forensics, eDiscovery, tips and referrals, and early case assessment together with enhancement of existing tools for deposition management, case management, searching, and analytics will support both a higher volume of investigations and more effective measurement of program results.

FY 2015 President's Budget Planned Outcomes

- Continued growth in enforcement cases filed under the new jurisdiction and enforcement powers provided under Dodd Frank including fraud based manipulation, manipulation authority over OTC trading, and enforcement of new false reporting prohibitions.
- Deliberate and specialized growth of swaps enforcement activities and expertise.
- Domestic and international cooperative enforcement efforts will continue to be a force. The Commission has seen a significant increase in both the number of outgoing and incoming international requests over the last several years. This increase is directly related to the increase in enforcement cases in general, thus an escalation in international activity is expected to continue through FY 2015 and beyond.

- Increased automation of investigation, discovery, forensics, evidentiary analysis, and case management. Implementation of new tools for forensics, eDiscovery, tips and referrals, and early case assessment together with enhancement of existing tools for deposition management, case management, searching, and analytics will support both a higher volume of investigations and more effective measurement of program results.

Breakout of Enforcement Request by Program

	FTE	Salaries and Expenses (\$000)	IT (\$000)	Total (\$000)
Data and Technology	6	1,244	5,626	6,870
Enforcement	194	55,446	0	55,447
Total	200	\$56,690	\$5,627	\$62,317

Table 11: Breakout of Enforcement by Division

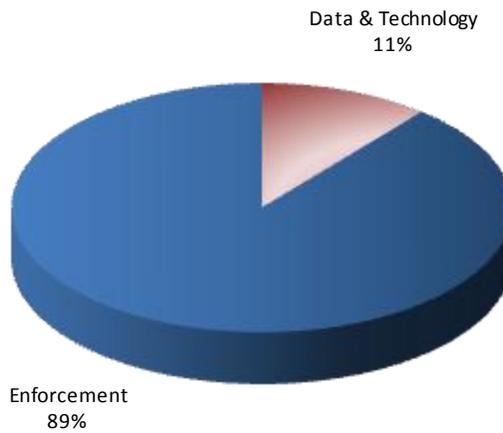


Figure 9: Enforcement Request by Division

Economic and Legal Analysis

Resource Overview

	FY 2014 Estimate	FY 2015 Request	Change
BUDGET	\$20,215,746	\$24,103,826	\$3,888,080
FTE	74	92	+18

Mission Activity Description

Commission-wide Economic Analysis

The Commission supports a focused research group that analyzes innovations in trading technology, developments in trading instruments, and market structure, and interactions of various market participants in the futures, options, and swaps markets. This team of specialized economists also collaborates with staff across the Commission's divisions and offices.

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

Economic analysis is pervasive in supporting the regulatory activities in:

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

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

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

Commission-wide Legal Counsel

The Commission's legal activities include: 1) regulatory issues; 2) engaging in defensive, appellate, and amicus curiae litigation; 3) providing general legal advice and support; 4) assisting the Commission in the performance of its adjudicatory functions; and 5) providing advice on legislative and other intergovernmental affairs issues.

- *Regulatory Issues.* The Commission's legal analysis teams provide interpretations of Commission statutory and regulatory authority and, where appropriate, provide exemptive, interpretive, and no-action letters to regulatees and potential regulatees of the Commission. This activity also includes drafting Commission regulations as well as providing legal counsel in support of all substantial Commission actions, including registrations, Commission rules and regulations, product reviews and market and clearing issues. Regulatory analyses ensure compliance with the CEA, cost-benefit considerations, Commission regulations, and with laws of government-wide applicability, such as the Administrative Procedure Act, the Regulatory Flexibility Act, and the Paperwork Reduction Act. In FY 2013, the Commission has experienced a significant increase in the number and complexity of requests for written interpretations and no-action letters, and this trend is expected to increase in FY 2014 and FY 2015.
- *Litigation Program.* Through the litigation program, legal teams represent the Commission in appellate litigation, including participation as amicus curiae; certain trial-level cases, including bankruptcy cases involving derivatives industry professionals; and certain kinds of administrative litigation. Following the implementation of Dodd-Frank Act regulations, the Commission encountered and continues to anticipate a significant amount of litigation in FY 2014 and FY 2015. The Commission also maintains the capability to manage personnel, labor, contract, and employment law matters, including cases arising under Title VII of the Civil Rights Act of 1964 and other antidiscrimination statutes, and Merit Systems Protection Board cases arising under the Civil Service Reform Act of 1978.
- *General Law.* The Commission manages its Information Governance Program in compliance with applicable laws as part of its General Law responsibilities. This program includes three major activities: Freedom of Information Act (FOIA) compliance, the Privacy Act, and Electronic Discovery (e-Discovery). The Commission maintains a robust capability with respect to all matters related to information requests and implements the processes, policies, and information systems to ensure that the Commission appropriately manages electronically stored information as set forth in the Federal Rules of Civil Procedure and relevant judicial decisions. As the enforcement caseload increases, the program's role in advising and responding to information requests will increase.

The Commission's General Law activities ensure compliance with the Government in the Sunshine and Federal Advisory Committee Acts. The program also advises the Commission on all policies affecting personnel, agency practices and procedures, as well as providing advice and guidance in procurement matters. In addition, the program manages all matters related to the Commission's ethics standards and compliance with its Code of Conduct, as well as with government-wide ethics regulations promulgated by the Office of Government Ethics.

- *Adjudicatory Opinions.* Through its opinions activities, the Commission responds to appeals regarding decisions of industry SROs, an Administrative Law Judge or a Judgment Officer in administrative reparations or enforcement actions.
- *Legislation and Intergovernmental Affairs.* Through its intergovernmental affairs activities, the Commission monitors, reviews, and comments on proposed legislation affecting the Commission or the derivatives industry, and prepares technical assistance regarding draft legislation as requested by members of Congress or their staff. Additionally, the program staff liaisons with other Federal regulators to analyze and resolve jurisdictional issues, as well

as address specific matters implicating the jurisdiction of multiple agencies. The Commission anticipates a sustained level of effort in FY 2015 in legal work relating to the FSOC.

Justification of Request

The FY 2015 request for \$24,103,826 will continue to support the Commission's activities related to economic analysis and legal counsel.

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

Rigorous, thoughtful economic analysis results from extensive preparation and careful execution. In order to provide the most relevant analysis, Commission economists present research findings at academic and industry conferences; the analysis thus benefits from comments and insights of leading researchers not affiliated with the Commission. Such long-term research projects often result in high-quality research published in peer-reviewed journals. These publications provide transparency into the functioning of financial markets and also place the research findings into the context of the broad academic and practitioner literature, validating its scientific merit.

Economics analysis also plays a key role in transparency initiatives of the Commission, such as the Swaps Report as these reports are grounded in a solid knowledge of market institutions and practices and are continually improved to ensure effective communication of market information.

Implementing a research-focused data environment will support CFTC and inter-agency research into evolving market conditions as well as continuing to provide appropriate market information to the public to increase market transparency.

The Office of General Counsel (OGC) will continue to ensure that the Commission speaks with one voice when interpreting and applying the CEA. OGC plays a key role in reviewing proposed and final rulemakings, enforcement and regulatory actions to ensure compliance with the CEA, Commission rules and relevant precedent. In doing so, OGC works closely with the Commission's other divisions.

Additionally, OGC assists the Commission in interpreting and applying the requirements of a variety of government-wide statutes, such as the Federal Advisory Committee Act, the Federal Information Security Management Act, and the Freedom of Information Act. OGC also drafts and reviews domestic and international memoranda of understanding and other agreements as appropriate to further the work of the Commission and assure that Commission data is protected and agreements are consistent with the CEA. OGC partners with Commission leadership to assure the legal sufficiency of the Commission's performance under personnel laws, procurement laws and regulations, record maintenance and disposition requirements, and other applicable laws.

OGC also represents the Commission before the U.S. courts of appeals and U.S. district courts in challenges to the Commission's regulations, appeals in enforcement actions and other matters including bankruptcy, personnel litigation, and FOIA.

FY 2014 Planned Objectives

- Continue to adopt Dodd-Frank-mandate rulemakings, including rulemakings establishing position limit rules, position aggregation standards and exemptive provisions for foreign-based swaps-trading platform otherwise subject to registration as swap execution facilities.
- Support the continued implementation of Dodd-Frank rules, including full registration of swap execution facilities and swap data repositories, new rule and product analysis, evaluation of swaps for made available to trade determinations, and positions limits. Such supporting activities will consist of the issuance of internal and public interpretations and guidance with respect to new Dodd-Frank rules, as well the provision of no-action and exemptive relief.

FY 2015 President's Budget & Performance Plan

- Participate in data collection, analysis and reporting of swaps, futures, and options transaction and position data.
- Execute quantitative and economic analysis of trades and positions of derivatives market participants.
- Host the 3rd annual CFTC Research Conference on key issues in derivatives markets and develop publicly available working papers and publications in peer-reviewed journals on Commission-oriented topics.
- Provide technical assistance to Congress and the Commission during the CEA reauthorization process.
- Continue to enhance the Commission's ethics program by implementing further ethics training and enhancing responsiveness to ethics inquiries.
- Provide specialized quantitative and economic analyses for enforcement investigations as necessary.
- Defend litigation arising out of rulemaking challenges and appeals in enforcement actions.
- Support other Divisions by analyzing legal issues associated with activities such as registrations, international coordination, product inquiries and rule reviews, exchange trading, exercising new enforcement authorities, and clearing mandates.
- Provide economic analysis in support of agency efforts to ensure that financial benchmarks are reliable and not readily susceptible to manipulation.
- Support the agency by analyzing legal issues associated with internal policies and procedures and provide legal counsel on appropriations, Federal Advisory Committee Act, Freedom of Information Act, personnel, procurement, information governance, and other agency administrative issues and matters.
- Work in coordination with foreign regulatory authorities on Regulatory Oversight Committee (ROC) of the Global Legal Entity Identifier System (GLEIS) in efforts to coordinate and oversee the establishment of a global system of legal entity identification. Work with the Financial Supervisory Oversight Council's Designations Committee to monitor both designated financial market infrastructures (for continued systemic importance) and non-designated financial market utilities (FMUs) (to consider them for designation).
- Work in coordination with foreign regulatory authorities to evaluate compliance with the Committee on Payment and Settlement Systems and the International Organization of Securities Commissions (CPSS-IOSCO) Principles for Financial Market Infrastructures.
- Continue to develop rules required under Dodd-Frank Act to impose capital requirements for SDs and MSPs, and to impose margin requirements for swaps that are not submitted to a DCO for clearing.

FY 2015 President's Budget Planned Outcomes

- Acquire and analyze the comprehensive data necessary for market transparency, including the prioritization of resources necessary to develop infrastructure and processes for the systematic reconstruction and analysis of complete order book data from DCMs and SEFs.
- Integrate large quantities of SDR swaps market data with data from DCMs and SEFs and large swaps and futures position data held by the Commission to provide a more comprehensive view of derivatives markets.
- Provide thought leadership in economic research and analysis of the derivatives markets. Specific objectives under this priority include:
 - Continually enhance the rigor of economic and quantitative analysis utilized in designing and implementing the Commission's rulemaking;

- Conduct and sponsor research to monitor and evaluate the functioning of derivatives markets, including the identification of abusive practices and emerging risks; and
- Provide the technical expertise to evaluate and report on risk models, stress tests, and other stability-related evaluations necessary for oversight.
- Host the 4th annual CFTC Research Conference on key issues in derivatives markets and develop publicly available working papers and publications in peer-reviewed journals on Commission-oriented topics.
- Defend litigation arising out of continued rulemaking challenges and appeals in enforcement actions.
- Support other Divisions by analyzing legal issues associated with activities such as registrations, international coordination, product inquiries and rule reviews, exchange trading, exercising new enforcement authorities, and clearing and trading mandates.
- Support the agency by analyzing legal issues associated with internal policies and procedures and provide legal counsel on appropriations, Federal Advisory Committee Act, Freedom of Information Act, personnel, procurement, information governance, and other agency administrative issues and matters.
- Work with the Financial Supervisory Oversight Council's Designations Committee to monitor both designated financial market infrastructures (for continued systemic importance) and non-designated FMUs (to consider them for designation).
- Work in coordination with foreign regulatory authorities to evaluate compliance with the CPSS-IOSCO Principles for Financial Market Infrastructures. As required under the Dodd-Frank Act, consult with Board of Governors of the Federal Reserve Bank (FRB) regarding the scope and methodology prior to each examination of systematically important DCOs where the CFTC is the primary regulator. Coordinate document requests and meeting requests with all regulatory agencies that are participating in the examination. Work with FRB on emerging issues as they arise.
- Develop and initiate implementation of a program to assess SD and MSP compliance with capital requirements. Develop and initiate implementation of a program to assess SD and MSP compliance with margin requirement for swap transactions that are not submitted to a DCO for clearing. Coordinate the development of such capital and margin compliance programs with NFA staff.

Forward-Looking: FY 2016 Planned Outcomes

- Defend litigation arising out of any continued rulemaking challenges and appeals in enforcement actions.
- Support other Divisions by analyzing legal issues associated with activities such as registrations, international coordination, product inquiries and rule reviews, exchange trading, exercising new enforcement authorities, and clearing mandates.
- Support the agency by analyzing legal issues associated with internal policies and procedures and provide legal counsel on appropriations, Federal Advisory Committee Act, Freedom of Information Act, personnel, procurement, information governance, and other agency administrative issues and matters.
- Execute quantitative and economic analysis of trades and positions of derivatives market participants. Develop publicly available working papers and publications in peer-reviewed journals on Commission-oriented topics.
- Conduct a program of assessing SD and MSP compliance with capital requirements and margin requirement for swap transactions that are not submitted to a DCO for clearing. Coordinate the assessment programs with NFA staff.

Breakout of Economic and Legal Analysis Request by Program

	FTE	Salaries and Expenses (\$000)	IT (\$000)	Total (\$000)
Chief Economist	17	\$4,021	\$0	\$4,021
Clearing and Risk	2	499	0	499
Data and Technology	0	0	808	808
Enforcement	7	2,001	0	2,001
General Counsel	49	12,751	0	12,751
Market Oversight	7	1,639	0	1,639
Swap Dealer and Intermediary Oversight	10	2,385	0	2,385
Total	92	\$23,296	\$808	\$24,104

Table 12: Breakout of Economic and Legal Analysis by Division

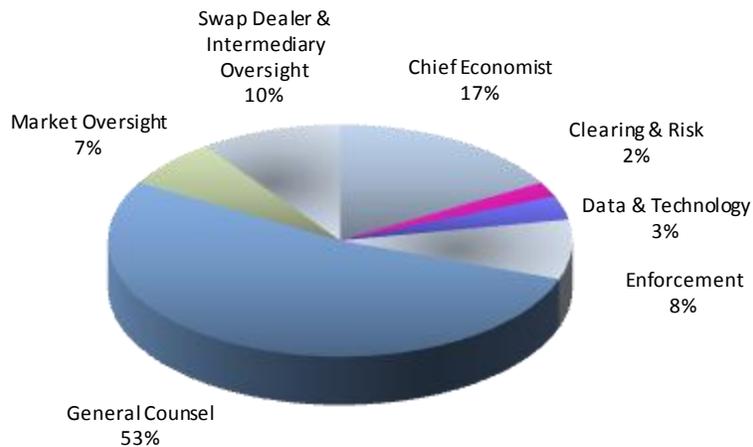


Figure 10: Economic and Legal Analysis Request by Division

International Policy

Resource Overview

	FY 2014 Estimate	FY 2015 Request	Change
BUDGET	\$4,261,121	\$4,219,624	-\$41,497
FTE	15	15	0

Mission Activity Description

The global nature of the futures and swaps markets makes it imperative that the United States consult and coordinate with international authorities. The Commission is actively communicating internationally to promote robust and consistent standards, to avoid conflicting requirements, and to engage in cooperative supervision, wherever possible. For example, the Commission has engaged in bilateral discussions and shared many of our pre-decisional memoranda, term sheets, and draft proposals with international regulators, such as the European Commission, the European Central Bank, the Bank of England, the European Securities and Markets Authority, and the Financial Services Authority of Japan. The Commission participates in numerous international working groups regarding derivatives, including the International Organization of Securities Commissions (IOSCO) Task Force on OTC Derivatives, and the Basel Committee on Banking Supervision, Committee on Payment and Settlement Systems, IOSCO Joint Working Group on Capital Treatment for Bank Exposures to Central Counterparties, both of which the CFTC co-chairs. Over the past two years, the CFTC, SEC, European Commission, European Securities Market Authority, and market regulators from around the globe have been meeting to discuss and resolve issues related to financial reform through a technical working group. The Commission also is consulting with many other jurisdictions such as Hong Kong, Singapore, Japan, and Canada. Discussions have focused on the details of the Dodd-Frank Act and implementing rules, including mandatory clearing, mandatory trade execution, reporting swap transaction to trade repositories, and regulation of SDs and derivatives market intermediaries. The Commission's international outreach efforts directly support global consistency in the oversight of the derivatives markets.

In addition, the Commission anticipates a need for on-going international policy coordination related to semi-independent market infrastructure for swaps markets. The Commission also anticipates a need for ongoing international work and coordination in the development of data and reporting standards under Dodd-Frank rules. Data standards and common identifiers provide easier, less expensive data sharing and transfer by providing regulators and diverse industry participants with consistent terms, format, and quality measures. Legal Entity Identifiers (LEIs) are part of a unique identification system for parties to financial transactions being adopted by financial markets globally and will allow regulators to cost-effectively determine the controlling and benefitting party to every derivatives transaction. Unique product identifiers (UPIs) for standardized derivatives will allow regulators to cost-effectively determine the characteristics of most derivatives transactions. This important, evolving aspect of CFTC's mission is specifically addressed in Goal Four of the Strategic Plan. Finally, the Commission is also participating in cooperative supervision arrangements for cross-border central counterparties.

Justification of Request

The FY 2015 request for \$4,219,624 will continue to support the Commission's activities related to the Commission's international policy coordination.

FY 2014 Planned Objectives

- Perform outreach to harmonize international OTC policies. The Commission will work with leaders of authorities with responsibility for the regulation of the OTC derivatives markets in major market jurisdictions to support the adoption and enforcement of robust and consistent standards in and across jurisdictions and to develop concrete and practical solutions to conflicting application of rules, identify inconsistent or duplicative requirements and attempt to reduce the regulatory burdens associated with such requirements and identify gaps and recue the potential for regulatory arbitrage.
- Work with staff at the European Commission, in order to encourage harmonization of European Union law to the level of the Commission's Dodd-Frank rulemakings, to resolve policy differences, and avoid gaps that could lead to regulatory arbitrage. The Commission will continue to coordinate meetings between the Chairman and European Commission and European Union authorities. The Office of International Affairs (OIA) will engage with other foreign regulators (*e.g.*, Canada, Japan, and Singapore) for similar purposes.
- Coordinate supervision of global entities with foreign authorities. Work with foreign authorities, including the European Commission, European Securities Market Authority, and other foreign regulators to coordinate policies and to develop memorandum of understanding and other cooperative arrangements that will be needed to implement final Commission Dodd-Frank rules (*e.g.*, with regard to SDRs).
- Develop internal policy on the international application of the Dodd-Frank Act. Work with an internal team to determine when and how to apply the Dodd-Frank Act to "activities that have a direct and significant effect" on U.S. Commerce pursuant to Section 722(d) of the Dodd-Frank Act.
- IOSCO representation. Continue to participate in IOSCO's Board, and co-chair the permanent committee on commodity futures markets and Board Task Force on benchmarks. OIA will continue to participate in IOSCO Committee 2 on secondary markets, IOSCO Committee 3 on intermediaries, the assessment committee and OTC derivatives task force. All of these activities relate collectively to the development of standards of best practices and guidance in securities and derivatives regulation.
- Respond to global concerns in energy and agricultural futures markets. Participate in U.S. Treasury and NSC coordinating groups, various G20 energy and commodity experts groups and co-chair the IOSCO committee on commodity futures markets, to address matters of concern in energy and agricultural commodity futures markets and develop supervisory standards for commodity futures markets.
- Support U.S. Treasury and other initiatives. Coordinate CFTC participation in U.S. Treasury financial dialogues, financial stability Board projects and other multilateral initiatives, such as the North American Free Trade Agreement and International Monetary Fund.
- Provide technical assistance. OIA will continue to plan and coordinate: The Commission's annual trading seminar for foreign market authorities; the Commission's annual hosting of an international conference for foreign regulators in Boca Raton, Florida; visits to the Commission requested by foreign regulators to the Commission; and on-site technical assistance to foreign market authorities, on a staff-available basis.
- Work with the Financial Stability Oversight Council's Designations Committee to monitor both designated financial market infrastructures (for continued systemic importance) and non-designated FMUs (to consider them for designation). Work in coordination with foreign regulatory authorities to evaluate compliance with the CPSS-IOSCO Principles for Financial Market Infrastructures.

FY 2015 President's Budget Planned Outcomes

- Plan and host the 2014 C5 meeting on behalf of the Commission.
- Work with the Financial Stability Oversight Council's Designations Committee to monitor both designated financial market infrastructures (for continued systemic importance) and non-designated FMUs (to consider them for designation).
- Work in coordination with foreign regulatory authorities to evaluate compliance with the CPSS-IOSCO Principles for Financial Market Infrastructures. As required under the Dodd-Frank Act, consult with Board of Governors of the Federal Reserve Bank (FRB) regarding the scope and methodology prior to each examination of systematically important DCOs where the CFTC is the primary regulator. Coordinate document requests and meeting requests with all regulatory agencies that are participating in the examination. Work with FRB on emerging issues as they arise.
- Effect global establishment of entity, product and transaction data standards.

Forward-Looking: FY 2016 Planned Outcomes

- Work in coordination with foreign regulatory authorities to evaluate compliance with the CPSS-IOSCO Principles for Financial Market Infrastructures.

Breakout of International Policy Request by Program

	FTE	Salaries and Expenses (\$000)	IT (\$000)	Total (\$000)
Clearing and Risk	1	\$250	\$0	\$250
Enforcement	2	572	0	572
International Affairs	11	3,160	0	3,160
Swap Dealer and Intermediary Oversight	1	238	0	238
Total	15	\$4,220	\$0	\$4,220

Table 13: Breakout of International Policy by Division

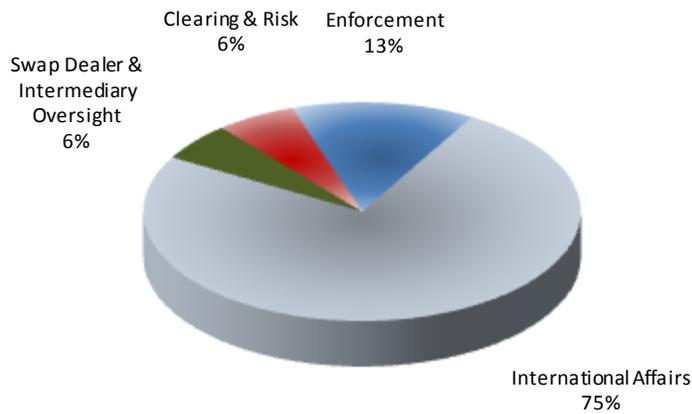


Figure 11: International Policy Request by Division

Data and Technology Support

Resource Overview

	FY 2014 Estimate	FY 2015 Request	Change
BUDGET	\$38,946,436	\$45,151,778	+\$6,205,342
FTE	39	50	+11

Mission Activity Description

The Commission is adopting a service-oriented approach to building technology systems. The objective is to design and build technology components once, but leverage those components throughout the Commission. Similarly, efforts are focused on building a “straight-thru processing” capability as a core requirement of its implementation efforts – collecting information directly from the industry source and automating the ingestion into CFTC internal systems. This approach will reduce the amount of manual data entry required of Commission staff, improve data quality, and increase information availability. For large volumes of data, data will be received and processed based on industry data standards and automatically loaded into CFTC systems. For low volume and forms-based data, CFTC will use the CFTC regulatory portal to enable data collection and “straight-thru processing” into CFTC systems.

The Commission continues to increase the integration of data and technology into the Commission operating model. Staff is provided highly available and scalable communication, processing, and storage infrastructure capabilities and services. Access to systems and a very large and diverse set data will be secure and trusted. In order to make practical technology investments, the Commission’s approach is to apply the following priorities:

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

Transparency is a key component of Commission surveillance, enforcement, and policy-making strategy. The Commission uses transparency reporting to involve the public and industry in the market oversight process, significantly increasing the effect of Commission activity. The CFTC.gov website provides that transparency. Hundreds of information content changes are updated to the

CFTC.gov website each day. The Commission is committed to providing excellent external communications through its public website and other social network outreach initiatives. The CFTC.gov website communicates the Commission's mission, actions, and activities to all stakeholders, including the Dodd-Frank Act activities, pending industry filings, solicitations of comments on those filings and proposed rules, links to all open comment periods, and highlights on the home page that contains deadlines for comment periods for Federal Register releases. The CFTC.gov website also includes webcasts of all open meetings and archives of previous webcasts, as well as contact information for futures market customer protection; Equal Employment Opportunity; Freedom of Information Act compliance; employment and information quality; fraud, waste, and abuse; procurement opportunities; NFA registration; small businesses; and website accessibility and technical issues. The CFTC.gov website also disseminates market reports to provide information to industry participants and the public about the futures, options, and swaps markets. The Commission promotes communication and transparency through its social media presence on Facebook, Flickr, Twitter, and YouTube. Implementing the 'Building a 21st Century Digital Government' directive issued by President Obama on May 23, 2012 by enhancing the usability and mobility of reports published on CFTC.gov will support increased transparency of the futures and swaps markets.

Data management is integral to initiatives and integrating swaps oversight into existing systems, services, and platforms. The Office of Data and Technology (ODT) will implement CFTC enterprise technology solutions that enable the sharing and reuse of data for cross-divisional purposes. Policy, procedures, and resources will continue to be used to govern, manage, and access data using a Commission-wide information architecture and framework.

The Commission will continue to improve information technology and management capabilities in the areas of data management to support analytics, statistical processing, and market research. CFTC will provide quality data to empower its staff to perform the complex data analyses needed to regulate the futures market.

To effectively accomplish its mission, the CFTC must adapt to frequent and innovative changes in the derivatives markets, increasing use of technology and growing market complexity. The Commission will extend its data ingestion and analysis framework to manage market data as it evolves with the industry and to make greater use of pre-trade and non-regulatory data. The framework will continue to be leveraged and built upon to provide services that multiply the effectiveness of staff, accomplishing integration between futures and swaps data and increased integration of CFTC systems and processes for monitoring registered entities, market and financial risk, market integrity, trade practice; and conducting enforcement and economic analysis. The CFTC will continue to reinforce common data standards and services among the SDRs to ensure data interchange and interoperability. The CFTC will also establish and maintain a unified set of master data and reference data using legal entity identifiers as a linchpin. The Commission will also increase the use of industry and government system-based data services in order to reduce as much as practical the latency between market events and staff ability to analyze correlated data from diverse sources.

Fully deploying an electronic records and document management system will improve information management and security, support process automation, improve internal controls, and improve staff productivity.

Maintaining a blended workforce that optimizes the use of contract services through effective management is as the size and complexity of the Commission's investment in IT increases. Maintaining a cadre of FTE with industry, technical, and contract oversight expertise will ensure that IT investments are managed effectively and provides reliable business continuity support, ultimately lowering IT ownership costs and reducing the risk inherent in large IT projects.

Justification of Request

The FY 2015 request for \$45,151,778 will continue to support the Commission's activities related to the Commission's support of its data infrastructure.

By implementing new initiatives through a phased approach, the Commission will continue to implement new processes and analytics focused on swaps data collection and aggregation. Investments will ensure a robust and highly productive working environment for all CFTC employees.

Staff will continue to be provided with IT infrastructure that is available and elastic enough to support ever increasing demands on processing and storage. The hardware, software, and other components that provide communications, processing, and storage will continue to be updated to remediate security vulnerabilities and maintain acceptable performance and ensure cost-effective operation and scalability.

The Commission will continue to increase, automate, and scale information security controls in the face of evolving security threats. The Commission is charged with protecting sensitive information assets that are critical to overseeing the markets. Continuous monitoring is required to assess and mitigate risk more effectively. Security controls that are solely dependent on policy and staff compliance will be supplemented with system controls to reduce the risks to the Commission.

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

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

Mobile computing and mobile communication services will be enhanced to increase the productivity of investigators, auditors, and international affairs staff by ensuring availability of information and services. Mobile video conferencing that enables individuals to participate fully in meetings from remote locations will be implemented. The ability to securely host online meetings with desktop sharing and video conferencing with external parties will be implemented. Media streaming will be implemented to improve the ability of large numbers of staff to view external presentations and conferences. After-hours technical support will be increased to improve the productivity of investigators, auditors, and international affairs staff by ensuring availability of information and services, anytime and anywhere. It will also improve the productivity of staff working extended hours on high-priority projects under tight deadlines.

National Archives and Records Administration (NARA) compliant electronic records management will be fully deployed and an integrated, secure enterprise search capability that will allow simultaneous searching of key Commission information sources and databases will be implemented. Architecting certain CFTC.gov services specifically for users of mobile devices and developing open application programming interfaces (APIs) for datasets published on CFTC.gov will provide industry participants and the public with greater flexibility in accessing and using the information and support efforts to boost public awareness across different audiences.

FY 2014 Planned Objectives

- Enhance communication, processing, storage, and platform infrastructure to more effectively meet mission requirements.
- Continue to implement high-performance computing to improve performance.
- Complete a technology refresh of computing resources to improve productivity.
- Continue security control automation and begin migrating production operations to a secure, private, cloud-based, off-site location to reduce operational risk.

FY 2015 President's Budget Planned Outcomes

- Implement data aggregation mechanisms for cross-SDR data analysis.
- Harmonize data standards established for all SDR data.
- Integrate swaps and futures position monitoring implemented for commodities
- Automate select regulatory mission activity processes.
- Use high-performance computing platform for production analytics.
- Complete staff mobile technology refresh.
- Complete incremental enhancements to market surveillance, financial and risk surveillance, analytics platforms, eLaw and forensics.

Forward-Looking: FY 2016 Planned Outcomes

- Implement global standards for swaps products and transactions.
- Publish standardized guidebook and handbook for Substituted Compliance for all relevant jurisdictions.
- Automate all regulatory mission data collection activity processes.
- Complete incremental enhancements to market surveillance, financial and risk surveillance, analytics platforms, eLaw and forensics.
- Complete staff desktop technology refresh.
- Implement information security continuous monitoring program.
- Reorganize and re-architect CFTC.gov to increase market transparency support.
- Implement mobile video-conferencing technology.
- Complete information security control automation.

Breakout of Data and Technology Request by Program

	<u>FTE</u>	<u>Salaries and Expenses (\$000)</u>	<u>IT (\$000)</u>	<u>Total (\$000)</u>
Data and Technology	<u>50</u>	<u>\$12,442</u>	<u>\$32,710</u>	<u>\$45,152</u>
Total	<u>50</u>	<u>\$12,442</u>	<u>\$32,710</u>	<u>\$45,152</u>

Table 14: Breakout of Data and Technology Support by Division

Agency Direction and Management

Resource Overview

	<u>FY 2014 Estimate</u>	<u>FY 2015 Request</u>	<u>Change</u>
BUDGET	\$27,787,152	\$30,209,101	+\$2,421,949
FTE	108	118	+10

Mission Activity Description

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

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

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

Justification of Request

The FY 2015 request for \$30,209,101 will continue to support the Commission's activities related to the Commission's agency direction, management and administrative support.

The Commission will expand access to and controls over regulatory and internal management data and records through the creation of maintainable data catalogs, standards and guide books, and implementing cross-divisional approval of access to enterprise data. The Commission will also improve quality of data through better implementation of reporting rules, data audits, data management practices, and technology. The Commission will focus on enterprise reference data and will streamline processes for and increasing controls around ad-hoc and recurring data requests from market participants. The CFTC will begin implementing a controlled unclassified information (CUI) program, additional controls for high-risk personally identifiable information (PII) and research data, and information security continuous monitoring. The Commission will improve ownership of and accountability for authoritative source data and implement policy and procedures necessary to increase transparency of management and system controls over sensitive CFTC information.

The Management and Administrative Enterprise Database (MAED), which provides centralization of data and data services, will be sustained and used for ongoing management system maintenance and integration. All administrative support systems will leverage a single data source. As administrative

support systems for any purpose (*e.g.*, inventory management, onboarding support, and transit subsidy) are replaced or upgraded they will be integrated with MAED to use core data and services. Flexible dashboards will be developed to increase management visibility into processes. Excel collaboration tools will be used to supplement services provided by other agencies without systems development.

FY 2014 Planned Objectives

- Refine and optimize usage of cost accounting codes with error rate documented at less than one percent in conjunction with optimized web based time and attendance system.
- Improve time to hire by 10 percent over previous year.
- Obtain top 10 rating in government employee viewpoint survey and incorporate survey information into human capital strategic planning.
- Survey, compile, and analyze feedback on CFTC corporate mentoring program; use analysis to develop program improvement plan.
- Complete and publish the CFTC 2014-2018 Strategic Plan.
- Achieve full accreditation and operational capability in response to CAT 2 requirements.
- Develop a structure for a CFTC-wide operational plan. The operational plan is an annual planning document used to bridge the five year Strategic Plan with the annual CFTC President's Budget request, and is a key accountability tool used by the Commission to monitor and hold executives accountable for meeting the strategic objectives.
- Provide increased program evaluation and analysis support to decision makers.

FY 2015 President's Budget Planned Outcomes

- Enhance all aspects of talent acquisition, management and development through improvements in recruitment, hiring, and knowledge acquisition. Deliver exceptional customer service, and increase efficiencies in the execution of personnel actions such as quicker identification and recruitment of best qualified personnel, reduction in time to hire, and retention of recently hired, highly skilled personnel with hard to acquire skills.
- Establish and implement the Commission's Controlled Unclassified Information (CUI) program and expand its electronic records and document management capabilities to comply with government-wide requirements. These efforts further substantiate the Commission's Information Governance and Records Management programs and will better ensure the safeguarding, dissemination, and proper maintenance and disposition of the CFTC's records and information.
- Expand the technical skills and swaps knowledge base of staff; implement a swaps curriculum and internal certification program that progresses through fundamental, expert and mastery levels.
- Develop thought leaders who are highly-skilled in motivating, mentoring and building the professional capabilities of staff.
- Develop, update, and implement the CFTC-wide operational plan. Develop division specific plans and consolidate into a Commission wide plan to inform budget and execution decisions.
- Elevate the planning of and responsibilities for CFTC's continuity of operations to improve Commission's capability to address emergencies while maintaining its mission critical activities.

Forward-Looking: FY 2016 Planned Outcomes

- Develop certification programs for executives, supervisors, and core subject matter functions.

FY 2015 President’s Budget & Performance Plan

- Increase Employee Viewpoint Survey scores to achieve and maintain a ranking of Top 10 in the Best Places to Work through an increase of 8% in employee engagement score by 2018 from 2014 baseline.
- Establish and implement an Individual Development Plan (IDP) strategy to ensure that 90 percent of employees have an IDP in place and are utilizing them for career development.
- Increase the number of diversity-related partnerships and alliances.
- Improve CFTC customer satisfaction with management programs and services from prior year baseline survey.
- Increase transparency and communication of Commission-wide vision, mission, and policies.
- Achieve economies of scale, decreasing per-employee operating costs from prior year baseline.
- Continue development of the CFTC privacy program by strengthening data access controls and building enterprise-wide programs to account for disclosures and respond to loss or misuse of personally identifiable information.

Breakout of Agency Direction and Management Request by Program

	FTE	Salaries and Expenses (\$000)	IT (\$000)	Total (\$000)
Agency Direction	29	\$7,263	\$0	\$7,263
Administrative Management and Support	82	18,793	0	18,793
Data and Technology	0	0	1,579	1,579
Inspector General	7	2,574	0	2,574
Total	118	\$28,630	\$1,579	\$30,209

Table 15: Breakout of Agency Direction and Management by Division

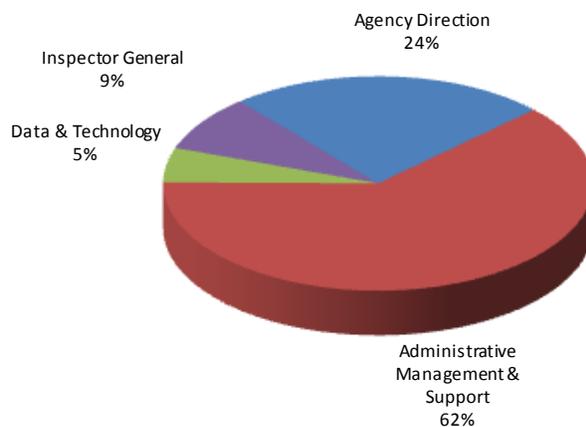


Figure 12: Agency Direction and Management Request by Division

Industry Trends and CFTC Resource Requirements

Overview

The market participants (the industry) under CFTC jurisdiction are changing how they conduct business in order to comply with new regulatory responsibilities and to exploit opportunities created by the new regulatory environment. Industry is also shifting its operating model due to other environmental influences, such as global prudential regulatory, macro-economic and technology trends. As industry continues to evolve, the CFTC must have the ability to make accompanying changes across all components of its operations. The CFTC has taken steps in this FY 2015 budget cycle to present these evolving industry trends and their implications for CFTC now and in the near future. This understanding is critical for the Commission's ability to appropriately regulate industry of today and tomorrow.

To begin building the bridge between industry trends and CFTC's resource requirements, the Commission has identified five post-Dodd-Frank Act trends for discussion:

1. Swaps markets are increasingly operating under the Dodd-Frank regulatory framework;
2. Post-crisis behavior and changes in the regulatory environment, both in the U.S. and globally, is driving innovation in the derivatives markets;
3. New regulations increase the number of regulated intermediaries, and impose additional new requirements;
4. Growth in clearing through DCOs, new requirements for uncleared swaps, and monitoring DCOs is intended to reduce swaps-related systemic risk in the global financial system; and
5. Dodd-Frank Act and Commission rules have resulted in exponential growth in data to be acquired, validated, warehoused, and analyzed to fulfill the Commission's regulatory responsibilities.

These five trends and their impact on CFTC resource requirements are discussed in the following pages.

Industry Trend 1

Swap Markets are Increasingly Operating Under the Dodd-Frank Regulatory Framework.

By FY 2015, participants in the swaps market under CFTC jurisdiction will be operating under the framework established by the Dodd-Frank Act. The low-tech, high-touch bilateral voice transactions era for swaps trading will be subsumed by trading on regulated platforms, central clearing and real-time trade reporting. The regulatory uncertainty for these market participants will have been lifted and, while some phasing and fine-tuning will likely be ongoing, the market place will be trading, settling, and reporting swaps, and reaping the benefits of risk-mitigated hedging strategies. CFTC's resource needs will have shifted from its rule-writing focus, through a period of intense interpretative guidance development, which is likely to continue, to daily oversight of this large and complex market. This evolution is predictable and affects all of the CFTC's mission activities, but cannot be accomplished without adequate funding.

- In FY 2015, the allocation of the 920 staff and \$280 million (including \$50 million for IT investments), will be adjusted among the mission activities to reflect a re-evaluation of regulatory requirements. At this level, the Commission will be positioned to build its operational capabilities, evaluate changes in the industry as it responds to the new Dodd-Frank regulatory framework, and address any unanticipated issues that will naturally arise in implementing the Dodd-Frank Act regulatory reforms.
- The Commission will spend 33 percent of the Commission's resources on surveillance and examinations of systemically important DCOs as required by Title VIII of the Dodd-Frank Act, and examinations of other significant registered entities;
- Another 18 percent of its resources will be focused on registering new entities and ensuring that currently registered entities comply with new core principle requirements; reviewing new contracts, making mandatory clearing determinations, and other product review activities; providing economic analyses and legal guidance and interpretations on the new regulatory framework; and coordinating with international regulators to ensure cross-border harmonization of these global markets.
- Approximately 22 percent of the Commission's resources will be dedicated to enforcement activities.
- The remaining 27 percent of the Commission's resources will be responsible for supporting the Commission's data infrastructure (16 percent) and agency direction, management, and administrative support (11 percent).

Industry Trend 2

New Regulatory Environment Driving Innovations in Derivatives Markets.

More entities, more markets and more products (including more complex products) are subject to CFTC regulation than ever before. The industry is responding quickly to the competitive opportunities engendered by the shifting regulatory landscape—the introduction of futures contracts by DCMs that are economically equivalent to standardized swaps is one such example. Innovation in the industry, which is likely to increase in pace with the addition of new entrants (SEFs), will continue to add complexity in ways currently unanticipated (for example, the Commission is seeing new methods for executing transactions that were not proposed in previous years). While these changes will impact all of the CFTC mission activities, the near-term impacts will fall most heavily on the registration, product review, examinations, enforcement and economic analysis mission activities.

Registration

- The Commission performs a thorough review of the registration applications of all entities seeking to be registered as DCMs and (soon) SEFs. Multi-disciplinary review teams of attorneys, industry economists, trade practice analysts, data analysts, and risk analysts are needed to ensure that the Commission undertakes a thorough analysis of such applications to ensure compliance with the applicable statutory core principles and Commission regulations.
- While CFTC anticipates that the “surge” in new trading registrants resulting from Dodd-Frank reforms will be substantively complete by FY 2015, continued innovation will require continued evaluation of registrants (and the rules they implement) for compliance with the statutorily-mandated core principles. The Commission must ensure it has subject matter experts who can respond to rapid changes in the marketplace.
- Competition among SEFs and DCMs is expected to drive innovation in trading practices and result in an increase in the submission (self-certifications and approval requests) for rule changes. CFTC will have to evolve its evaluation process to ensure healthy competition in the derivatives markets.
- Cross-border rules are expected to cause an increase in the number of foreign boards of trade and other execution facilities registering with the CFTC.

Product Review

- The Commission conducts due diligence reviews of new contract filings to ensure that the contracts are not readily susceptible to manipulation or price distortion, and that the contracts are subject to appropriate position limits or position accountability. The Commission also analyzes amendments to contract terms and conditions to ensure that the amendments do not render the contracts readily susceptible to manipulation and do not otherwise affect the value of existing positions. Proliferation of products by industry and the inherently greater complexity of swaps contracts will demand new subject matter experts to keep pace with industry's innovations.
- In addition to reviewing contracts prior to trade, the Commission will need expanded resources to:
 - Evaluate transaction and pricing data collected by SDRs to determine appropriate block trade threshold levels that registered SEFs, DCMs, and market participants may use to delay public reporting of swap transaction data.
 - Perform mandatory clearing determinations, and assess swaps presented by DCOs to determine their acceptability for clearing.

Examinations

- Examinations are formal, structured reviews of regulated entities' operations or oversight programs to assess on-going compliance with statutory and regulatory mandates. Regular

examinations are the most effective method of ensuring that registrants are complying with the core principles established in the CEA (as amended). Reviews of DCMs and SEFs (and SDRs) focus on the structural sufficiency of their self-regulatory and compliance programs. Greater focus on risk controls by customers, FCMs, DCMs/SEFs to mitigate risk and strengthen the integrity of the trading infrastructure of the derivatives markets.

- Examinations are performed by experienced examiners knowledgeable of the industry. As described in Goal Two of the Strategic Plan, it is the Commission's goal to move to annual reviews of significant entities, to help ensure the effectiveness of Commission regulations.
- The Commission anticipates performing routine annual examinations of the largest DCMs and SEFs, with reviews of the less risky entities every two to three years as resources are available. The ability to perform the biennial or triennial reviews will depend, in part, on the number of "for cause" examinations the Commission must undertake in a given time.
- Based upon its current understanding, the Commission projects that the number of DCMs and SEFs will grow from 17 at the end of FY 2013 to approximately 30 during FY 2015. Adequate coverage for routine and "for cause" examinations of the trading entities is essential to protect market participants.

Enforcement

- The Commission has the authority to: 1) Shut down fraudulent operations and immediately preserve customer assets through asset freeze and receivership orders, 2) Terminate manipulative and disruptive schemes, 3) Bar defendants from trading and being registered in its markets, and 4) Seek restitution, disgorgement and monetary penalties up to the greater of three times the amount of a defendant's gain or a fixed statutory amount. Commensurate with the Commission's experience with the RFEDs, registration-related enforcement actions are likely to be the "first wave" as new entities fail to comply with the new regulations for SDs and MSPs. Given the large number of new entities (SDs, MSPs, and soon SEFs), additional resources will be needed to effectively police the new regulatory space.
- The Commission anticipates more time-intensive and inherently complex investigations due to innovative products and practices within the industry, coupled with new anti-manipulation authority in the swaps and futures markets and the statutory prohibition on disruptive trading. In order to investigate and litigate market-wide violations and those less complex but equally important retail fraud cases, the number of specialized enforcement experts must increase.
- The Commission also foresees an increase in multi-jurisdictional and multi-national investigations given the global nature of the swaps marketplace and the challenges associated with substitute compliance. The Commission is also experiencing an increase in international enforcement investigations in its traditional markets (the most significant being the international benchmark rate rigging cases). These cases are inherently more resource intensive due to increased costs for travel, translations, and coordination.

Economic Analysis

- Innovations in the form of new products, execution methods, order types, trading strategies, and other business practices are likely to impact the quality of the derivatives markets. Resources will be required to study these developments and assess their impact on market quality including liquidity, efficiency, risk and other measures. While staff has developed experience with economic analysis of the traditional futures industry, new skills, methods and analytical tools have to be added to study new developments in the futures markets as well as the substantially different swaps markets.
- Such economic analyses are mandated both by Dodd-Frank as well as Commission rules. Given the dynamic nature of markets, institutional infrastructure, and trading practices, continual study of the derivatives markets will be critical for improving Commission's understanding of the derivatives markets, help assess impact of finalized rules on market quality and costs, and inform future rulemaking. For example, the rules pertaining to

reporting of swaps transactions to SDRs requires the Commission to consider liquidity as one of the factors in determining the reporting rules. If an economic analysis of the impact of current reporting rules provides evidence of negative impact on liquidity in certain swap products, this could cause the Commission to propose amendment of these rules.

Industry Trend 3

New Regulations on Intermediaries and Growth in the Number of Regulated Intermediaries.

The application of CEA core principles related to business conduct standards, reporting, and recordkeeping standards and requirements to SDs, MSPs, and end-users requires varying degrees of business process and technological changes. Large financial institutions have a high level of sophistication under prudential regulation, but may have a high-level of fragmentation in internal order, trade, and settlement information systems. Smaller entities, including some end-users, might have little to no experience under regulation (outside of accounting and auditing standards) but have such a low transaction volume that only a single information management system is in place. The Dodd-Frank business conduct standards attempt to move all the players to best practices of customer interaction, corporate governance, and recordkeeping. Likewise, Dodd-Frank reporting requirements may lead to changes to operations, infrastructure, and internal processes in order to move end-of-day transaction entry, confirmation, and reporting systems to an efficient real-time activity. Critical to ensuring registrants' compliance with CEA core principles and CFTC's regulations is the examinations mission activity.

Examinations

- Examinations are formal, structured limited reviews of regulated entities' operations or oversight programs to assess on-going compliance with statutory and regulatory mandates. Regular examinations are the most effective method of ensuring that registrants are complying with the core principles established in the CEA (as amended). As described in Goal Two of the Strategic Plan, it is the Commission's goal to move to limited reviews of significant entities, to help ensure the effectiveness of Commission regulations. Reviews of registered intermediaries ensure compliance with mandated standards regarding the fitness and conduct necessary to ensure the protection of market participants and the financial soundness of the market.
- Examinations of FCMs' and RFEDs' compliance with applicable capital, segregation, and financial reporting requirements help ensure that markets are protected from systemic risk and that the funds belonging to customers are protected from loss.
- Oversight of the financial surveillance and compliance programs of DSROs are designed to ensure that the DSROs are effectively monitoring the financial integrity of market intermediaries and protecting customer funds.
- The Commission will require resources to work closely with NFA, in its role as first-line regulator, on the development of a comprehensive program for the oversight and assessment of SD and MSP compliance. The program will be administered by the NFA. In addition, the CFTC will need additional subject matter experts to conduct direct examinations of SDs and MSPs, either jointly with NFA or independently. CFTC will have to implement systems and processes to facilitate data sharing with NFA and integrate such data with that from other sources.
- Limited scope direct examinations of key intermediaries, including FCMs, SDs, and MSPs will become increasingly resource intensive to the Commission to ensure compliance with new rules related to customer protection. In addition, the Commission continue to experience an increase in the number of registered intermediaries, including foreign institutions registering as SDs and MSPs, which may be sizable enough to warrant direct examinations.
- The Commission will likewise perform direct reviews of the DSRO examinations programs. The reviews will include an assessment of the DSRO's oversight of member compliance with minimum financial and related reporting requirements, as well as certain non-financial requirements including disciplinary programs. The results of these reviews will be used to identify areas of weakness and develop solutions for improvement.
- The Commission's examinations expertise will need to be expanded to examine SDRs' electronic systems accessibility by reporting counterparties, including SDs, MSPs, and other market participants. In addition, CFTC examinations will address SDR compliance with their

responsibilities to notify the Commission in instances of untimely reporting of swap transaction data, including off-facility transactions, from reporting counterparties.

- CFTC will have to coordinate and collaborate with foreign regulators on their rules pertaining to SD and MSPs. It will have to design and implement rules, systems, and processes for acquiring data from foreign SDRs and sharing U.S. data with foreign regulators.

Industry Trend 4

Growth in Clearing through DCOs, New Requirements for Uncleared Swaps, and Monitoring DCOs reduces swaps-related risk

Fundamental to the Dodd-Frank Act was heightened risk management requirements for swap counterparties. Market participants (mainly dealers) have moved to central clearing of standardized swaps prior to CFTC mandatory clearing determinations (the first of which are now in effect for a large number of market participants), reducing transaction risk to counterparties. Phase two of these rules requiring customer transactions to be cleared have also become effective. Under Dodd-Frank Act, cleared swaps customers are required to post initial and variation margin (collateral) through their FCM (or clearing member) to avoid the accumulation of large gain and/or loss obligations. Complementary margin requirements are under consideration for uncleared swaps. In addition to posting collateral, non-bank SDs and MSPs are also required to hold minimum levels of capital under Section 731 of the Dodd-Frank Act. These capital and margin requirements (along with those regulators) are intended to reduce swaps-related systemic risk in the global financial system. CFTC has new responsibilities in this new environment, primarily in risk and financial surveillance and examinations.

Registration

- CFTC is witnessing an increase in the number of clearing organizations seeking DCO registration. Many of these firms operate in foreign jurisdictions and registering and monitoring them will require more resources than for US domiciled ones.
- While futures markets have traditionally adopted a vertical structure – DCM with a captive DCO – the new DCMs as well as SEFs are adopting a more horizontal structure – customers can choose the DCO where a trade is to be cleared. These developments will pose new challenges to CFTC, both in terms of increase in the number of registrations as well as growing complexity caused by new rules, systems and processes developed by DCOs, SEFs and DCMs operating such horizontal structures.

Surveillance (Risk and Financial)

- The CFTC faces a number of challenges with its new jurisdiction related to swaps. Foremost, the notional value of cleared swaps is estimated to be on the order of a factor of seven times that of futures and options. This fact alone demonstrates the need to apply significant resources to financial and risk surveillance of swaps market participants, in addition to maintaining (if not increasing) surveillance of futures and options market participants.
- In addition, unlike futures margin setting, where CFTC-registered DCOs have historically used SPAN methodology to margin positions, DCOs are expected to use different methodologies for margining swaps positions; they are also expected to take varying approaches for stress testing their positions and risk exposures. The Commission will need to develop expertise and automated tools to analyze margin requirements; determine price impact on portfolios; conduct margin trend analyses and back testing; and stress test swaps positions—including interest rate, energy and credit default swaps. Evaluating DCO models in a quantitative and systematic manner is critical based upon the value of the cleared swaps themselves and the commensurately higher risk now transferred to the clearing houses. The CFTC has had limited requirement for such capabilities and will be in competition for the requisite talent with its regulated entities.
- More than one DCO will be clearing each swap asset class. The same firm or customer may have positions in the same swap asset class at more than one DCO. In addition, those same firms/customers may have futures positions. The Commission will need to develop the technology that allows for the aggregating of positions and risk across multiple asset classes and multiple DCOs.
- Ensuring that SDs and MSPs have sufficient capital to appropriately meet credit risk and market risk requirements will require similar capabilities within the CFTC to make informed

decisions on the internal models used by SDs and MSPs to compute credit risk and market risk capital requirements.

- The Commission is also seeking to enhance its software and automated tools to accommodate its enhanced surveillance responsibilities.
- The technology (data and processes) required for surveillance of swaps markets differ from those required for futures and options markets, and differ across asset classes. In addition, the ability to view risk across asset classes and in combination with futures is an overarching requirement that must also be automated.
- As SEFs and DCMs are likely to list economically equivalent instruments, CFTC will have to develop the capability to integrate data from across futures and swaps markets to assess systemic and other related risks. The evolution towards a horizontal structure will also require CFTC to integrate trades cleared on multiple DCOs and positions reported to multiple SDRs.
- Beginning in 2012, the Commission required submission of periodic submissions from all DCOs to determine compliance with Regulation 39.11. In addition DCOs are required to submit notification to the Commission under certain circumstances. During the reporting period DCR received 140 notifications and 100 periodic submissions.

Examinations

- DCOs that are determined to be systemically important under Title VIII of the Dodd-Frank Act must comply with heightened risk management and prudential standards concerning payment, clearing, and settlement supervision.
- Title VIII requires mandatory annual examinations of systemically important DCOs to review the entities' adherence to these heightened standards, in particular the nature of their operations and the risks they bear, the financial and operational risks they present to financial institutions, critical markets, and the broader financial system, their resources and capabilities to monitor and control such risks, their safety and soundness, and their compliance with Title VIII of Dodd-Frank and the rules and orders prescribed thereunder.. The Commission anticipates more time-intensive and more complex examinations of these entities as the entities will need to satisfy regulatory requirements in multiple jurisdictions under heightened standards.
- Title VIII also requires ongoing consultation between the CFTC, the SEC, and the Board of Governors of the Federal Reserve System, including the scope and methodology of planning examinations of systemically important entities. The Commission is the Supervisory Agency (primary regulator) for two DCOs that have been determined to be systemically important. The Commission foresees an increased amount of interaction between Commission staff and international regulators regarding the results of examinations for those entities registered in multiple jurisdictions'.
- Certain DCOs, seeking treatment as "qualified central counterparties" (QCCPs) from domestic and international banking regulators and will require more frequent examinations. Subject to the availability of resources, we will strive to examine the QCCPs annually. If our resource situation remains constant, we only examine SIDCOs annually. The QCCPs will be reviewed to determine if they comply with heightened risk management and prudential standards concerning payment, clearing and settlement supervision.
- Examinations are performed for other DCOs that have not been designated as systematically important. The focus of the examination is on compliance with the CEA and implementing Part 39 regulations. The Commission anticipates performing examinations based on a risk profile every three years as resources are available.
- Examinations of all types of DCOs are conducted by multi-disciplinary teams of attorneys, accountants, industry economists, risk analysts, quantitative risk management specialists and information management specialists. The Commission projects the number of DCOs will grow from 13 at the end of FY 2013 to approximately 19 during FY 2015.

Compliance Oversight

- The CFTC engages in routine oversight and supervision which includes review of DCO rule changes and review of daily, quarterly, annual, and event-specific reports submitted by DCOs under the CFTC's reporting regulations. These submissions assist the CFTC in identifying and addressing compliance issues at an early stage with the goal of minimizing potential risk to DCOs and the markets for which they clear. In order to perform thorough analyses of rules and reports, CFTC staff must possess specialized knowledge of swaps, futures, and derivatives clearing, and an in-depth understanding of the CEA and CFTC regulations.
- On a day-to-day basis, the CFTC receives and responds to informal inquiries from DCOs, FCMs, and other market participants regarding the scope and interpretation of CFTC regulations relating to clearing and DCO operations. DCOs also submit formal requests for interpretive, no-action, exemptive, and other forms of relief as they implement and refine their programs for regulatory compliance.
- To foster regulatory compliance by DCOs that are or will be registered in the United States and in a foreign jurisdiction, the CFTC works with its foreign regulator counterparts to harmonize and coordinate legal standards and supervisory functions.
- If staffing levels and training opportunities cannot keep pace with the increasing number of DCOs, the growing complexity of clearing operations (particularly with respect to clearing swaps), and the supervisory challenges presented by foreign-based registered DCOs, the CFTC will be hampered in its ability to be proactive in ensuring compliance with the CEA and CFTC regulations, and to be responsive to DCO-initiated dialogue. In response to further budgetary constraints, CFTC staff would have to focus primarily on the two DCOs designated as systemically important, relegating the other registered DCOs to a lower level of oversight.

Industry Trend 5

Exponential Growth in Data to be Acquired, Validated, Warehoused, and Analyzed to Fulfill the Commission's Regulatory Responsibilities

In response to the influx of new types of data from new and existing registrants, the CFTC must build its own information infrastructure and analytical capabilities to support its responsibilities as a first line regulator. While all CFTC mission activities are impacted, CFTC's biggest requirements are in the surveillance and data infrastructure activities.

Surveillance (Market, Financial and Risk Surveillance)

- The Commission performs three broad types of surveillance: market, financial and risk, and business analytics. All three types of surveillance will require additional resources to support the new regulatory regime.
- Market oversight and surveillance, in particular, are dependent on the ability to acquire large volumes of data and the development of sophisticated analytics to identify trends and/or outlying events that warrant further investigation.
- Equally important to CFTC's surveillance activities is the need for subject matter experts, to interpret the output of automated surveillance systems. Benefits of the balance between human expertise and technology investments will depend of the need to:
 - Develop new surveillance approaches that will be subsequently operationalized;
 - Analyze data and focus on participants, issues, and trends that have the biggest market impact; and
 - Record, track, and refer potential violations to other divisions (*e.g.*, enforcement) to ensure appropriate follow-up.
- Increasing availability of price information and electronic trade and settlement activity will create the need for analytic capability across the Commission's surveillance areas.

Data Infrastructure

- Currently CFTC extracts, transforms, and loads more than half a billion rows of data per day in support of business analytics, including:
 - Trade record data (every trade on every futures exchange);
 - Large-Trader end-of-day position data;
 - SDR data, including primary economic terms, confirmations, and open swaps positions;
 - Price, volume, and open interest data for futures, options, and swaps risk array data from DCOs;
 - Margin data from DCOs for individual counterparties and clearing members;
 - Segregation Information from DCOs;
 - Product reference data from DCMs;
 - Swap and futures account identification data; and
 - Registration data.
- With the increase in the number of sources from where data is required to be reported to the Commission, CFTC has to invest resources to design data standards, technology protocols, systems and processes to collect data from various groups of registered entities – SEFs, DCMs, DCOs, SDRs, SDs, MSPs, CPOs, CTAs, *etc.*).

- While the Commission has traditionally focused on trade data from DCMs, there is growing need to acquire, warehouse and analyze order book data too. The size of this data is expected to be a very large multiple of the trade data currently warehoused by CFTC. Significant resources have to be invested to design systems, acquire hardware, and develop analytic tools to handle this new data.
- Data understanding and ingestion is the priority for the Commission's resources in data infrastructure. The CFTC has an imperative to aggregate various types of data from multiple industry sources (*e.g.*, DCMs, SDRs, and DCOs) across multiple markets (*e.g.*, futures, exchange-traded swaps, and off-exchange swaps. The new swaps data is an order of magnitude more complex than futures, independent of notional value). The increasing complexity, volume, and interrelations of the data set will require significantly more powerful hardware such as high performance computing systems to support business analytics.
- Data related to this aggregated market is expanding in size, shape, and complexity and industry adaptation to the Dodd-Frank environment cannot be precisely predicted. Receipt and analysis of the first wave of registrant reporting will give Commission staff insight into the markets, which can be used to innovate new surveillance techniques that blend data from different data sources and analyze trading within and across products and markets. Likewise, the same business analytics tools used for data understanding and ad hoc mining of mature datasets will also be used to automate transparency reporting.
- Ensuring data quality, consistency, and standardization is an important component in enabling accurate data analytics to support the Commission's surveillance activities. Implementation of internationally acceptable and used data standards and harmonized access services is key for regulators around the globe to aggregate, analyze, and measure risk. The Commission will require both subject matter expertise and technology to fulfill these requirements. This capability must include the ability to define standards for data submission by firms and ingestion by CFTC, managing data quality through a combination of automated and expertise validation, and the creation of automated feedback loops with industry data sources.
- Certain Commission rules mandate study of trading data by staff to assess the impact of specific rules on market quality including liquidity. One example of this is the SEF final rules where a study is mandated to be completed within four years from the effective date of the rules. CFTC will have to start work acquire trade and order book data from multiple SEFs, warehouse it, validate the data, integrate them, and develop tools to analyze the data.
- Increase in the size and complexity of data will require CFTC to modify its infrastructure to enable more efficient management of its data bases while providing staff the resources to process the data in a cost effective manner.

Exhibit 1. Information Technology

Introduction

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

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

- *Surveillance*. Supports market, trade practice, and financial and risk oversight. Success in this area is highly dependent on the ability to acquire large volumes of data and the development of standards and analytics to support data segregation, as well as identify trends and/or outlying events that warrant further investigation.
- *Enforcement*. Provides a variety of critical automated litigation and investigation support services to facilitate the overall management of documents and data. Enforcement technology also provides the ability to rapidly query and retrieve information about investigations and litigation and perform analytics.
- *Other Mission Support*. Provides services that are vital to CFTC's regulatory mission activities including: Registration and Compliance, Product Review and Assessment, Examinations, Legal and Economic Analysis, and International Policy Coordination.
- *Data Infrastructure*. Supports all mission areas by providing the underlying infrastructure for IT services including: messaging, communications, network security, database administration, business continuity, and data storage management. The data infrastructure effort also provides transparency through the CFTC.gov website, staff collaboration and knowledge management, as well as document and records management.
- *Management and Administrative Support*. Includes IT service to commission-wide general support activities that do not require specialized or dedicated IT service components, for example, financial management, payroll and personnel services, training, hiring and logistics support.

Management of the IT Portfolio in FY 2015

The Commission requests \$50.0 million for services and \$21.1 million for FTE in support of the following priorities;

Surveillance:

- Data Standards
 - Continue working with domestic and international regulators, as well as industry to harmonize and refine data standards and improve data quality.
 - Establish harmonized data standards and data access services for all SDR data.
- Swaps Data Management
 - Implement data aggregation mechanisms for cross-SDR data analysis.
 - Continue integrating NFA systems and data with CFTC systems and data.

FY 2015 President's Budget & Performance Plan

- Continue integrating futures, swaps, and master and reference data in an enterprise data environment.
- Continue enhancing the CFTC data warehouse to facilitate rapid access to large volumes of raw market data.
- Automate and streamline special call data collection.
- Continue automation of SDR and DCO aggregated data collection.

- Position and Transaction Surveillance
 - Continue modifying large trader reporting systems to support new swaps data analysis, internal reporting requirements, and transparency reporting.
 - Integrate swaps and futures position monitoring.
 - Continue implementing Ownership Control Reporting (OCR).

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

- Market and Data Analytics
 - Continue enhancing data availability and analytics tools that allow staff to prototype new surveillance methods.
 - Adjust all production analytics to use high-performance computing platforms.
 - Continue reducing the latency of processing market data for analysis.
 - Support additional public transparency reporting.
 - Improve account ownership and control information.

Other Mission Support:

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

Enforcement:

- Enhance eLaw and forensics program technology and increase litigation technical support services.
- Increase use of secure, external collaboration platforms.

Data Infrastructure:

- Increase storage, processing, and communications infrastructure to meet demand.
- Refresh staff mobile technology.
- Refresh office automation software technology.
- Automate information security controls.
- Continue refreshing staff computing resources and the deployment of a virtual desktop environment.
- Continue implement an electronic records and document management system (ERDM).
- Implement components of the 'Building a 21st Century Digital Government' directive that enhance the usability and mobility of reports published on CFTC.gov.

Management and Administrative Support:

- Enhance learning management, electronic learning, and video production.

Summary of Information Technology Budget by Direct Cost Type¹¹

	FY 2013 Actual	FY 2014 Estimate	FY 2015 Request
DME	7.28	8.65	10.18
O&M	49.84	50.48	60.89
Total IT Budget	57.12	59.13	71.07
Services	42.14	42.90	50.00
FTE	14.98	16.23	21.07
Total IT Budget	57.12	59.13	71.07

Detail of Information Technology Budget by Direct Cost Type⁹

	FY 2013 Actual	FY 2014 Estimate	FY 2015 Request
Surveillance	18.23	15.16	18.58
DME	5.03	4.55	4.56
Services	4.75	4.27	4.21
FTE	0.28	0.28	0.35
O&M	13.20	10.61	14.02
Services	6.62	3.91	5.75
FTE	6.58	6.70	8.27
Enforcement	4.83	4.81	6.35
DME	0.08	0.06	0.81
Services	0.06	0.03	0.77
FTE	0.02	0.03	0.04
O&M	4.76	4.74	5.54
Services	4.24	4.01	4.62

¹¹ These amounts do not include indirect costs such as leases, CFTC-wide training, and other centrally funded costs.

FY 2015 President's Budget & Performance Plan

FTE	0.52	0.72	0.92
Other Mission Support	2.29	1.51	2.15
DME	1.30	0.63	1.00
Services	1.30	0.63	1.00
FTE	0.00	0.00	0.00
O&M	0.99	0.88	1.15
Services	0.99	0.88	1.15
FTE	0.00	0.00	0.00
Management and Administrative Support	1.60	2.14	2.61
DME	0.05	0.05	0.05
Services	0.00	0.00	0.00
FTE	0.05	0.05	0.05
O&M	1.55	2.10	2.56
Services	0.34	1.01	1.46
FTE	1.21	1.09	1.10
Data Infrastructure and Technology Support	30.16	35.52	41.38
DME	0.82	3.36	3.76
Services	0.56	3.07	3.35
FTE	0.26	0.29	0.41
O&M	29.34	32.16	37.62
Services	23.28	25.09	27.69
FTE	6.06	7.07	9.93
Total IT Budget	57.12	59.13	71.07

Table 16: Information Technology Budget

Table Key

Acronym Description

DME	Costs related to the development, modernization, and enhancement of technology.
O&M	Costs related to the operations and maintenance of technology.
FTE	Costs of government personnel for salary and benefits only.
SERVICES	Hardware, software, and contracted data and technology services and labor.

Exhibit 2. Customer Protection Fund

Introduction

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

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

Management of the Whistleblower Office

The Whistleblower Office (WBO) has three essential functions:

- Process Whistleblower Submissions. WBO receives, track, and handles whistleblower submissions and inquiries.
- Coordinate with Commission Divisions and Outside Agencies. WBO answers questions from Commission staff and others regarding the whistleblower program, and guides the handling of whistleblower matters as needed during examination, investigation and litigation. WBO also approves referrals of whistleblower-identifying information to outside agencies.
- Administer Claims Process. WBO receives and tracks whistleblower award claims, gathers and prepares the adjudicatory records for the Whistleblower Award Determination Panel (Panel), advises the Panel as needed on the whistleblower provisions and rules, and memorializes the Panel’s decisions.

Management of the Office of Consumer Outreach

The Office of Consumer Outreach administers the CFTC’s customer and public education initiatives. The Commission currently conducts outreach efforts towards consumers largely through its website and third-party contacts. The website is general in nature in regards to information about the commodity trading markets yet specific about ways to avoid fraud. Third-party contacts include entities such as state banking, insurance, securities and consumer protection regulators, financial markets SROs, nonprofit consumer groups, personal finance media, public libraries, local government and academia. The Commission is also actively involved with ongoing Federal financial literacy efforts, including participating as a member of the Financial Literacy and Education Commission.

Due to the unprecedented number of financial scams affecting the American public, as evidenced by the record number of cases brought in past years, the Commission is developing a long-term targeted outreach campaign to help consumers protect themselves against this fraudulent activity. In the near-term, the Commission is undertaking education initiatives, including but not limited to, creating print publications writing newsletter articles, and participating in consumer finance education events. The Commission has made preventative efforts, based upon audience segmentation and social marketing principles, a top priority.

Operation of Fund in FY 2014

In FY 2014, the CFTC estimates that it will use \$12.25 million:

- Approximately \$1.5 million will be used for the Office of Consumer Outreach to fund customer education initiatives, administrative expenses, and four full-time equivalents, an increase of one FTE over the FY 2013 level.
- Whistleblower awards are estimated at \$10 million¹².
- Approximately \$750 thousand will be used for the Whistleblower Office to fund administrative expenses and four FTE, which is an increase of one FTE over the FY 2013 level.

Operation of Fund in FY 2015

- Approximately \$3.0 million will be used for the Office of Consumer Outreach to fund customer education initiatives, administrative expenses, and four full-time equivalents, an increase of \$1.5 million over the FY 2014 level to meet planned objectives for FY 2015.
- The Commission estimates that it will receive approximately 200 whistleblower tips per year, and that, out of those 200 tips, approximately 20 will result in whistleblower claim applications. Whistleblower awards are estimated at \$10 million in FY 2015.

The Commission does not anticipate an increase in staff for the Whistleblower Office in FY 2015. The Commission will evaluate the level of effort necessary to support the whistleblower program in FY 2014, based on actual number of tips received, investigation time, and time incurred in handling and adjudicating award claims.

Table 17: Customer Protection Fund

	FY 2013 Actual (\$000)	FY 2014 Estimate (\$000)	FY 2015 Estimate (\$000)
Budget Authority – Prior Year	\$99,997	\$98,987	\$100,000
Budget Authority – New Year	868	13,263	13,750
Sequestration	-663	0	0
Total Budget Authority	101,202	112,250	113,750
Whistleblower Program	459	750	750
Whistleblower Awards	00	10,000	10,000
Customer Education Program	756	1,500	3,000
Total Planned Expenditures	1,215	12,250	13,750
Unobligated Balance	\$98,987	\$ 100,000	\$100,000

¹² Because no historical data exists to substantiate the estimated amount of whistleblower awards, and because the whistleblower process depends upon many factors which cannot be estimated reliably—including the likelihood that a whistleblower will provide actionable information, the likelihood that the Commission will bring a successful enforcement action based on such information, the time it takes to investigate, litigate, and obtain and collect a judgment for which a whistleblower award can be paid, and the likelihood that a whistleblower award claimant will meet the Commission's eligibility and award criteria—the \$10 million amount above is simply a conservative placeholder amount to account for the possibility of large judgments in the period that may be associated with information provided by whistleblowers.

APPENDIX 1

The Commissioners

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

Mark Wetjen, Acting Chairman

Mark P. Wetjen was appointed as Commissioner of the U.S. Commodity Futures Trading Commission on October 25, 2011. He began serving as Acting Chairman on December 16, 2013. His term expires on June 19, 2016.

Bart Chilton, Commissioner

Bart Chilton was appointed as Commissioner of the U.S. Commodity Futures Trading Commission on August 8, 2007. His term expired on April 13, 2013, however, his appointment was extended until December, 31, 2014.

Scott O'Malia, Commissioner

Scott O'Malia was appointed as Commissioner of the Commodity Futures Trading Commission on October 19, 2009. His term expires on April 15, 2015

APPENDIX 2

Organizational Divisions and Offices

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

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

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

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



Agency Direction

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

Administration Management and Support

The Commission's ability to achieve its mission of protecting the public, derivative market participants, U.S. economy, and the U.S. position in global markets is driven by well-informed and reasoned executive direction; strong and focused management; and an efficiently-resourced, dedicated, and productive workforce. These attributes of an effective organization combine to lead and support the critical work of the Commission to provide sound regulatory oversight and enforcement programs for the U.S. public. The Executive Director ensures the Commission's continued success, continuity of operations, and adaptation to the ever-changing markets it is charged with regulating; directs the effective and efficient allocation of CFTC resources; develops and implements management and administrative policy; and ensures program performance is measured and tracked Commission-wide. The OED includes the following programs: Business Management and Planning, Counsel to the Executive Director (Library, Records, and Privacy), Financial Management, Human Resources, Secretariat, Diversity and Inclusion, Consumer Outreach, and the Office of Proceedings. The Office of Proceedings has a dual function 1) to provide a cost-effective, impartial, and expeditious forum for handling customer complaints against persons or firms registered under the CEA and 2) to administer enforcement actions, including statutory disqualifications, and wage garnishment cases.

Chief Economist

The Office of Chief Economist (OCE) provides economic analysis, advice, and context to the Commission and to the public. The OCE provides perspectives on both current topics and long-term trends in derivatives markets. The extensive research and analytical backgrounds of OCE 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. OCE and its research also play a key role in transparency initiatives of the Commission.

Clearing & Risk

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

Data and Technology

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

Enforcement

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

General Counsel

The Office of General Counsel (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.

International Affairs

The Office of International Affairs (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 IOSCO; coordinates Commission policy as it relates to policies and initiatives of major foreign jurisdictions, the G20, Financial Stability Board and the U.S. Treasury Department; and provides technical assistance to foreign market authorities.

Market Oversight

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

Swap Dealer and Intermediary Oversight

The Division of Swap Dealer and Intermediary Oversight (DSIO) oversees the registration and compliance activities of intermediaries and the futures industry SROs, which include the U.S. derivatives exchanges and the NFA. Program staff develops and refines regulations concerning registration, fitness, financial adequacy, sales practices, protection of customer funds, cross-border transactions, and anti-money laundering programs, as well as policies for coordination with foreign market authorities and emergency procedures to address market-related events that impact intermediaries. In addition, on a risk-driven basis DSIO conducts a combination of cyclical and reactive examinations of registrants to validate regulatory compliance, assess internal controls and evaluate entity risk management processes and procedures. As the Commission continues implementation of the Dodd-Frank Act, DSIO will be responsible for completing the development of regulations addressing registration requirements, business conduct standards, capital adequacy, and margin requirements for SDs and MSPs and for conducting the monitoring and examination activities necessary to oversee these new registrant populations.

APPENDIX 3

Inspector General

The Office of Inspector General (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.

In accordance with the Inspector General Act, as amended, the following amounts are included in the FY 2015 President's Budget and Performance Plan:

FY 2014	Total Budget¹³	Training Budget Estimate	FTE
	\$2,028,128	\$8,000	6

FY 2015	Total Budget	Training Budget Estimate	FTE
	\$2,574,033	\$8,000	7

¹³ Total Budget includes estimated direct salary and benefit costs of six (6) FTE in FY 2014 and seven (7) FTE in FY 2015 and a proportional share of all estimated indirect costs, such as training, lease of space, utilities, communications, printing, supplies, equipment and other services; including an estimated contribution of \$5,070 and \$6,178 FY 2014 and FY 2015 respectively to support the Council of the Inspectors General on Integrity and Efficiency.

APPENDIX 4

The Commission and the Industry We Regulate

Fundamental changes in the technology, products and platforms of U.S. futures trading have increased the Commission's need for sophisticated technology, specialized skills and additional resources to keep pace.

In the futures industry, exchanges, in particular, have undergone a decade-long transition from geographically-defined trading pits to electronic platforms with global reach. From 2003 to 2013, electronic trading grew from approximately nine percent of volume to 78 percent on all U.S. DCMs. Over the same time period, the number of actively-traded futures and options contracts listed on U.S. exchanges quadrupled, from approximately 538 contracts in 2003 to approximately 2,450 contracts in 2013. Total DCM futures and options trading volume rose from approximately 1.22 billion contracts in 2003 to approximately 3.40 billion in 2013, an increase of more than 179 percent.

Regulated Entities by Mission Activity

The Commission's regulatory scope encompasses trading entities, clearing entities, and data repositories and the sole registered futures association, NFA. For the overwhelming number of market participants, the Commission's role is as a second-line regulator, where the agency relies on the DSROs to perform critical regulatory responsibilities. The Commission's direct regulatory activities in registration, product reviews, and examinations are primarily focused on the DCMs, DCOs, SDRs, NFA, and SEFs. The Commission also conducts direct examinations of intermediary trading entities on a "for cause" basis and periodic routine direct examinations as resources are available. While the DSRO's are obligated to conduct surveillance and enforcement activities for entities under their purview, the Commission conducts surveillance and enforcement activities across all market participants.

A cross-walk of regulated entities and registrants and CFTC's mission activities follows. Activities and entities for which CFTC is the first-line regulator are identified as "CFTC". Activities and major entities for which the agency is the second-line regulator are identified as "SRO/CFTC", "DSRO/CFTC" or "NFA/CFTC", where DSRO is the acronym for Designated SRO. Activities and entities for which the CFTC has delegated responsibility to the NFA are identified as "NFA".

FY 2015 President's Budget & Performance Plan

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

Figure 13: Matrix of U.S. Registered Entities and Registrants by CFTC Mission Activity

Assumptions on the Number of Regulated Entities

Entity	Acronym	Number of Registered Entities/Registrants		
		FY 2013 Actuals	FY 2014 Assumptions	FY 2015 Assumptions
Trading Entities				
Designated Contract Market	DCM	19	22-25	22-25
Swap Execution Facility	SEF	17	20-40	20-40
Foreign Board of Trade	FBOT	1	12	12
Clearing Entities				
Derivatives Clearing Organization	DCO	13	17	19
Clearing Member		191	195	195
Systemically Important DCO	SIDCO	2	No more than 4	No more than 4
Data Repositories				
Swap Data Repository	SDR	3	5-7	5-7
Intermediaries				
Futures Commission Merchant ¹⁴	FCM	105	95	95
Swap Dealer	SD	82	120	120
Major Swap Participant	MSP	2	6	6
Retail Foreign Exchange Dealer	RFED	9	10	10
Managed Funds				
Commodity Trading Advisor	CTA	2,636	2,650	2,650
Commodity Pool Operator	CPO	1,811	1,800	1,800
Other Registrants				
Introducing Broker	IB	1,328	1,500	1,500
Floor Broker	FB	5,123	5,600	5,600
Floor Trader	FT	955	1,000	1,000
Associated Person	AP	56,190	56,000	56,000

Figure 14: Number of Market Participants by Fiscal Year

¹⁴ Excludes FCMs registered as RFEDs.

Industry Growth in Volume, Globalization and Complexity

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

- Industry growth versus staff growth;
- Estimated annual swap volume;
- Growth in actively traded futures and option contracts;
- Notional value of futures/option open contracts;
- Notional value of exchange-traded and OTC contracts;
- Amount of customer funds held at futures commission merchants;
- Aggregate sum of house origin margin on deposit;
- Number of registrants;
- Contract markets designated by the CFTC;
- Number of derivatives clearing organizations registered with the CFTC;
- Exempt commercial markets; and
- Exempt boards of trade.

Growth in Volume of Futures & Option Contracts Traded¹⁵

Trading volume for CFTC-regulated contracts maintained a general upward trend for the past decade. Contract volume for 2013 increased relative to 2012, largely reversing a decline the previous year.

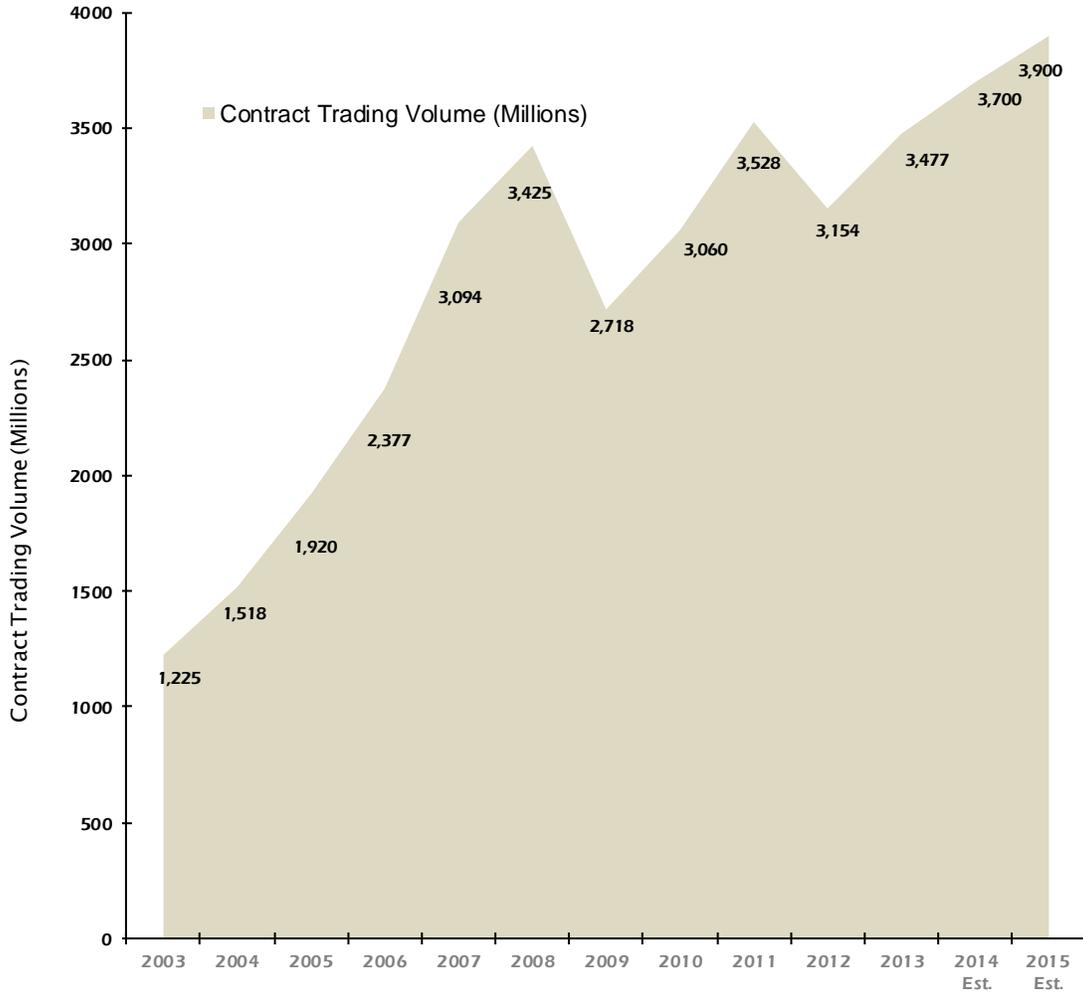


Figure 15: Growth of Volume of Contracts Traded

¹⁵ Data Source: Futures Industry Association, CFTC estimates.

Estimated Annual Swap Event Volume¹⁶

Events include new trades, innovations and terminations, but exclude intro-company trades and tear-ups. Products include: interest rate derivatives, credit derivatives, equity derivatives, currency options and commodity derivatives.¹⁷

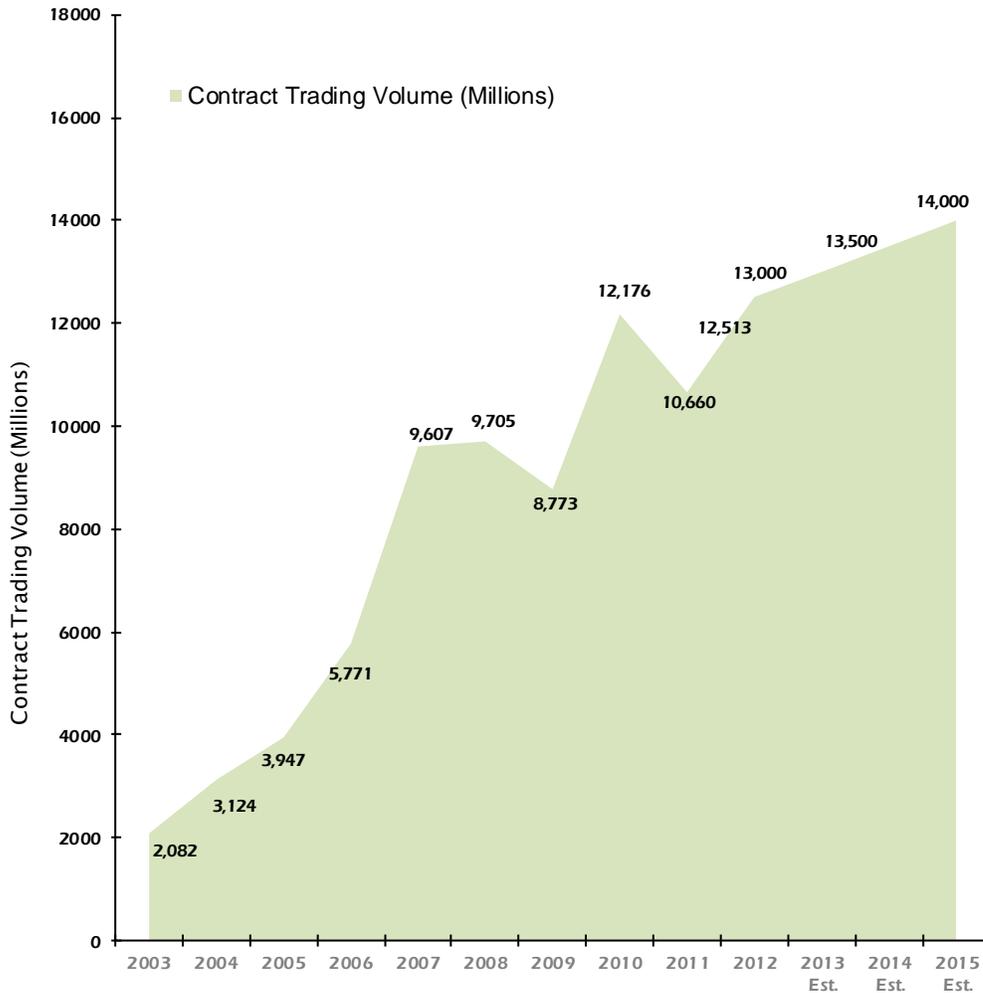


Figure 16: Estimated Swap Event Volume

¹⁶ Data Source: ISDA Operations Benchmarking Survey. The 2013 data is available in April 2014.

¹⁷ Reported participant monthly average multiplied by 12 months per year, multiplied by the number of participants in the relevant survey year, and divided by two to account for potential double counting for swap transactions between survey participants.

Actively Traded Futures & Option Contracts¹⁸

The number of actively traded contracts on U.S. exchanges has almost quadrupled in the last ten years, 2012 saw a slight drop.

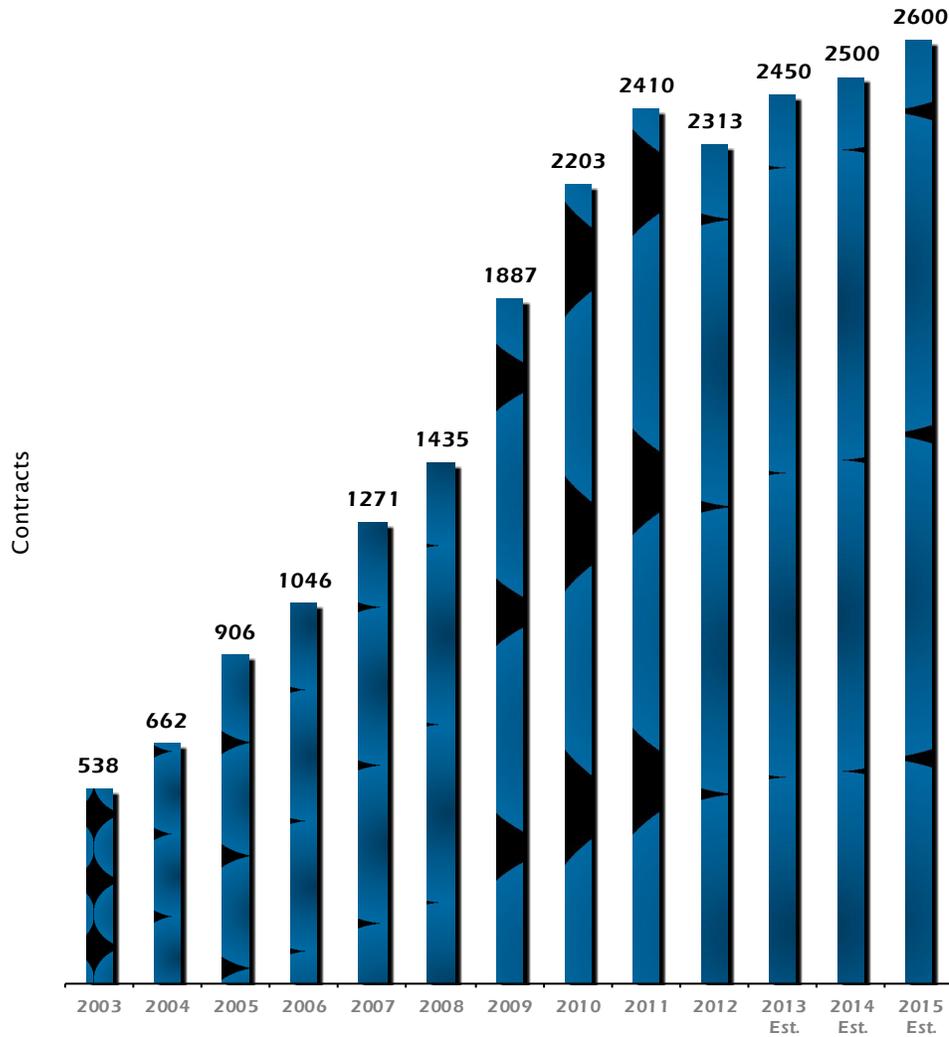


Figure 17: Actively Traded Futures and Option Contracts

¹⁸ Data Source: CFTC Integrated Surveillance System

Notional Value of Futures and Option Open Contracts¹⁹

The notional value of open physical commodities contracts decreased by \$0.2 trillion from 2012 to 2013, and the notional value of open financial commodities contracts increased by \$8.9 trillion [based on estimated value].

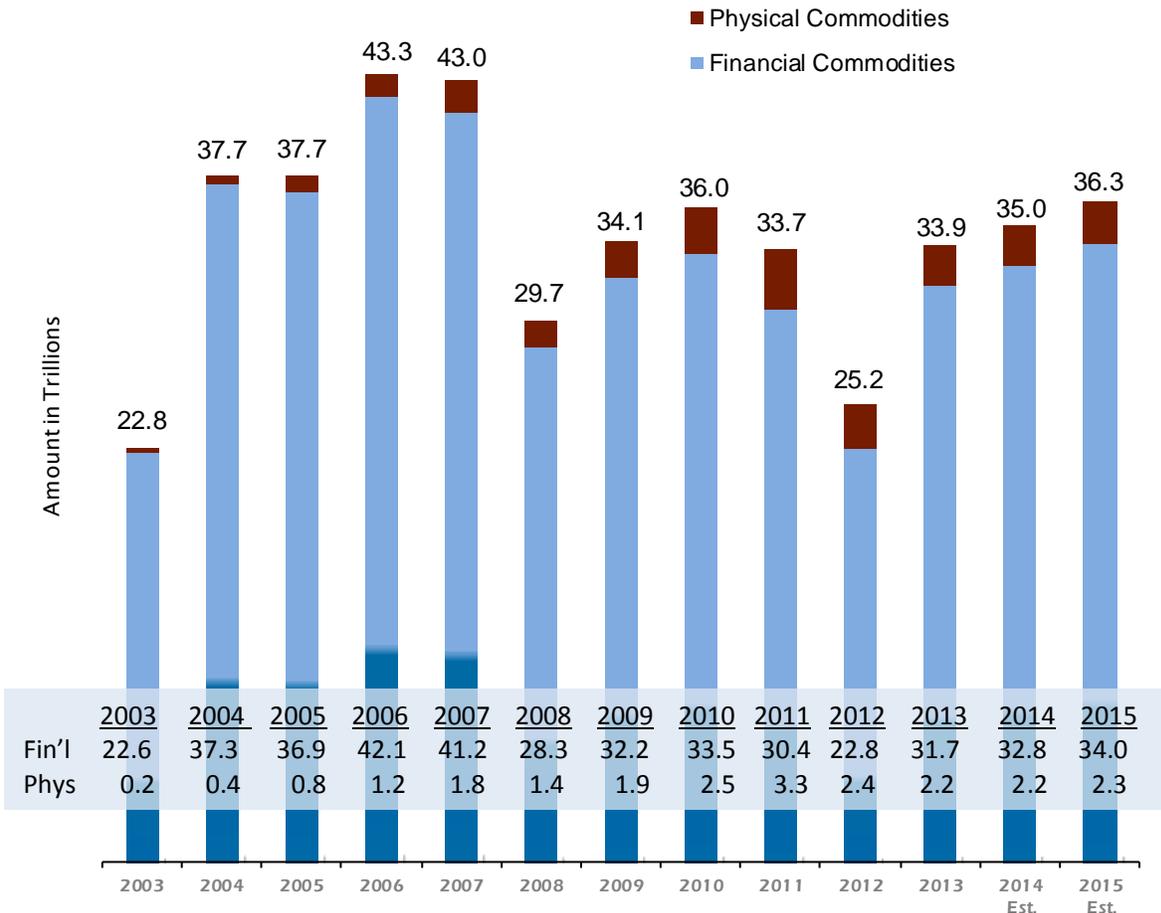


Figure 18: Notional Value of Futures and Option Open Contracts

¹⁹ Data Source: Exchange-traded futures/options are those traded on CFTC designated contract markets.

Notional Value of Exchange-Traded and OTC Contracts

Exchange-Traded Futures/Options are those traded on CFTC Designated Contract Markets. Office of the Comptroller of the Currency (OCC) data is for the top 25 bank holding companies with the most derivative contracts and "OTC" includes: Forwards, Swaps, Options, and Credit Derivatives. Bank of International Settlements (BIS) OTC data includes "Foreign Exchange, "Interest Rates", "Equity-linked", "Commodity", "Credit Default Swaps", and "Unallocated" contracts.

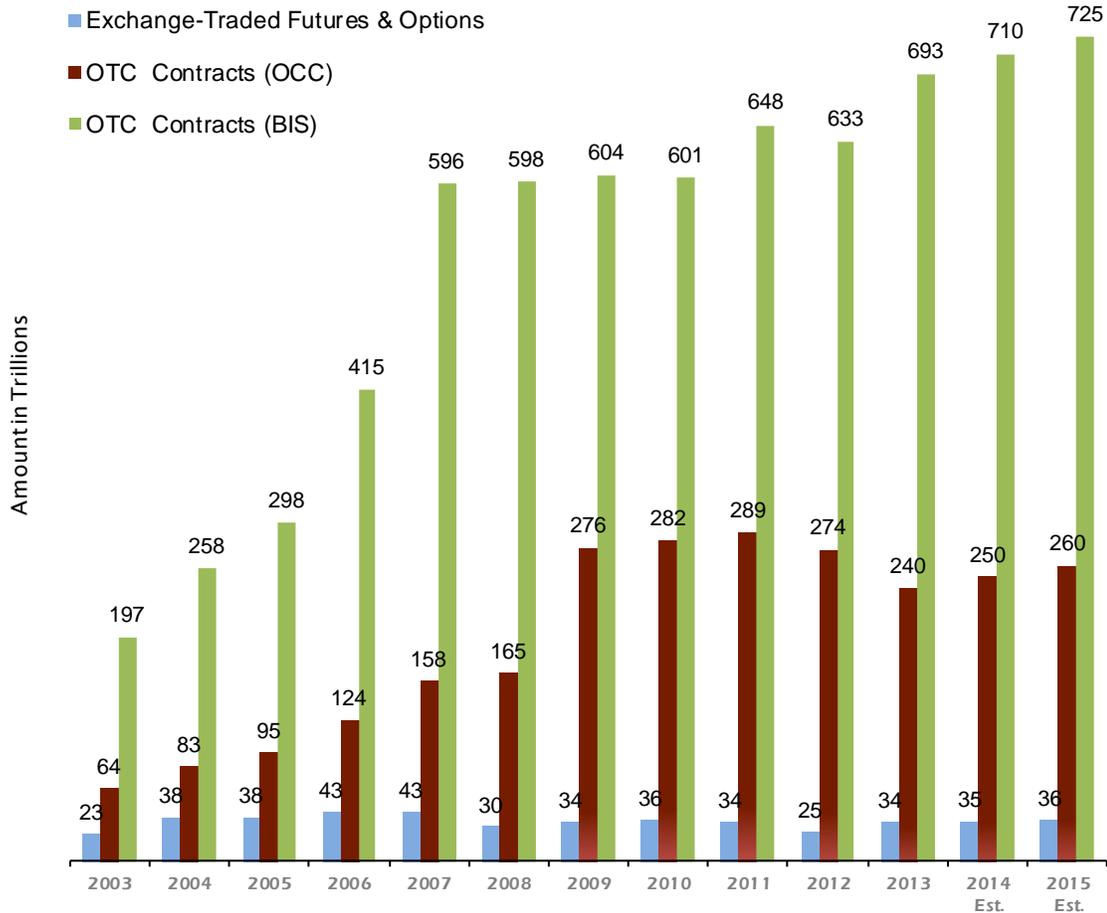


Figure 19: Notional Value of Exchange-Traded and OTC Contracts

Customer Funds in Futures Commission Merchants Accounts

The amount of customer funds held at FCMs has more than doubled in the last decade.

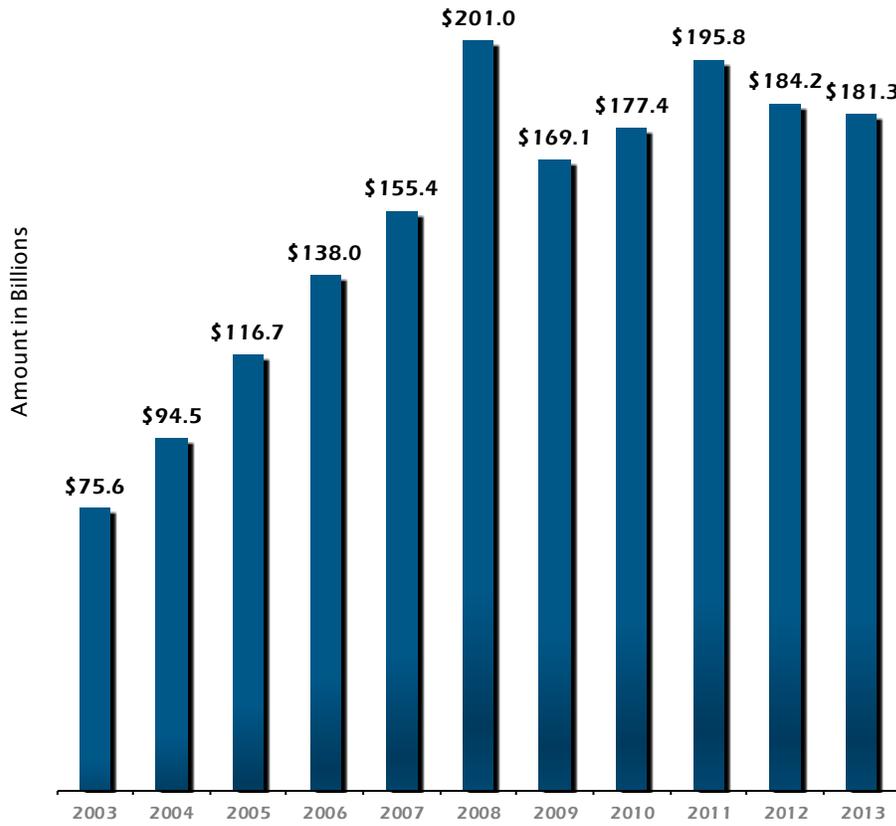


Figure 20: Customer Funds in FCM Accounts

Aggregate Sum of House Origin Margin on Deposit

Origin Margin (also referred to as Original or Initial Margin) is the initial deposit of margin money each clearing member firm is required to make according to clearing organization rules based upon positions carried, determined separately for customer and proprietary positions.²⁰

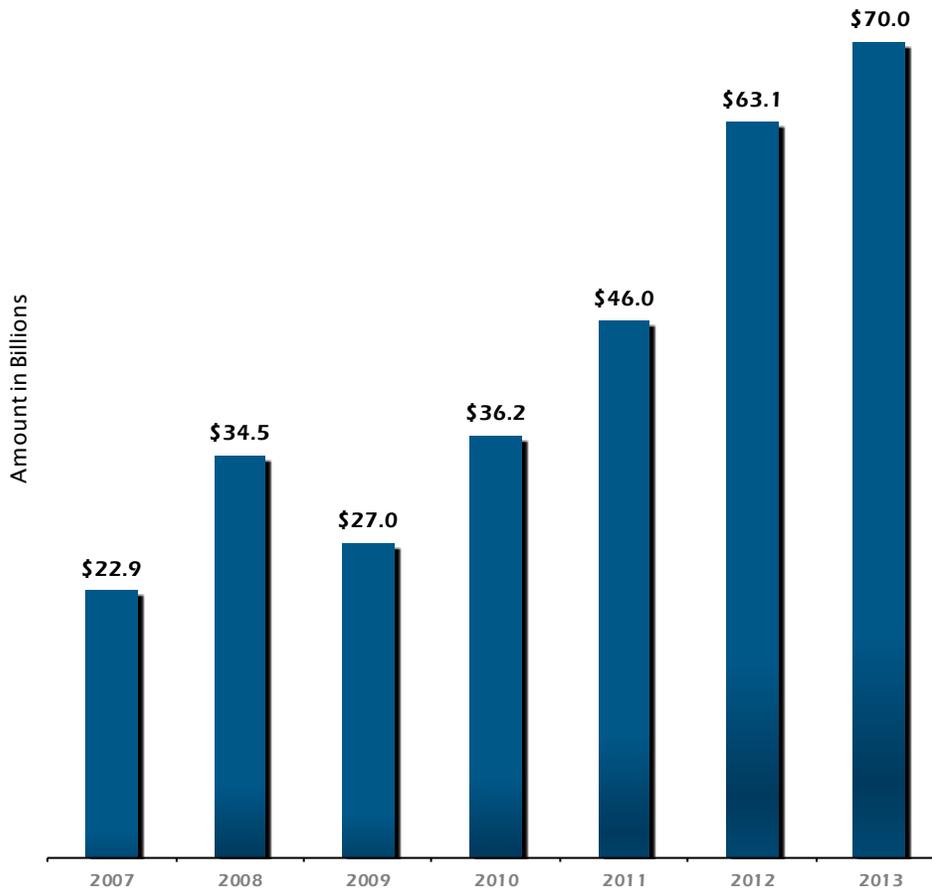


Figure 21: Aggregate Sum of House Origin Margin on Deposit

²⁰ Data Source: Margin on Deposit amounts obtained at month-end from DCOs.

Number of Registrants

Companies and individuals who handle customer funds, solicit or accept orders, or give trading advice must apply for CFTC registration through the NFA, a registered futures association and an SRO with delegated authority from the Commission.

The Commission regulates the activities of 68,241 registrants.

<u>Registration Category</u> ²¹	<u>Number as of September 30, 2013</u>
Associated Persons (APs) (Salespersons)	56,190
Commodity Pool Operators (CPOs)	1,811
Commodity Trading Advisors (CTAs)	2,636
Floor Brokers (FBs)	5,123
Floor Traders (FTs)	955
Futures Commission Merchants (FCMs)	105
Retail Foreign Exchange Dealers (RFEDs)	9
Introducing Brokers (IBs)	1,328
Swap Dealers (SDs) ²²	82
Major Swap Participants (MSPs) ²³	<u>2</u>
TOTAL	<u>68,241</u>

Table 18: Number of Registrants

²¹ A person who is registered in more than one registration category is counted in each category.

²² New registration category proposed by the Commission for certain entities engaged in swap transactions at 75 Fed. Reg. 71379 (November 23, 2010).

²³ New registration category proposed by the Commission for certain entities engaged in swap transactions at 75 Fed. Reg. 71379 (November 23, 2010).

Contract Markets Designated by the CFTC

The following DCMs are boards of trade or exchanges that meet the criteria and core principles for trading futures, options or swaps by both institutional and retail participants. Currently, 19 DCM participants meet criteria and core principles for trading futures, options and swaps.

Designated Contract Market		2008	2009	2010	2011	2012	2013
Cantor Futures Exchange, L.P.	CX			✓	✓	✓	✓
Board of Trade of the City of Chicago	CBOT	✓	✓	✓	✓	✓	✓
Chicago Climate Futures Exchange, LLC	CCFE	✓	✓	✓	✓	✓	✓
CBOE Futures Exchange, Inc.	CFE	✓	✓	✓	✓	✓	✓
Chicago Mercantile Exchange, L.P.	CME	✓	✓	✓	✓	✓	✓
Commodity Exchange Inc.	COMEX	✓	✓	✓	✓	✓	✓
ELX Futures, L.P.	ELX		✓	✓	✓	✓	✓
Eris Exchange, LLC	ERISDCM				✓	✓	✓
Green Exchange, LLC	GREENEX			✓	✓	✓*	
ICE Futures US, Inc. ²⁴	ICE US	✓	✓	✓	✓	✓	✓
Kansas City Board of Trade	KCBT	✓	✓	✓	✓	✓	✓
Minneapolis Grain Exchange, Inc.	MGE	✓	✓	✓	✓	✓	✓
North American Derivatives Exchange, Inc. ²⁵	NADEX	✓	✓	✓	✓	✓	✓
NASDAQ OMX Futures Exchange, Inc. ²⁶	NFX	✓	✓	✓	✓	✓	✓
New York Mercantile Exchange, Inc.	NYMEX	✓	✓	✓	✓	✓	✓
Nodel Exchange, LLC	NEX						✓
NYSE Liffe US, LLC	NYSE LIFFE	✓	✓	✓	✓	✓	✓
OneChicago LLC Futures Exchange	OCX	✓	✓	✓	✓	✓	✓
The Trend Exchange	TRENDEX			✓	✓	✓	✓
trueEx LLC	TRUEEX					✓	✓
US Futures Exchange, LLC	USFE	✓	✓				
TOTAL		14	15	17	18	19	19

Table 19: Contract Markets Designated by the CFTC

* Designation vacated in July 2012.

²⁴ Formerly, New York Board of Trade

²⁵ Formerly, HedgeStreet, Inc.

²⁶ Formerly, Philadelphia Board of Trade

Derivatives Clearing Organizations Registered with the CFTC

A clearinghouse that seeks to provide clearing services with respect to futures contracts, options on futures contracts, or swaps must register with the CFTC as a DCO. In FY 2013, 13 DCOs were registered with the CFTC.

Derivatives Clearing Organizations		2008	2009	2010	2011	2012	2013
Cantor Clearinghouse L.P.	Cantor Clearinghouse			✓	✓	✓	✓
Chicago Board of Trade ²⁷	CBOT	✓	✓	✓	✓	✓	
Clearing Corporation	CCorp	✓	✓	✓	✓	✓	✓
Chicago Mercantile Exchange, Inc.	CME Clearing House	✓	✓	✓	✓	✓	✓
Chicago Mercantile Exchange Europe Limited ²⁸	CME Clearing Europe				✓	✓	
ICE Clear Credit LLC	ICE Clear Credit				✓	✓	✓
ICE Clear Europe Ltd	ICE Clear Europe			✓	✓	✓	✓
ICE Clear US, Inc. ²⁹	ICE Clear US	✓	✓	✓	✓	✓	✓
Kansas City Board of Trade Clearing Corp ³⁰	KCBT	✓	✓	✓	✓	✓	
London Clearing House Clearnet LLC ³¹	LCH LLC		✓	✓	✓	✓	✓
London Clearing House Clearnet Ltd	LCH Ltd	✓	✓	✓	✓	✓	✓
Minneapolis Grain Exchange Inc.	MGE	✓	✓	✓	✓	✓	✓
Natural Gas Exchange Inc.	NGX		✓	✓	✓	✓	✓
New York Portfolio Clearing, LLC	NYPC				✓	✓	✓
North American Derivatives Exchange, Inc. ³²	NADEX	✓	✓	✓	✓	✓	✓
NYMEX Clearing House ³³	NYMEX	✓	✓	✓	✓	✓	
Options Clearing Corporation	OCC	✓	✓	✓	✓	✓	✓
TOTAL		10	12	14	17	17	13

Table 20: Derivatives Clearing Organizations Registered with the CFTC

²⁷ Registration vacated as of 8/6/2012

²⁸ Registration vacated as of 3/13/2012

²⁹ Formerly, HedgeStreet, Inc.

³⁰ Registration vacated as of 4/16/2013

³¹ Formerly, International Derivatives Clearinghouse LLC

³² Formerly, New York Clearing Cooperation

³³ Registration vacated as of 8/6/2012

APPENDIX 5

FY 2015 Planned Resources by Draft Strategic Goal

Goal One: Market Integrity and Transparency.

Breakout of Goal One Request by Mission Activity

Mission Activities	FY 2014 Estimate		FY 2015 Request		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
Registration	\$3,611	15	\$5,513	23	\$1,902	8
Product Reviews	4,751	19	4,709	20	-42	1
Surveillance	22,670	73	32,624	118	9,954	45
Examinations	14,152	57	22,863	95	8,711	38
Enforcement	0	0	0	0	0	0
Economic and Legal Analysis	5,083	18	6,026	23	943	5
International Policy	0	0	0	0	0	0
Data and Technology	11,697	12	13,546	15	1,849	3
Agency Direction and Management	8,070	31	8,761	34	691	3
Total Goal One	\$70,034	225	\$94,042	328	\$24,008	103

Table 21: Breakout of Goal One by Mission Activity

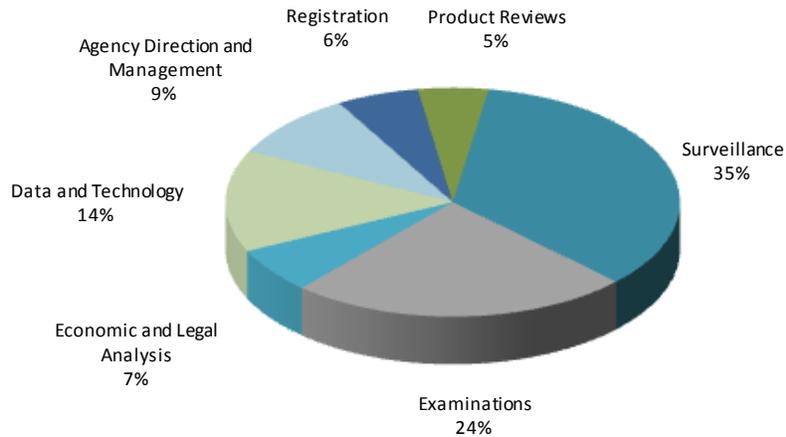


Figure 22: Breakout of Goal One Request by Mission Activity

Goal Two: Financial Integrity and Avoidance of System Risk

Breakout of Goal Two Request by Mission Activity

Mission Activities	FY 2014 Estimate		FY 2015 Request		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
Registration	\$7,017	28	\$10,701	45	\$3,684	17
Product Reviews	1,475	6	1,487	6	12	0
Surveillance	14,350	46	20,858	75	6,508	29
Examinations	9,434	38	15,242	63	5,808	25
Enforcement	0	0	0	0	0	0
Economic and Legal Analysis	5,083	19	6,026	23	943	4
International Policy	0	0	0	0	0	0
Data and Technology	9,694	10	11,288	12	1,594	2
Agency Direction and Management	6,922	27	7,552	29	630	2
Total Goal Two	\$53,975	174	\$73,154	253	\$19,179	79

Table 22: Breakout of Goal Two by Mission Activity

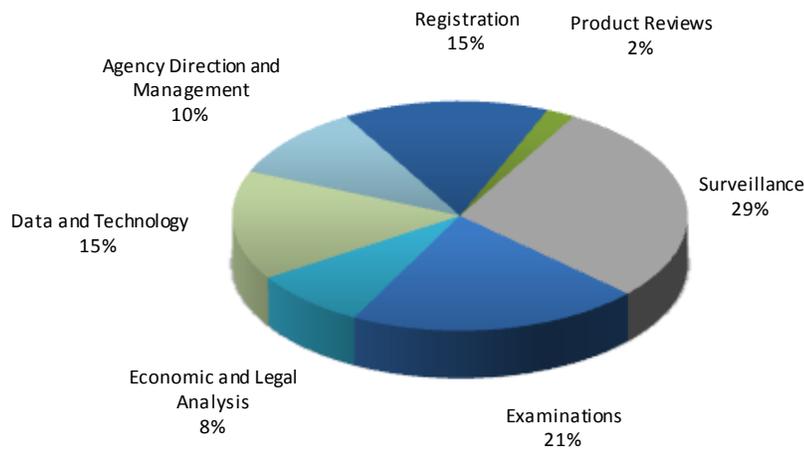


Figure 23: Breakout of Goal Two Request by Mission Activity

Goal Three: Comprehensive Enforcement

Breakout of Goal Three Request by Mission Activity

Mission Activities	FY 2014 Estimate		FY 2015 Request		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
Registration	\$0	0	\$0	0	\$0	0
Product Reviews	0	0	0	0	0	0
Surveillance	0	0	0	0	0	0
Examinations	0	0	0	0	0	0
Enforcement	46,329	149	62,317	200	15,988	51
Economic and Legal Analysis	5,083	19	6,026	23	943	4
International Policy	0	0	0	0	0	0
Data and Technology	14,751	15	17,158	19	2,407	4
Agency Direction and Management	9,820	38	10,573	42	753	4
Total Goal Three	\$75,983	221	\$96,074	284	\$20,091	63

Table 23: Breakout of Goal Three by Mission Activity

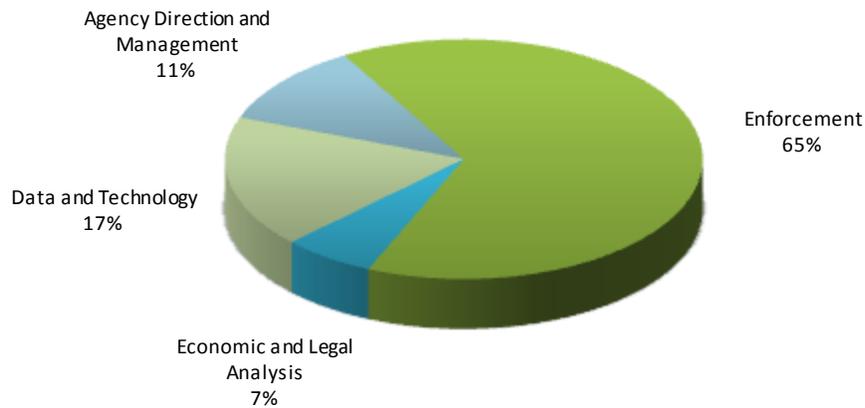


Figure 24: Breakout of Goal Three Request by Mission Activity

Goal Four: International and Domestic Cooperation and Coordination

Breakout of Goal Four Request by Mission Activity

Mission Activities	FY 2014 Estimate		FY 2015 Request		Change	
	\$ (000)	FTE	\$ (000)	FTE	\$ (000)	FTE
Registration	\$0	0	\$0	0	\$0	0
Product Reviews	0	0	0	0	0	0
Surveillance	0	0	0	0	0	0
Examinations	0	0	0	0	0	0
Enforcement	0	0	0	0	0	0
Economic and Legal Analysis	4,967	18	6,026	23	1,059	5
International Policy	4,261	15	4,220	15	-41	0
Data and Technology	2,804	3	3,161	4	357	1
Agency Direction and Management	2,976	12	3,323	13	347	1
Total Goal Four	\$15,008	48	\$16,730	55	\$1,722	7

Table 24: Breakout of Goal Four by Mission Activity

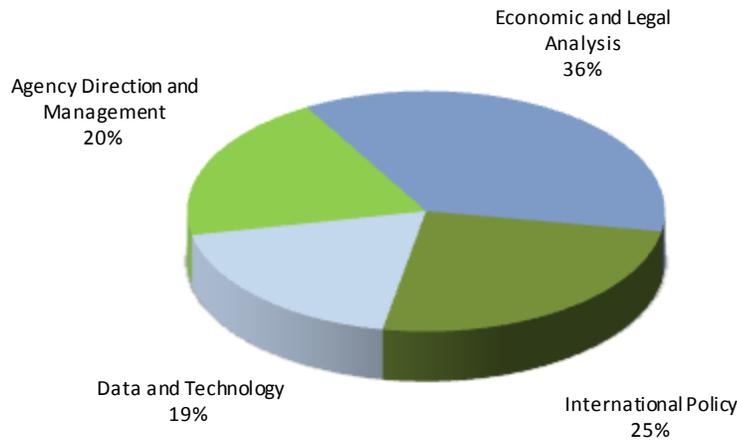


Figure 25: Breakout of Goal Four Request by Mission Activity

APPENDIX 6

Table of Acronyms

AP	Associated Persons
CEA	Commodity Exchange Act
CFTC	Commodity Futures Trading Commission
CPO	Commodity Pool Operator
CPSS	Committee on Payment and Settlement Systems
CTA	Commodity Trading Advisor
DCM	Designated Contract Market
DCO	Derivatives Clearing Organization
DCR	Division of Clearing and Risk (CFTC)
DMO	Division of Market Oversight (CFTC)
DOE	Division of Enforcement (CFTC)
DSIO	Division of Swaps and Intermediary Oversight (CFTC)
DSRO	Designated Self-Regulatory Organization
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
FBOT	Foreign Boards of Trade
FDIC	Federal Deposit Insurance Corporation
FCM	Futures Commission Merchant
FMU	Financial Market Utility
FOIA	Freedom of Information Act
FSOC	Financial Stability Oversight Council
FT	Floor Trader
FTE	Full-time Equivalent
FY	Fiscal Year
IB	Introducing Broker
IOSCO	International Organization of Securities Commissions
IT	Information Technology
MSP	Major Swap Participant
NFA	National Futures Association
OCC	Office of the Comptroller of the Currency
OCE	Office of Chief Economist (CFTC)
ODT	Office of Data and Technology (CFTC)
OGC	Office of the General Counsel (CFTC)
OMB	Office of Management and Budget
OTC	Other-the-Counter
RFED	Retail Foreign Exchange Dealers
SD	Swap Dealer
SDR	Swap Data Repository
SEC	Securities and Exchange Commission
SEF	Swap Execution Facility
SIDCO	Systemically Important Derivatives Clearing Organizations
SRO	Self-Regulatory Organization
USDA	United States Department of Agriculture
WBO	Whistleblower Office (CFTC)