



A MESSAGE FROM THE CHAIRMAN

I am pleased to present the Commodity Futures Trading Commission's (CFTC) Annual Performance Report (APR) for Fiscal Year 2011. It chronicles a critical time in the history of the agency.

In February 2011, the Commission published a new strategic plan for fiscal years 2011-2015 that incorporates the agency's expanded responsibilities under the congressionally mandated Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Importantly, the strategic plan also includes a new approach to agency performance measures to more accurately evaluate our progress. The goal under this plan is to ensure the derivatives markets – both the futures and swaps markets – work for the benefit of the American public; that they are transparent, open and competitive; and that they do not allow risk to spread through the economy.

The 2011 APR provides a detailed analysis of the CFTC's performance. The agency's self-evaluation measures for 2011 were strengthened and expanded under the strategic plan. These updated measures were designed to provide the Commission with more meaningful feedback on our progress over the five-year period and highlight areas for improvement.

While the agency has made significant progress in implementing the new strategic plan, there is still much work to be done between now and 2015. The agency's performance is affected by the challenges of limited resources. For example, the Commission reviewed fewer derivatives clearing organizations than planned for adherence to core principles and CFTC requirements. In addition, fewer staff members were available to review new contracts for susceptibility to market manipulation, resulting in a backlog.

The agency needs additional resources consistent with the CFTC's significantly expanded mission and scope under the Dodd-Frank Act. With just over 700 staff members, we are but 10 percent larger than our peak in the 1990s. Since then, though, the futures market has grown more than fivefold, and Congress added oversight of the swaps market, which is far more complex and eight times the size of the futures market the agency currently oversees.

The public needs a well-funded CFTC. Three years ago, the financial system failed, and the financial regulatory system failed as well. It is evident that swaps played a central role in these twin failures. When financial institutions fail, real people's lives are affected. More than eight million jobs were lost. Millions of Americans lost their homes. Today, families continue struggling to make ends meet.

The CFTC will continue working hard to effectively regulate the futures market and to write new rules of the road for the unregulated swaps market. Without sufficient funding, however, the nation cannot be assured that this agency can oversee the derivatives markets and enforce rules that promote transparency, lower risk and protect against another crisis.

A handwritten signature in black ink, appearing to read "G. Gensler". The signature is stylized and written in a cursive-like font.

Gary Gensler

February 13, 2012