



**2022 - 2026**  
**Strategic Plan**

# Commodity Futures Trading Commission 2022 – 2026 Strategic Plan

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# Commodity Futures Trading Commission 2022 – 2026 Strategic Plan

## Chairman’s Letter:

I am pleased to present the Commodity Futures Trading Commission (CFTC or Commission) 2022-2026 Strategic Plan. I am honored to serve as Chair at a Commission so uniquely positioned as a global leader in financial regulation during such a transformative time.

My belief about what success looks like for the CFTC is “fostering open, transparent, competitive, and financially sound markets; preventing and deterring misconduct and disruptions to market integrity; and protecting all market participants—whether institutional, retail or otherwise—from fraud, manipulation, and abusive practices.” The CFTC’s priorities are reflected in the goals, objectives, and strategies in this plan, and chart a path forward to ensure that derivatives markets remain stable, resilient and vibrant in light of the major forces transforming global financial markets. The emerging trends transforming global derivatives markets include digital asset commodities, decentralized finance (DeFi), and Environmental, Social, and Governance (ESG) Investing. As we address the novel risks and opportunities these trends present, the Commission must strike a balance between protecting market participants and supporting innovation.

The CFTC’s increased emphasis on data-driven decision making helps the Commission keep pace with innovations in financial markets and supports enforcement efforts. To that end, the CFTC’s Division of Data is enhancing its programs, tools, and analytical capabilities which are vital to our oversight of market utilities and participants, and the CFTC’s market surveillance efforts ensure timely analysis of trade data to identify and respond to outlying events and trading or positions that warrant further inquiry and support cooperation and coordination efforts domestically and abroad.

### **The CFTC Mission Statement**

*To promote the integrity,  
resilience, and vibrancy of the  
U.S. derivatives markets  
through sound regulation*

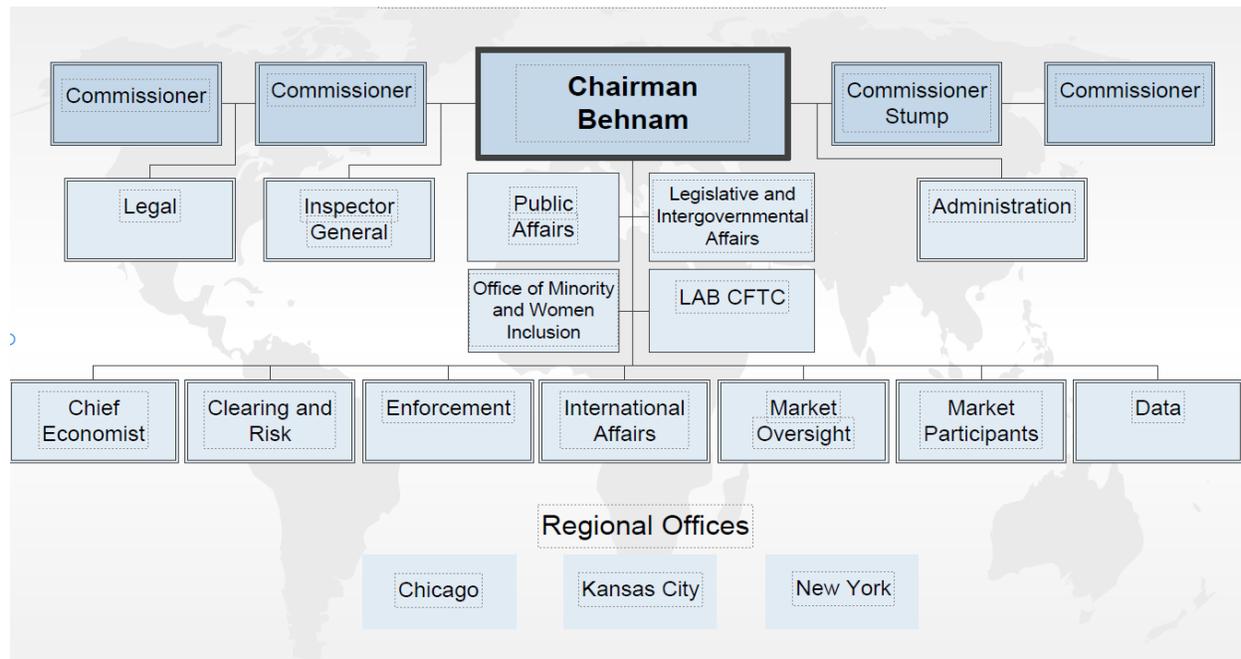
A strong and dynamic enforcement program is essential to protect the public and preserve market integrity by detecting, investigating and prosecuting violations of the CEA and CFTC regulations. The Commission’s enforcement program also works to ensure that U.S. derivatives markets operate free from manipulation and other abuses. We must continue to emphasize being tough on those who break the rules and ensure swift, but fair and consistent, investigation and prosecution as they serve as deterrents by discouraging potential bad actors from engaging in misconduct.

One of my top priorities is advancing diversity, equity, inclusion and accessibility (DEIA), because the Commission needs to adopt new strategies to develop a workforce that reflects the diversity of the people we serve. The CFTC is striving to cultivate an inclusive and welcoming culture, where all employees feel valued, safe, empowered and respected. To that end, this year I appointed the CFTC’s first Chief Diversity Officer (CDO) to provide leadership and executive direction on the Commission’s efforts to integrate DEIA into every aspect of our talent and business operations.

Our success results from the tireless dedication and extraordinary expertise of CFTC staff. I am inspired by the unwavering commitment, skill, and creativity our staff demonstrate in providing oversight to our markets and market participants. I am grateful to serve with them in this effort.

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## The CFTC Organization and Responsibilities



To promote market integrity, the CFTC regulates and polices the derivatives markets, seeking to foster open, competitive, and financially sound futures, options, and swaps markets. The agency oversees a variety of individuals and organizations, including derivatives clearing organizations (DCOs), swap execution facilities (SEFs), designated contract markets (DCMs), swap data repositories (SDRs), swap dealers (SDs), futures commission merchants (FCMs), commodity pool operators (CPOs), and other entities.

Established by statute as an independent agency in 1974, the CFTC assumed responsibilities previously belonging to the Department of Agriculture since the 1920s. The Commodity Exchange Act (CEA) historically grants the CFTC regulatory authority over the commodity futures and options markets. These markets have existed since the 1860s, beginning with agricultural commodities.

Over time, these markets, known as DCMs, regulated by the Commission, have grown to include those for energy and metals commodities such as crude oil, heating oil, gasoline, copper, gold, and silver. The agency now also oversees DCMs for financial products such as interest rates, stock indexes, and foreign currency. Most recently, the CFTC has granted DCM licenses for exchanges specializing in futures relating to digital assets.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) directed the CFTC to oversee the U.S. swaps market; more than \$400 trillion in notional value, about 12 times the size of the futures market. This link includes the laws and regulations that guide the CFTC's work.

Futures, options, and swaps markets are essential to our economy and the way that businesses and investors manage the risk and uncertainties of future commodity price movements. Farmers, ranchers, commercial companies, municipalities, pension funds, and others use these markets to lock in a price or rate, helping them focus on innovating, producing goods and services, creating jobs, and reducing the risks of investing. The CFTC works to ensure market participants can use markets with confidence.

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## Introduction

The CFTC's mission is to *promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation*. As derivatives markets continue to evolve, the CFTC remains committed to being the global standard for sound derivatives regulation by ensuring that derivatives markets are responsive to emerging risks, technologies, and trends through supporting legislation, promulgating rules, issuing guidance, and establishing policies that promote innovation and protect market participants, users, and the economy. The Commission holds itself accountable to work with market participants domestically and abroad to ensure the U.S. derivatives markets are efficient, competitive, and free from fraud, manipulation, and other disruptive or abusive practices.

The goals, objectives, and strategies detailed below support the CFTC's mission by focusing talent and resources towards strengthening the integrity and resiliency of the U.S. derivatives markets to the benefit of all Americans, while encouraging growth and innovation domestically and abroad. The goals prioritize compliance with the CEA and Commission regulations through clear, equitable, and transparent rules and guidance, targeted surveillance, and operating an enforcement program that roots out fraud, manipulation, and market abuse, and sends a strong, clear message to bad actors that misconduct will be identified and punished. Focusing on our unique mission and proficiency, the CFTC continuously improves upon its collection, use, analysis, and protection of data and seeks to maximize performance and efficiency through promoting a workforce comprised of the best and brightest and regularly cooperating and collaborating with fellow regulators, self-regulatory organizations, trade groups, and other stakeholders.

In the face of ever-evolving markets resulting from technological innovations and external events like the COVID-19 pandemic, the CFTC will continue to ensure the foundation of the U.S. derivatives markets remains sound. This requires strong oversight of the registrants, products, and market participants within the CFTC's jurisdiction and commitment to remaining nimble and vigilant in identifying and addressing risks and uncertainties that could undermine achieving its mission and long-term goals.

## Strategic Goal 1: Strengthen the resilience and integrity of our derivatives markets while fostering their vibrancy

Derivatives markets strengthen the U.S. and global economy by helping market participants manage price risks. The derivatives markets the CFTC oversees are used to hedge risks in the traditional commodity as well as interest rate, foreign exchange, credit, and equity markets. They also serve as powerful information resources for hedgers and investors for price discovery, market transparency, and facilitating the allocation of capital. Our markets must be open and competitive so that prices reflect supply and demand, unaltered by fraud, manipulation, or other abuses. The CFTC's unique challenge is to achieve the dual goals of protecting and advancing the world's leading derivatives markets. Protecting these markets bolsters confidence in their integrity. As new and emerging risks may threaten the stability of derivatives markets, we must move urgently and decisively in measuring, understanding and addressing each risk. With appropriate regulatory oversight, derivative markets can be a catalyst for investment that accelerates economic resilience and continue to serve their purpose.

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## 1.1 Ensure our central counterparties remain among the soundest and most resilient in the world.

Significance: The CFTC registers and oversees different types of entities that are the foundation of the U.S. derivatives markets. These include central counterparties, or CCPs. Commission-registered CCPs, also known as DCOs provide crucial services and reduce counterparty risk; their resilience is essential to the efficiency and stability of derivatives markets. The CFTC’s central role in CCP resilience is achieved through strong oversight, including: regular examinations, stress testing, capital requirements, financial reporting obligations, and ongoing risk monitoring.

Key Strategy: To strengthen CCP resilience, the CFTC will enhance its capabilities to ingest CCP data. These enhancements will allow the Commission to expand CCP risk analytics and monitoring for backtesting and risk identification.

## 1.2 Reduce global market fragmentation through continued work with our international counterparts and participation on international standard setting bodies.

Significance: Close collaboration with international regulators helps ensure CFTC initiatives are consistent with global efforts in areas of common interest and in service of broader U.S. interests. For instance, such cooperation advances effective margin and capital requirements for CCPs. The CFTC participates in, and sometimes leads, standard setting bodies – including the International Organization of Securities Commissions (IOSCO), IOSCO’s joint forum with the Committee on Payments and Market Infrastructures (CPMI), and the Financial Stability Board (FSB) – to advance strong, effective, practicable, proportionate, and efficient international standards. The CFTC plays an important role promoting stability in international derivatives markets. Current examples include:

- Co-leads, with the Bank of England, a joint project with IOSCO, CPMI, and the Basel Committee on Banking Supervision. This project analyzes margin dynamics during the COVID-19 pandemic’s peak market volatility (March-April 2020);
- Actively participates in an FSB-led analysis of CCP financial resources and other CCP recovery and resolution attributes;
- Co-chairs IOSCO’s Financial Stability Engagement Group, which enhances collaboration between macroprudential authorities and market regulators on international financial regulatory policy for areas including funds, derivatives, and corporate bond markets.

Key Strategy: The CFTC will continue to partner with international counterparts to identify and address the potential impacts of developments associated with emerging issues such as the ongoing impact of the COVID-19 pandemic.

## 1.3 Effectively monitor and work to ensure optimal requirements for margin and capital in our markets.

Significance: The creation and implementation of CFTC rules requiring margin for uncleared swaps, and similar rules around the world, are a foundation of derivatives market integrity. Margin provides confidence in times of market stress and volatility by ensuring that collateral is available to offset counterparty losses. Because margin requirements protect the safety and soundness of SDs and major swap participants (MSPs), they help safeguard the integrity of the financial system. Margin collection

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requirements provide collateral to cover counterparty risk, and requirements to post margin reduces firms taking on excessive risk.

The recent adoption of SD and MSP capital requirements complements the robust capital requirements already in place for other derivatives marketplace intermediaries such as FCMs. Together, these requirements afford a necessary back-stop for customer and financial system protection.

Key Strategy: To bolster continued efficient and stable functioning of derivatives markets, the Commission is collaborating with registered SDs and the National Futures Association (NFA), the self-regulatory organization for the U.S. derivatives industry and the only CFTC-designated registered futures association under the CEA, to support sound implementation of and faithful adherence to these crucial margin and capital requirements.

**1.4** Advance policies that deepen liquidity and increase transparency in our markets without reducing the risk-mitigating benefits of regulations.

Significance: A lack of liquidity and transparency can negatively impact the ability of derivatives markets participants to manage and mitigate risk. The Commission’s DCM framework fosters liquidity and competition through core principles that prevent market abuses and promote impartial access and transparency. The SEF framework, including the Commission’s efforts to promote swaps trading on SEFs, has resulted in increased liquidity, pre-trade price transparency and competition. Additionally, swaps data reporting requirements increase market transparency and foster price discovery – both of which are important to healthy trading liquidity. The recently adopted SD and MSP capital rule enhances swap markets’ transparency, ensuring registered SDs not only hold required capital amounts within their firms, but also provide important financial information to the Commission and the public.

Key Strategy: The CFTC will deepen liquidity and increase transparency by faithfully administering the DCM regulatory framework and implementing the SEF regulatory framework, including swaps data reporting and SD and MSP capital requirements.

### **Strategic Goal 2: Regulate our derivatives markets to promote the interests of all Americans**

The significant benefits that the futures, swaps, and options markets bring to the lives of everyday Americans often go unnoticed. These markets enable businesses to provide more stable and predictable prices to consumers for everything from groceries to gasoline and heating bills to home mortgages. Stable and predictable prices are particularly important to historically underserved communities, who are more likely to be disparately impacted by market fluctuations. Underserved communities may also have less access to educational materials that would better inform them of the risks of market participation and enable them to protect themselves from fraud and abusive practices.

In regulating derivatives markets and their financial instruments, the CFTC serves a critical role in our economy. In regulating these markets, we must not lose sight of their underlying purpose: to serve the needs of all Americans. America’s agricultural community – its farmers and ranchers – have relied on derivatives markets to hedge production and costs for more than 100 years. Those markets provide fair

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value for farmers' and ranchers' hard work and enable greater price stability for consumers. The Commission will demonstrate commitment to the agricultural community and its stakeholders by understanding and addressing issues that positively and negatively impact agricultural commodity derivatives markets. The Commission, working closely with the Agricultural Advisory Committee, will continue to partner with relevant parties to monitor and address the impact global and regional events and circumstances have on the many different aspects of the agricultural community and its stakeholders.

### **2.1** Ensure derivatives markets remain an effective risk management tool for end users.

Significance: Derivatives serve as crucial risk management tools; they allow parties wanting to reduce risk exposure by offsetting that risk to parties willing to take on additional risk. These risks range from counterparty risk, default risk, commodity price fluctuations, weather events, bad harvests, exchange rate volatility and interest rate fluctuations. The ability to use derivatives markets to effectively manage risk relies on strong and resilient CCPs, exchanges and intermediaries. Commission-registered DCOs are a cornerstone of efficient, stable derivatives markets. The clearing services provided by DCOs help end users mitigate and manage risk. By serving as an intermediary, or counterparty for every agreement, contract or transaction, DCO's substitute their credit for the credit of end users. DCOs guarantee the financial performance of both parties and become, effectively, the buyer and seller for each transaction. Commission-registered DCOs must comply with CFTC regulations intended to ensure clearing services are appropriately risk managed while each position is held at the DCO. This includes the design and implementation of security processes and procedures to protect the organization and promote cyber resilience. Commission staff regularly review DCO rules changes and will examine DCOs for compliance with the regulations.

The CFTC's registered exchanges SEFs and DCMs list derivatives contracts for trading that end users from a wide variety of sectors use to manage risk, from agriculture to energy to finance. Commission-registered exchanges must comply with CFTC rules intended to ensure transparent, fair, competitive, and secure markets. Commission staff regularly reviews exchange rules and contract filings to ensure compliance with these rules.

The Commission's system safeguards examinations are an essential component of the examination program for DCMs, SEFs, and SDRs. They are crucial to exchanges' stability and provide uninterrupted price discovery to help market participants manage risks. Heightened awareness of emerging and ongoing threats helps the CFTC provide effective oversight and determine the appropriate scope and format of regulated entities' cybersecurity and system safeguards examinations.

Key Strategy: The Commission will shift away from its past baseline examination scheduling to risk-based examinations of SEFs and DCMs. Analyzing trade data as a key component to determine examinations' focus and scope, the CFTC intends to continue initiating more horizontal examinations to review the same topic across multiple exchanges. This practice stretches limited resources to appropriately targeted areas and identifies best practices that can be shared with all exchanges.

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### **2.2** Consider the unique role played by agricultural community stakeholders, smaller financial institutions and FCMs.

Significance: Providing our agricultural sector tools to hedge risk and receive fair prices is a cornerstone of the CEA. The hedging utility of agricultural derivative products has become even more critical as America’s farmers and ranchers continue to face adverse impacts in their day-to-day operations due to the uncertainty caused by the global COVID-19 pandemic. The April 2020 creation of the CFTC’s Livestock Task Force, and its monitoring of livestock supply chain disruptions during the pandemic, demonstrates the Commission’s ability to respond to commodity supply chain disruptions in real time. This example of CFTC’s agility will help deter market participants from exploiting future global turmoil by engaging in misconduct. Knowledge of agricultural markets’ supply chain instability will continue to benefit from inter-agency collaboration such as the CFTC’s recent appointment of a liaison to the U.S. Department of Agriculture.

With fewer resources, small financial institutions and FCMs may bear a disproportionate compliance burden relative to the risk they contribute to the larger financial system. Where appropriate, regulations should consider the size of relevant entities and the risk profiles of their activities to advance equity in the regulatory process. This is particularly important for smaller entities that may be owned or operated by individuals in underserved communities or serve them.

Key Strategy: The Commission will continue to partner with relevant parties to monitor and address the impact global and regional events and circumstances have on commodity-related supply chains.

### **2.3** Increase protections for customer assets and information

Significance: The Commission works to ensure that regulated persons provide retail persons the information they need to make educated use of derivatives. Disclosure plays an important role in this education. Regulated entities, such as FCMs, can only open a commodity futures account for a retail customer once they receive and sign a disclosure statement. These statements inform customers about futures trading risk and ask customers to consider their ability to take such risks. The CFTC, in conjunction with NFA and other self-regulatory organizations, devotes significant attention to overseeing disclosure documents’ preparation and distribution. Equal effort is given to similar communications about the trading programs offered by commodity trading advisors (CTAs) and the foreign exchange (Forex) and futures orders solicited or accepted by registered FCMs and Forex dealers. Registered entities’ claims regarding their products must be supported.

Key Strategy: The CFTC, collaborating with the relevant self-regulatory organizations, will continue to provide well-considered, specific disclosure guidance to ensure that customers and prospective customers have the information that they need to appropriately evaluate potential transactions and relationships in view of their personal risk profile and goals. The CFTC will consider the diversity of retail persons in crafting its approach to disclosure guidance and other communications.

### **2.4** Answer the global call to confront climate change by advancing derivatives’ role in confronting climate-related risks and supporting innovation that addresses these risks.

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Significance: Climate change’s broad impact includes many facets of the Commission’s oversight of derivatives markets. For example, climate change impacts the price of energy and agricultural commodities, which in turn affect the derivatives products listed on CFTC-regulated exchanges. Fortunately, innovative markets are responsive to emerging issues, such as climate change. The CFTC must understand and communicate to stakeholders the role of derivatives markets in helping manage those risks. The Commission must ensure it has the data, systems, and analytic tools to perform the modeling required to monitor, analyze, quantify and address the risks climate change poses to derivatives markets. This includes analyzing climate-related products and markets with altered risk attributes; that will increase, decline, or shift as a result of climate change.

The CFTC’s oversight of exchanges supports private sector climate initiatives to ensure new products and markets fairly facilitate hedging, price discovery, market transparency, and capital allocation. This oversight must also ensure registrants’ continuity plans are adequate to address the growing risks posed by climate change.

Key Strategy: The Commission’s Climate Risk Unit (CRU) supports the agency’s mission by focusing on the role of derivatives in understanding, pricing, and addressing climate-related risk and transitioning to a low-carbon economy.

When it reviews new derivatives’ contract design, DMO will ensure that the terms and conditions for climate-related products are transparent and based on trusted, reliable environmental data. CFTC’s oversight of innovate climate products and practices helps mitigate climate risk and fosters liquidity, public confidence, and effective price discovery for all market participants and the broader economy.

**2.5** Strategically develop and deploy sophisticated, inclusive, and accessible educational and outreach materials through traditional and social media outlets to enhance the American public’s understanding of derivatives and the CFTC’s mission.

Significance: The CFTC’s Office of Customer Education and Outreach (OCEO) plays an important role in helping customers protect themselves against fraud and other violations of the CEA which is especially critical in today’s hyperconnected mobile world. Using real-time complaint data and evidence-based approaches, OCEO employs a multimedia strategy that focuses on developing clear, timely, and authoritative online content that is specifically designed to appear prominently in mainstream online search results. Through social media and traditional media engagement, the branch delivers advisories and fraud avoidance information directly into customer newsfeeds. Targeted interactive programming gives customers and key stakeholders opportunities for discussions about managing risk and preventing fraud. OCEO supplements its innovative online content by working closely with other federal, state, and local government agencies, financial education organizations, and industry to build relationships and facilitate outreach to relevant audiences.

Key Strategy: The CFTC will employ sophisticated, inclusive, and accessible multimedia strategies to approach customers and potential customers, particularly in historically underserved communities, to educate them about derivatives markets, managing risk, and avoiding fraud.

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**2.6** Incentivize or require new exchanges, intermediaries and innovators who are meeting the demand for products and services from retail participants to prioritize compliance and risk management through appropriate regulation.

Significance: The CFTC can protect the public from the unique risks presented by new technologies and emerging markets by bringing as much activity, as appropriate, under the Commission’s regulatory fold or another regulator’s jurisdiction. The Commission engages regularly with innovators, existing intermediaries, and market operators to analyze how and if new products and services fit into the current CFTC regulatory regime. The Commission also works with NFA to monitor registered CPOs and CTAs in these emerging asset classes to ensure appropriate disclosures are made to current and prospective pool participants and clients.

Key Strategy: The CFTC will continue to collaborate with its regulatory partners and engage with new market entrants to ensure that they are brought under the appropriate regulatory jurisdiction.

### **Strategic Goal 3: Encourage innovation and enhance the regulatory experience for market participants at home and abroad**

How we regulate is just as important as what we regulate. All our actions are aimed at developing and implementing regulations that are efficient, effective, and appropriately tailored. We are guided by the important outcomes of resiliency, avoiding systemic risk, and improving the integrity of derivatives markets. Financial markets quickly adopt emerging technologies, and our derivatives markets have experienced a revolutionary transformation that presents both opportunities and risks. This transformation includes several emerging trends in derivatives markets – decentralized finance (DeFi), Environmental, Social, and Governance (ESG) Investing, digital assets, and event contracts. Addressing both the risks and opportunities of these nascent markets requires striking a balance between protecting market participants and supporting innovation. The CFTC must keep pace and take the lead, when appropriate, to encourage responsible innovation. Where appropriate, we will emphasize and enforce industry compliance so that our markets remain not only innovative, but fair. In addition to ongoing domestic regulatory cooperation, close collaboration with international regulators will help ensure CFTC initiatives are consistent with global efforts where relevant, and in service of broader U.S. interests.

**3.1** Increase stakeholder engagement and leverage principles-based regulation, where appropriate, to ensure that the Commission’s regulatory approach is calibrated with the risks presented.

Significance: The risks posed by climate change, and other ESG issues, as well as the opportunities and risks associated with the emerging trends in derivatives markets to incorporate innovations such as DeFi require extensive stakeholder engagement. The CFTC must understand and clearly communicate to stakeholders the role that the derivatives markets can play to help end users manage those challenges and risks. Further, engagement and collaboration with other regulators and stakeholders will help inform standards for climate-related products trading as well as the products resulting from derivatives markets’ emerging trends. Increasing stakeholder engagement enhances our ability to attune regulation development and implementation to the level of risk encountered, striking the appropriate balance

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between supporting innovation and protecting market participants. The CFTC's principles-based regulatory tradition allows markets to evolve to meet the economy's changing demands while reducing systemic risk.

Key Strategy: The CFTC will continue to engage with key stakeholders to better understand and establish appropriate regulatory approaches tailored to risks in emerging markets.

**3.2** Ensure that the CFTC's actions result from well-defined, transparent, and consistent processes, with regulatory development that complies with applicable laws and regulations, and is consistent with standards agreed upon by international bodies.

Significance: The Commission's rulemakings and regulatory decisions are central to carrying out the CFTC mission. Because these regulatory actions often have a broad and deep impact on derivatives markets, the economy, and all Americans, it is essential that the CFTC's decision-making processes are clearly defined, transparent to all stakeholders, consistent over time, and compliant with the letter and spirit of the CEA and Commission regulations. The Commission must also abide by all aspects of administrative law and regulations, and specifically how they apply to the CFTC's rulemakings and other regulatory actions. These laws include the Administrative Procedure Act, the Regulatory Flexibility Act, and the Paperwork Reduction Act.

Key Strategy: The CFTC's Legal Division will continue to provide the Commission and its various operating divisions with the legal interpretation and guidance needed to comply with the CEA as well as administrative law and regulation.

**3.3** Harmonize regulations for market participants subject to concurrent CFTC and SEC jurisdiction, where appropriate.

Significance: Many CFTC registrants also subject to the jurisdiction of the SEC or other domestic regulators<sup>1</sup>. Concurrent jurisdiction requires Commission staff to regularly engage with fellow regulatory agencies regarding matters of mutual interest to ensure consistency as much as possible and to mitigate against conflicting regulatory requirements. The markets regulated by the CFTC and those regulated by the SEC are constantly evolving. The pace of evolution is especially pronounced in the areas of digital assets, and DeFi. Orderly trading and market integrity in these areas require that any guidance or regulations issued by these agencies be consistent.

Key Strategy: The CFTC will continue collaboration with the SEC to foster regulatory consistency and reduce conflicting requirements for market participants subject to concurrent CFTC and SEC jurisdiction.

**3.4** Address risks and opportunities arising from significant emerging trends in derivatives markets, including DeFi, ESG Investing, digital assets, and event contracts.

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<sup>1</sup> Many of the registrants under the CFTC's oversight are also overseen by international financial regulators, such as the United Kingdom's Financial Services Authority and France's Autorité des Marchés Financiers.

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**Significance:** The complexity of determining an appropriate regulatory regime in light of these significant emerging trends in derivatives markets highlights the dual nature of the CFTC’s charge. The Commission must strengthen the integrity of derivatives markets and protect their participants while simultaneously supporting innovation within these markets. The broad scope of possible regulatory actions and associated necessary collaborations for just one of these asset categories – digital assets products (of which crypto and virtual currencies are forms) – underscores the need for a robust strategic regulatory program. For digital assets products, the Commission must:

- Engage with innovators, existing derivatives market intermediaries, and market operators to analyze if these asset products and markets fit into the current CFTC regulatory regime:
  - Are new products within the CFTC’s regulatory scope?
  - Do any unique characteristics of new products warrant modifying the existing regulatory regime?
- Work with innovators on product design issues to ensure customer protection requirements are met; and
- Explain and advise on intermediary roles and responsibilities in new markets.

**Key Strategy:** The CFTC will leverage its extensive experience fostering innovation and market integrity to develop a regulatory framework for emerging trends in derivatives markets that will protect all participants, including those from historically underserved communities, from abusive trade practices and fraud, deter market manipulation, avoid systemic risk, and enhance market integrity.

## **Strategic Goal 4: Be tough on those who break the rules**

Protecting the public and preserving market integrity by detecting, investigating and prosecuting violations of the CEA and CFTC regulations is fundamental to the CFTC mission. The Commission protects the retail public by imposing regulatory standards on market intermediaries and by prosecuting those that commit misconduct, including fraud in any of the markets under the CFTC’s jurisdiction. The Commission’s enforcement program also works to ensure that U.S. derivatives markets operate free from manipulation and other trading abuses. In addition to being tough on those who break the rules, it is equally important to be fair and consistent. Sound enforcement does not rely solely on after-the-fact actions. Swift and sure investigation and prosecution serve as deterrents by discouraging potential bad actors from engaging in misconduct in the first place.

Maximizing the effectiveness and reach of investigations and prosecutions requires sophisticated systems and relationships. The Commission’s market surveillance efforts apply analysis of trade data to identify and respond to outlying events and other trading or positions that warrant further inquiry. The CFTC uses forensic economists to conduct extensive data analysis to develop evidence for investigations into potential market manipulation, disruptive trading practices, and other unlawful trade-based conduct. For misconduct crossing jurisdictions, the CFTC engages in robust cooperative enforcement work with domestic, state, Federal, and international regulatory and criminal authorities. The increasing prominence of innovations in digital assets and DeFi will increase the Commission’s enforcement workload and enforcement complexity. This will increase the necessity of collaborative efforts to address these complex challenges. The tips, complaints, and referrals of potential misconduct submitted

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to the Commission's whistleblower program reduce the time and resources CFTC staff need to investigate and prosecute cases.

- 4.1** Provide fairness, consistency, and predictability across enforcement matters by holding individuals accountable and clearly articulating expectations through widely disseminating accessible announcements, outreach, and speaking orders.

Significance: Fairness, consistency and predictability are key criteria guiding CFTC enforcement. The policies and procedures governing the Commission's enforcement efforts are found in the *Enforcement Manual*. The CFTC will use multiple channels to communicate expectations to all individuals who will be held accountable for compliance with market regulations.

The CFTC remains vigilant against those who violate the CEA or CFTC regulations. The CFTC's strong enforcement program emphasizes being tough on those who break the rules, but also being fair and consistent. A tough enforcement program is vital to maintaining public confidence in financial markets. The Commission uses its authority to deter fraudulent and manipulative conduct and to ensure that markets, firms, and participants subject to the Commission's oversight meet their obligations. The Commission pursues enforcement actions to protect the public interest relating to commodities and derivatives subject to the Commission's regulatory authority. Bringing these enforcement cases sends a message to bad actors that they will be held accountable and punished for breaking the law, to market participants that they can continue to depend on the derivatives and underlying cash markets, and to retail customers that they can trust investments are safe because the CFTC is watching over their funds and ensuring that prices reflect supply and demand.

Key Strategy: The CFTC will continue to operate an enforcement program that roots out fraud, manipulation, and market abuse, and sends a strong, clear message to bad actors that misconduct will be identified and punished.

- 4.2** Leverage the CFTC's expertise and resources by coordinating with other criminal and civil enforcement authorities.

Significance: Misconduct is not limited to regulatory boundaries or international borders; this is especially true as markets evolve and become more interconnected. To address this challenge, CFTC maximizes the effectiveness and reach of its enforcement program through cooperative enforcement work with domestic, state, Federal, and international regulatory and criminal authorities. DOE's international cooperative enforcement office obtains critical enforcement information through formal arrangements with international counterparts. The Commission's staff provides timely, well-reasoned, and effective responses to foreign authorities' requests for reciprocal assistance, which have increased both in number and in complexity. Where practical and appropriate, the CFTC leverages enforcement resources through engaging regulatory, civil, and criminal partners in parallel actions.

Key Strategy: To maximize the effectiveness and reach of its enforcement program, the CFTC will continue to coordinate with other regulatory and criminal authorities.

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### 4.3 Focus market surveillance on areas where fraud and manipulation are most likely.

Significance: The Commission maintains a robust market surveillance program that uses sophisticated data analytics to identify potential violations of the CEA and CFTC regulations. Migrating surveillance data to the cloud will improve analytic capacity and assist in more accurately and rapidly identifying trading patterns or positions that warrant further investigative inquiry. Additionally, the CFTC’s whistleblower program pays awards to eligible whistleblowers and protects their confidentiality. The Customer Protection Fund, established by the Dodd-Frank Act, pays awards to eligible whistleblowers and funds the customer education and outreach initiatives discussed in Strategic Objective 2.5.

Key Strategy: The CFTC will continue to employ robust market surveillance and whistleblower programs to identify potential violations of the CEA and CFTC regulations.

### **Strategic Goal 5: Focus on our unique mission and improve our operational effectiveness**

The CFTC mission guides how staff throughout the Commission carry out every day operations. The CFTC has created a cohesive, results-driven workplace that is poised to capitalize on the strengths of a diverse and inclusive workforce positioned to achieve the CFTC mission today and in the future. The Commission’s regulatory decisions are increasingly data-driven, employing a unified, enterprise-wide data system and centralized dashboards. Operational effectiveness is further enhanced by a holistic approach to risk management which is maturing toward consistent, objective, and transparent identification of the CFTC’s Top Risks.

As an enterprise strategy and business imperative critical to success, the CFTC is strategically embracing and embedding diversity, equity, inclusion, and accessibility principles and best practices into the Commission’s culture and operations. We are proud of our unique mission, with responsibilities to strengthen derivatives markets and their vast impact on the national economy. Because the CFTC is entrusted with a critical mission and the resources to carry it out, it is our duty to improve operational effectiveness. This will ensure that Commission resources are dedicated exclusively to achieving the CFTC mission.

### 5.1 Embracing and embedding equal opportunity, diversity, equity, inclusion, and accessibility (DEIA) principles and best practices into all Commission operations.

Significance: Achieving equal opportunity and DEIA within the Commission is only the beginning. To remain credible and accountable, the CFTC must strive to reflect the diversity of the people we serve, offer equitable procurement and contracting opportunities, and design and deliver equitable and accessible programs for all Americans, including those who belong to underserved communities.

The CFTC must also cultivate an inclusive and welcoming culture, where all employees feel valued, safe, empowered and respected. Embedding DEIA into every aspect of our talent and business operations is instrumental to achieving success.

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Key Strategy: To integrate DEIA principles and best practices throughout the Commission, the CFTC will prioritize developing and implementing a DEIA Strategic Plan. This Plan will incorporate how the Commission will: center equity for underserved communities in all its business and mission operations; offer equitable procurement and contracting opportunities; attract and retain a diverse workforce; and develop a culture where all employees feel valued, safe, empowered and respected.

In the development of the DEIA Strategic Plan the CFTC will prioritize the principles of: 1) data-driven and evidence-based decision-making; 2) continuous improvement; 3) sustainability and accountability; and 4) a corporate-level collaborative approach that engages and understands the perspectives of internal and external partners.

**5.2** Improve agency-wide strategic approach to human capital management to better attract, develop, retain, and promote a diverse workforce whose expertise will serve as a hallmark in the derivatives industry.

Significance: The CFTC's essential mission is best met through a workforce rich in diversity, and leadership that continually prioritizes the principles of equity, inclusion, and accessibility. Working in tandem, the CFTC DEIA Strategic Plan and the CFTC Human Capital Operating Plan (HCOP) – both under development – will allow the Commission to calibrate its human capital programs, ensuring the CFTC consistently attracts, retains, and develops a diverse and high-performing workforce. Because the derivatives market relentlessly evolves, a static approach to human capital will create and widen competency gaps within the Commission. In order to achieve a high-performing workforce worthy of the CFTC mission, the Commission's DEIA Strategic Plan and HCOP will jointly reflect a human capital strategy that supports a diverse, inclusive, and talented CFTC.

Key Strategy: Build a recruitment, promotion and hiring strategy incorporating DEIA principles that supports a diverse and inclusive CFTC organization in partnership with the Chief Diversity Officer and OMWI.

**5.3** Improve the agency's collection, use, analysis, and protection of data.

Significance: The Commission is increasingly applying emerging technologies, such as artificial intelligence (AI), machine learning, and natural language processing to gain a comprehensive view of the financial markets the Commission oversees, which are increasingly diverse and complex. The Commission is already experiencing the benefits of cloud services across a diverse group of mission critical activities. The Commission recently implemented the Order Book on Demand program; an initiative that leverages cloud technology to access large amounts of market data to support the agency's enforcement and surveillance functions. Subsequently, the Commission began migrating high performance, on-premises datasets, into a cloud-based data repository. With cloud computing's augmented analytic capacity in place, the Commission is redeveloping analytics applications to exploit faster and cheaper computing elasticity. These cloud-based data storage and analytics facilitate high-speed visibility into what is really going on in financial markets, making the CFTC a more effective, efficient and resilient agent of transparency and integrity.

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The development of the Commission’s cloud capabilities will also improve our operational effectiveness. For example, the CFTC can employ people-analytics to measure, track, and develop improvement strategies for DEIA metrics to ensure that the Commission recruits and retains the best and brightest candidates regardless of background.

Key Strategy: The CFTC will continue to develop and deploy sophisticated data analytic capacity, taking advantage of cloud computing migration to improve mission and operational performance.

**5.4** Be good stewards of taxpayer dollars by improving our efficiency, streamlining processes, intra-organizational coordination and communication, and cutting unnecessary costs.

Significance: The CFTC makes cost-effective operations a priority, and pursues it by leveraging technology, centralizing management functions where appropriate, simplifying business processes, and improving space administration. The Commission’s Enterprise Risk Management (ERM) program is building a risk culture that underpins all CFTC operations. Key features include:

- Implementing risk management training;
- Strengthening risk governance to systematically identify and strategically address the risks posing the greatest threat to mission achievement;
- Updating the CFTC Risk Profile and Register; and
- Developing – for use in 2023 – ID and assessment tools for CFTC’s divisions and offices to explore, identify, measure, and compare risks.

The Commission is actively engaged in protecting confidential trading and clearing data held by the CFTC and the entities we regulate. The Data Protection Program will establish data loss prevention technologies and processes to manage access to sensitive data, ensuring tight control and monitoring. The Information Security Program mitigates risks and enhances the information security posture in a world of rapidly expanding threats and evolving complex regulations. Cyber-attacks continue to rise, enabled by sophisticated tactics using a combination of hacking, malware, and social engineering. Because technology-driven innovation enhances markets, robust cybersecurity and data-security practices must safeguard the systems underpinning innovation. Improved cybersecurity ensures system integrity, availability, confidentiality, and cyber threat mitigation. To that end, the CFTC is developing a plan to move to a zero trust architecture (ZTA). To improve its cybersecurity, the Commission will effectively architect, implement, and monitor its assets through ZTA.

Key Strategy: The CFTC will continue to prioritize careful stewardship over taxpayer dollars and confidential data by improving operational effectiveness, systemically identifying and strategically managing enterprise risk, and enhancing cybersecurity.

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## Enterprise Risk Management, Planning, and Evaluation

A robust and mature Enterprise Risk Management (ERM) program is central to achieving the CFTC mission. Our vision for the Commission’s ERM program integrates risk identification, risk management, strategic planning, and performance monitoring so that risks that potentially threaten achievement of the CFTC mission are anticipated, analyzed, and systematically addressed. To this end the Commission has already bolstered ERM practices through the following accomplishments:

- Created an Enterprise Risk Committee structure and process to enhance executive level accountability for identifying, managing, and monitoring the CFTC’s top risks;
- Established a transparent, objective, and consistent risk escalation and prioritization using top risk criteria and quantitative risk scoring to identify, differentiate, and escalate risks; and
- Improved the CFTC’s risk intelligence and awareness through risk management training.

To realize the CFTC’s vision for an enduring risk-intelligent culture, we are bringing focused attention to:

1. Strengthening the CFTC’s formal risk governance to systematically identify and strategically address the top and emergent risks posing the greatest threat to achieving our mission;
2. Finalizing the Commission’s Enterprise Risk Profile and Risk Register; and
3. Developing and implementing a CFTC-wide risk identification and assessment process to govern how the Commission and its divisions and offices explore, identify, measure, and compare risks.

The CFTC is also adding rigor to performance management practices. Resulting from extensive analysis and best practices recommendations, these actions will align employee, management, and executive performance standards and assessments with the strategic goals and objectives in this plan.

## External Factors

External factors that could potentially impact the CFTC’s strategies, plans, and priorities, include:

- Legislation adding to or reducing the CFTC’s scope of action and operations.
- Appropriations levels impacting how strategies are applied and whether there are sufficient resources to achieve our goals.
- World and U.S. economies expanding or contracting dramatically.
- Demand for or supply of commodities and other goods and services that affect derivatives trading could change significantly.
- Court decisions altering the CFTC’s workload, business processes, and resource requirements.
- Information technology advances improving or hindering the CFTC’s ability to monitor market and participant behavior and analyze transactions.
- New derivative products, processes, or market participants that have a positive or negative impact on the Commission’s ability to oversee the market.
- Global security matters disrupting the CFTC’s ability to fulfill its mission.
- Staff attrition – especially for hard to replace competencies – impacting our performance.
- Domestic and global risks with potentially catastrophic consequences (pandemic events, natural disasters, etc.).

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## Appendix A – CFTC Divisions and Offices

### **Offices of the Chairman and the Commissioners**

The Office of the Chairman consists of the CFTC’s Chairman and Chief Executive and their dedicated staff. Led by the Chairman, these officials direct the day-to-day management of the agency, coordinate Commission business, and shape the CFTC’s regulatory and enforcement agenda.

### **Division of Clearing and Risk**

The [DCR](#) oversees [derivatives clearing organizations](#) (DCOs) and other market participants in the clearing process. These include futures commission merchants, swap dealers, major swap participants, and large traders.

### **Division of Enforcement**

The [DOE](#) investigates and prosecutes alleged violations of the CEA and Commission regulations. Potential violations include fraud, manipulation, and other abuses concerning commodity derivatives and swaps that harm market integrity, market participants, and the general public. Within DOE is the Whistleblower Office, which administers the CFTC’s [whistleblower program](#).

### **Division of Market Oversight**

The [DMO](#) fosters open, transparent, fair, competitive, and secure markets through oversight of derivatives platforms and swap data repositories. The DMO reviews new applications for designated contract markets, swap execution facilities, and foreign boards of trade and examines existing trading platforms and swap data repositories to ensure their compliance with the applicable core principles and other regulatory requirements, including system safeguards.

### **Market Participants Division**

The [MPD](#) primarily oversees derivatives market intermediaries, including commodity pool operators, commodity trading advisors, futures commission merchants, introducing brokers, retail foreign exchange dealers, swap dealers, and major swap participants, as well as designated self-regulatory organizations. The MPD also houses the Office of Customer Education and Outreach (OCEO), which was established following passage of the Dodd-Frank Act to help customers protect themselves from fraud or violations of the CEA through the research and development of effective financial education materials and initiatives.

### **Division of Data**

The [Division of Data \(DOD\)](#) is responsible for the Commission’s enterprise data strategy and data governance approaches. DOD creates data architecture and centers of excellence for analytics, visualization, and storage of data. In addition, DOD supports the Commission’s strategic objectives with respect to data and analytics through collaboration with other Divisions and Offices, including ingest of data from registered entities pursuant to the CEA and Commission regulations, as well as integration of that data with other data sources.

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## **Legal Division**

The [LD](#) provides legal services and support to the Commission and all of its programs. These services include: representing the Commission in appellate, bankruptcy, and other litigation; assisting in the performance of adjudicatory functions; providing legal advice and support for Commission programs; drafting and assisting in preparation of Commission regulations; interpreting the CEA; advising on legislative, regulatory, and operational issues; and reviewing the Commission's policymaking and enforcement actions. The LD also houses the Freedom of Information Act (FOIA), Ethics, Secretariat, Privacy, Records, Library, and E-discovery programs of the Commission.

## **Division of Administration**

The [DA](#) directs the internal management of the Commission's business, personnel, financial, technological, security, and strategic operational resources. The Division's role is to effectively and efficiently ensure the fulfillment of the Commission's mission through continued success in continuity of operations, while providing the required resources for regulating the derivatives markets.

## **Office of the Chief Economist**

The [OCE](#) provides economic support and advice to the Commission, conducts research on policy issues facing the Commission, and educates and trains Commission staff. OCE plays an integral role in the implementation of new financial market regulations by providing economic expertise and cost-benefit considerations underlying those regulations.

## **Office of International Affairs**

The [OIA](#) advises the Commission regarding international regulatory issues and initiatives; represents the Commission in international fora such as the International Organization of Securities Commissions, OTC Derivatives Working Group, and OTC Derivatives Regulators Group; coordinates Commission policy as it relates to policies and initiatives of major foreign jurisdictions, such as the G20, Financial Stability Board, and U.S. Treasury Department; negotiates cooperative arrangements; and provides technical assistance to foreign market authorities, including advice, training, and an annual meeting and symposium.

## **LabCFTC**

[LabCFTC](#) is the focal point for the CFTC's efforts to promote responsible fintech innovation and fair competition for the benefit of the American public. LabCFTC is designed to make the CFTC more accessible to fintech innovators, serves as an information source for the Commission and the CFTC staff on responsible innovation that may influence policy development, and educates stakeholders on financial technology and innovation in the financial markets.

## **Office of Legislative and Intergovernmental Affairs**

The OLIA provides support on matters before the U.S. Congress and serves as the Commission's official liaison with Members of Congress, federal agencies, and the Administration. In this role, OLIA develops and executes legislative strategy on behalf of the Chairman and Commission, manages congressional testimony, and works with the various divisions to provide technical assistance on legislation.

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## **Chief Diversity Officer and Office of Minority and Women Inclusion**

The Chief Diversity Officer (CDO) reports directly to the Chairman and oversees OMWI as it leads the CFTC's civil rights, equal employment opportunity, and diversity and inclusion programs, including supporting the Commission's six affinity groups.

## **Office of Public Affairs**

The [OPA](#) is the Commission's primary public-facing office that provides honest, timely and useful information across all communication platforms in order to serve internal and external stakeholders in all sectors to accomplish and facilitate the Commission's mission. OPA proactively conducts outreach and creates messages designed to raise awareness of the CFTC in order to promote public trust.

## **Office of the Inspector General**

The [OIG](#) is an independent organizational unit of the CFTC. Its mission 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, the OIG issues semiannual reports detailing its activities, findings, and recommendations.

