A Message from the Chairman

I am pleased to present the Commodity Futures Trading Commission's (CFTC) Annual Performance Report (APR) for Fiscal Year 2012. This report measures the agency's performance against the rigorous goals that were included in an agency strategic plan for FY 2011-2015. When the Commission revised the strategic plan in 2011, it incorporated the agency's new responsibilities to oversee the swaps market under the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the goals were intended to make the agency more efficient and to strive for excellence.

For the second year in a row, there are many goals that were not met, as are detailed in the report. During this time, the agency has been transitioning to oversight of the vast swaps market, in addition to the futures market. Yet the CFTC's hardworking staff of 703 (on-board staff at the beginning of FY 2013) is just 10 percent more than what we had in the 1990s.

The CFTC's performance continues to be affected by these challenges of limited resources. In FY 2012, for example, the CFTC did not meet performance targets for reviews of designated contract markets or derivatives clearing organizations (DCOs). The agency also did not meet targets for conducting direct examinations of registered intermediaries.

The CFTC, however, did meet its goals in a number of important areas, including the risk analysis and stress testing of large trader and clearing member positions, as well as the timely review of rule submissions from DCOs.

The CFTC is reviewing the results of the APR and will include the findings in this year's revision of the strategic plan and consider the results as the agency reevaluates the allocation of resources.

Market implementation of the Dodd-Frank swaps reforms the CFTC has completed means additional resources for the agency are all the more essential. Investments in both technology and people are needed for effective oversight of these markets by regulators—like having more cops on the beat. Though data has started to be reported to the public and to regulators, we need the staff and technology to access, review and analyze the data. Though 71 entities have provisionally registered as swap dealers, we need people to answer their questions and work with the National Futures Association on the necessary oversight to ensure market integrity. Furthermore, as market participants expand their technological sophistication, CFTC technology upgrades are critical for market surveillance and to enhance customer fund protection programs.

Without sufficient funding for the CFTC, the nation cannot be assured this agency can closely monitor for the protection of customer funds and utilize our enforcement arm to its fullest potential to go after bad actors in the futures and swaps markets. Without sufficient funding for the CFTC, the nation cannot be assured that this agency can effectively enforce essential rules that promote transparency and lower risk to the economy.

Gary Gensler
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