

COMMODITY FUTURES TRADING COMMISSION



ANNUAL PERFORMANCE REPORT



FISCAL YEAR

2011



COMMODITY FUTURES TRADING COMMISSION

Gary Gensler
Chairman

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Executive Director

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February 2012

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IN THE FEDERAL GOVERNMENT 2011



COMMODITY FUTURES TRADING COMMISSION ANNUAL PERFORMANCE REPORT



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2011



In the Tradition of Quality Reporting, the Commodity

Futures Trading Commission Proudly Presents the

FY 2011 Annual Performance Report

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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 fluid.

Gary Gensler

February 13, 2012



INTRODUCTION

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

The Commission administers the Commodity Exchange Act (CEA), 7 U.S.C. section 1, et seq. The 1974 Act brought under Federal regulation futures trading in all goods, articles, services, rights and interests; commodity options trading; leverage trading in gold and silver bullion and coins; and otherwise strengthened the regulation of the commodity futures trading industry. It established a comprehensive regulatory structure to oversee the volatile futures trading complex.

On July 21, 2010, President Obama signed the Dodd-Frank Act. 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, among other things:

- Providing for the registration and comprehensive regulation of swap dealers and major swap participants;
- 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 with respect to, among others, all registered entities and intermediaries subject to the Commission's oversight.

Though the Commission has much experience regulating the on-exchange derivatives marketplace, having done so for more than 70 years, the Dodd-Frank Act presents new responsibilities and authorities. The U.S. swaps and futures markets are estimated to have activity approximating \$300 trillion and \$40 trillion, respectively, which is more than \$22 of derivatives for every dollar of goods and services produced in the U.S. economy. That is why it is essential that the Commission ensure that these 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.

CFTC has the flexibility to set effective dates and a schedule for compliance with rules implementing Title VII of the Dodd-Frank Act, consistent with the overall deadlines of the Act. The order in which the Commission finalizes the rules does not determine the order of the rules' effective dates or applicable compliance dates. Phasing the effective

dates of the Dodd-Frank Act's provisions will give market participants time to develop policies, procedures, systems and the infrastructure needed to comply with the new regulatory requirements.

In February 2011, the Commission published a new strategic plan, CFTC FY 2011-2015 Strategic Plan (<http://www.cftc.gov/reports/strategicplan/2015/index.htm>), integrating the expanded responsibilities under the Dodd-Frank Act with its existing mission and goals. The goals of the CFTC largely remain the same with the regulation of swaps being incorporated within the regulatory structure currently applied to the futures and option markets. The CFTC's primary focus will be to write the rules to regulate the swaps markets, implement those rules, test and adjust those rules, and write new rules as necessary to bring effective regulation to all derivatives markets over the next five years.

The focused rule writing efforts required by the Dodd-Frank Act are not being treated as a "Strategic Goal", but as a tactical goal that has an Objective, Strategy, and Performance Measure. The CFTC believes developing and implementing the Dodd-Frank Act rules is one of the most important and difficult efforts it has ever undertaken. The Dodd-Frank Act set a timeframe of 360 days (or less in a few instances) for completion of the rules, but the agency was unable to comply with this for several reasons:

- The Commission operated under a Continuing Resolution for most of FY 2011 and was unable to hire needed staff and apply their critical effort and skills to the completion of this effort;

- To ensure development and implementation of rules that are well balanced between risk mitigation and cost to the industry and public, significant and open interaction with Congress, industry, and the public was necessary and appropriate; and
- While some rules are fairly straight forward, many are intricate and raise interrelated and complex issues. Staff requires appropriate time to analyze, summarize, and consider all comments and aspects of a proposed rule, present and discuss the proposed rule, and considerations with the Commissioners, gain feedback and develop draft final rules for deliberation by the Commission.

The comment and consideration aspects of the rulemaking process take an enormous amount of time and the Commission will continue to ensure all appropriate thought is given to rule development. At this point the CFTC anticipates completion of the vast majority of the rules within 24 months of enactment of the Dodd-Frank Act.

The Commission is committed to transparency in the rule-making process. As such, the Commission maintains a list of all of its meetings relating to the implementation of the Dodd-Frank Act, as well as the participants, issues discussed and all materials provided to the Commission, on its website at: <http://www.cftc.gov/LawRegulation/DoddFrankAct/ExternalMeetings/index.htm>.

ABOUT THIS REPORT

The FY 2011 APR provides an overview of CFTC's performance results relative to its mission in order to help Congress, the President, and the public assess CFTC's stewardship over the financial resources entrusted to us. The report is organized by strategic goal and performance measure, and provides detail on how each contributes to the Commission's overall mission. The report provides information about our performance as an organization, our achievements, and our challenges.

The FY 2011 APR meets a variety of reporting requirements stemming from numerous laws focusing on improved accountability among Federal agencies and guidance described in OMB Circulars A-11 and A-136.

Suggestions for improving this document can be sent to the following address:

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

The Commission's annual reporting includes the following three components:

Agency Financial Report (AFR)

Available November 2011. A report on agency end of year financial position that includes, but is not limited to, financial statements, notes to the financial statements, and a report of the independent auditors.

Annual Performance Report (APR)

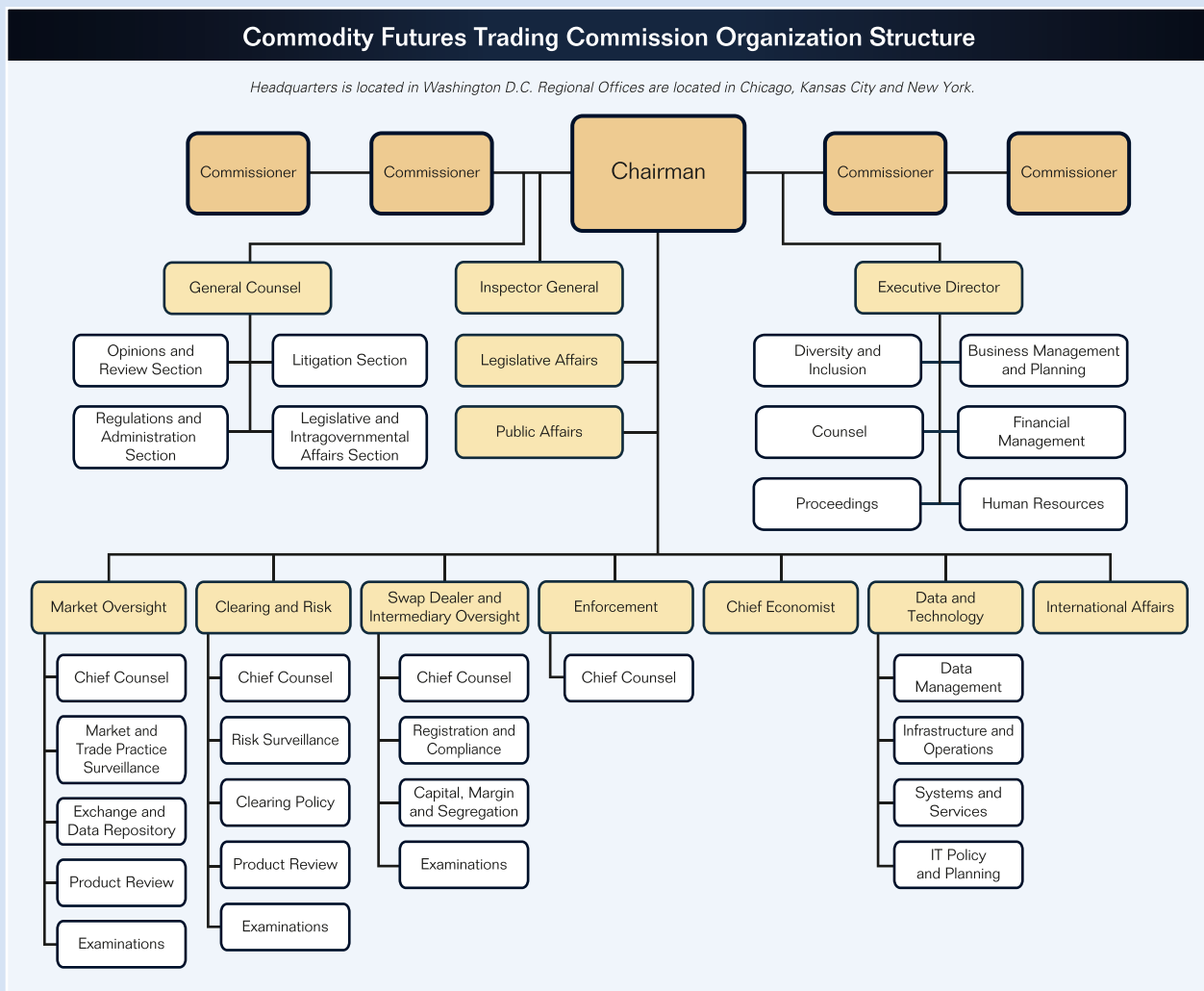
Available February 2012. The APR is a report on agency performance that is delivered to Congress with the Congressional Budget Justification in February. The APR contains information on the agency's progress to achieve goals during the previous year.

Summary of Performance and Financial Information (SPFI)

Available February 2012. This document provides an integrated overview of performance and financial information that integrate significant aspects of the AFR and the APR into a user-friendly consolidated format.

When complete, these reports are available on the Commission's website at: <http://www.cftc.gov/About/CFTCReports/index.htm>.

THE ORGANIZATION



CFTC ORGANIZATIONAL PROGRAMS

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

The Commission

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

Office of the General Counsel (OGC)

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

Office of the Inspector General (OIG)

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

Office of the Executive Director (OED)

The Commission's ability to achieve its mission 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, Diversity and Inclusion, Financial Management, Human Resources, Logistics and Operations, Privacy, Records, Proceedings (reparations), Secretariat, Library, Whistleblower, and Consumer Outreach.

Division of Market Oversight (DMO)

The 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 trade execution facilities, performs market and trade practice surveillance, reviews new exchange applications and examines existing

exchanges 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 exchange rules and actions to ensure compliance with the CEA and CFTC regulations.

Division of Clearing and Risk (DCR)

The DCR program oversees derivatives clearing organizations (DCOs) and other market participants that may pose risk to the clearing process including futures commission merchants, swap dealers, major swap participants 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 systematically 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 their financial impact.

Division of Swap Dealer and Intermediary Oversight (DSIO)

The DSIO program oversees the registration and compliance activities of intermediaries and the futures industry self-regulatory organizations (SROs), which include the U.S. derivatives exchanges and the National Futures Association (NFA). Program staff develops regulations concerning registration, fitness, financial adequacy, sales practices, protection of customer funds, cross-border transactions, and antimoney laundering programs, as well as policies for coordination with foreign market authorities and emergency procedures to address market-related events that impact intermediaries. With the passage of the Dodd-Frank Act, DSIO also will be responsible for the development of, or monitoring for compliance with, regulations

addressing registration requirements, business conduct standards, capital adequacy, and margin requirements for swap dealers and major swap participants.

Division of Enforcement (DOE)

The 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.

Office of the Chief Economist (OCE)

The OCE provides economic support and advice to the Commission, conducts research on policy issues facing the Commission, and educates and trains Commission staff. The 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 Data and Technology (ODT)

The ODT is led by the Chief Information Officer. ODT delivers services to CFTC mission divisions and mission support offices through three components: Systems and Services, Data Management, and Infrastructure and Operations. In order to partner effectively with Commission divisions and offices, Systems and Services focuses on several areas: market and financial oversight and surveillance; enforcement and legal support; documents, records, and knowledge management; CFTC-wide enterprise services; and management and administration. In order to manage data as an enterprise asset and apply a data-centric approach to service delivery, Data Management focuses on data analysis activities that support data acquisition, management, reuse, and transparency reporting and also provides data operations support. Infrastructure and Operations organizes delivery of services around network infrastructure and operations, telecommunications, and desktop and customer services. These 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.

Office of International Affairs (OIA)

The OIA advises the Commission regarding international regulatory initiatives; provides guidance regarding international issues raised in Commission matters; represents the Commission in international organizations, such as

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

STRATEGIC FRAMEWORK

The following table is an overview of the Commission's mission statement, strategic goals and objectives under the FY 2011-2015 strategic framework:

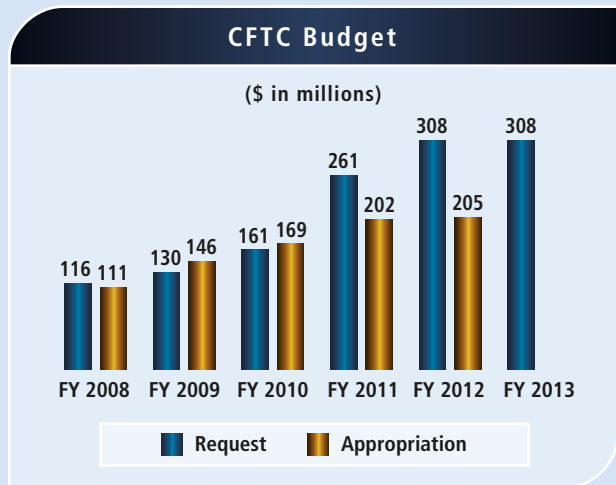
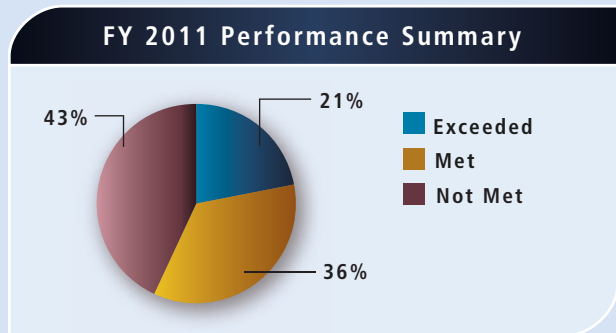
Mission Statement
To protect market users and the public from fraud, manipulation, abusive practices and systemic risk related to derivatives that are subject to the Commodity Exchange Act, and to foster open, competitive, and financially sound markets.
Strategic Goal 1
Protect the public and market participants by ensuring market integrity, promoting transparency, competition and fairness and lowering risk in the system.
Objectives
1. Ensure that markets are structured to reflect the forces of supply and demand for the underlying commodity and are free from manipulation, disruptive activity and abusive trading practices.
2. Ensure that U.S. DCMs and SEFs have the systems, procedures and resources necessary for effective self-regulation and ongoing compliance with Core Principles.
3. Promote transparency by producing and publishing summary market statistics for the futures, options and swaps markets.
Strategic Goal 2
Protect the public and market participants by ensuring the financial integrity of derivatives transactions, mitigation of systemic risk, and the fitness and soundness of intermediaries and other registrants.
Objectives
1. Clearing organizations and firms participating in the derivatives industry are financially sound.
2. Registered intermediaries meet standards for fitness and conduct.
3. Ensure that self-regulatory organizations fulfill their financial surveillance responsibilities.
4. Ensure that information technology systems support the Commission's existing and expanded responsibilities to ensure financially sound markets, mitigate systemic risk, and monitor intermediaries.
Strategic Goal 3
Protect the public and market participants through a robust enforcement program.
Objectives
1. Identify and stop violations of the Commodity Exchange Act and Regulations; deter others from engaging in future misconduct.
2. Increase cooperative enforcement.
Strategic Goal 4
Enhance integrity of U.S. markets by engaging in cross-border cooperation, promoting strong international regulatory standards, and encouraging ongoing convergence of laws and regulation worldwide.
Objectives
1. Cooperate and coordinate with domestic and foreign regulatory authorities.
2. Promote high levels of internationally accepted standards of best practice.
3. Provide Global Technical Assistance.
Strategic Goal 5
Promote Commission excellence through executive direction and leadership, organizational and individual performance management, and effective management of resources.
Objectives
1. An organizational structure that is aligned and streamlined to operate and carry out its mission efficiently and effectively.
2. Effectively respond to a the regulatory needs of a dynamic and complex derivatives market place and efficiently allocate limited resources to the highest priority activities.
3. Attract, engage, develop and retain an exceptionally qualified, diverse, and productive workforce.
4. Information Technology (IT) supports and enhances mission accomplishment through effective and efficient infrastructure, systems and services.
5. Ensure effective stewardship and management of CFTC financial resources.

SUMMARY OF PERFORMANCE

The following section includes high-level discussion of each of the five strategic goals and the tactical goal for Dodd-Frank rule making, as well as a detailed analysis and review of each performance measure (shortfalls and successes). The accomplishments demonstrate significant progress made in FY 2011 toward the achievement of the Commission’s mission and strategic goals. However, in some areas progress was hampered by a significant number of staffing resources that were reallocated from existing authorities to implementing the new authorities under the Dodd-Frank Act. The law gave the CFTC and Securities and Exchange Commission (SEC) oversight of the more than \$300 trillion swaps market. The Commission and SEC are working hard to write new rules to make the swaps market more transparent and safer for the American public.

Budget constraints arising out of a continuing resolution lasting throughout a large portion of FY 2011 only added to the performance challenges faced by the Commission with its expansive role. You will find in the chart below a trend comparing the request vs. appropriation dollars for the CFTC budget between FY 2008 – FY 2012. Continued budget constraints on the agency over a time of expanding responsibility has resulted in having to reallocate staff resources to new and high risk areas on an ongoing basis, preventing the Commission from achieving a number of performance targets related to existing authorities. The Commission’s Annual Performance Report (APR) reflects this resource challenge as staff diligently work towards finalizing each Dodd-Frank rule and executing legacy responsibilities.

As Commission efforts continue to focus on finalizing rules related to the Dodd-Frank Act, there will be some



performance measures described in the Strategic Plan dependent upon their completion. As a result, 6 of the 54 performance measures were considered “Not Applicable” during the FY 2011 reporting period and have been removed from the detailed analysis and review section of this annual report. An additional measure was also categorized as “Not Applicable”, remaining in development from the onset of the Strategic Plan newly implemented in FY 2011. An update is provided for this measure. As the Commission completes work on rulemaking and data become available

for these measures, they will be published along with relevant analysis and review narrative in subsequent Annual Performance Reports.

The following identifies the specific performance measures considered “Not Applicable”:

- 1.1.1.1 Implement automated position limit alerts for futures, option and swaps markets.
- 1.3.1.1 Publish reports for swaps markets activity.
- 2.1.4.1 Reviews of swaps submitted to the Commission are completed within statutory and regulatory deadlines.
- 2.2.1.1 Conduct direct examinations of SDs and MSPs, identify deficiencies and confirm that all deficiencies identified are corrected within specified period of time.
- 2.4.1.2 Program design to cover new data collection requirements to monitor systemic risk posed by CPOs and CTAs advising private funds, and new registration of swap dealers. Percentage of system redesign accomplished.

3.1.1.2 The CFTC will bring claims in due recognition of the broadened enforcement mandate provided by the Dodd Frank Act, and will seek proportionate remedies, including civil monetary penalties, undertakings and restitution, that have the highest impact on and greatest deterrent effect against potential future violations.

4.1.1.2 Regular issuance of outgoing international requests for enforcement assistance and referrals made by the CFTC to foreign regulators pertaining to matters involving their jurisdictions.

The performance measures in this report are rated as: Exceeded, Met, or Not Met. Overall results for the Commission’s performance measures are depicted in the following table:

	# of Measures ¹	Exceeded	Met	Not Met
All Goals	47	10	17	20
% of Total		21%	36%	43%

← 57% →

¹ Excludes 7 performance measures categorized as “Not Applicable” for FY 2011.

LOOKING AHEAD

The Commission anticipates continuing performance challenges as its FY 2012 appropriation is significantly below the requested budget, as illustrated in the “CFTC Budget” table above. The CFTC, therefore, remains severely inhibited in its ability to acquire the staff and technology necessary to fulfill the Commission’s post Dodd-Frank mission and make substantial performance gains. In light of ongoing resource constraints, Commission staff is reviewing its performance targets to determine if adjustments are warranted.

In addition to budgetary constraints, another significant factor that is straining staff resources in FY 2012 is the ongoing bankruptcy proceedings and investigation of MF Global, Inc. (MF Global). On Monday, October 31, 2011, MF Global reported to the Commission a “material shortfall” of hundreds of millions of dollars in segregated customer funds. Earlier that same day MF Global filed for Chapter 7 bankruptcy.

The CFTC’s focus with respect to MF Global is two-fold: 1) returning as much money as possible to MF Global customers and determining what went wrong with segregated funds and 2) pursuing the investigation, identifying possible violations of the Commodity Exchange Act or Commission Regulations and taking appropriate action.² Dozens of staff members (including auditors, attorneys, and investigators) in New York, Chicago, and Washington, D.C. are committed to these actions. The information the Commission learns during this work may be relevant to the Commission as it considers appropriate policy responses or regulatory changes. Commission staff is coordinating its MF Global investigation with other regulators both domestically and overseas, and is working closely with the SIPA Trustee to provide whatever support he needs to resolve issues with commodity customer accounts.

² On November 8, 2011, Chairman Gensler signed a statement of non-participation in enforcement and various other matters involving MF Global. On November 9, 2011, the Commission voted to designate Commissioner Jill Sommers the Senior Commissioner with respect to the MF Global investigation, pending bankruptcy cases, and other actions to locate or recover customer funds or determine the reasons for shortfalls in customer accounts. The information in this paragraph is summarized by Commission staff based upon Commissioner Sommers’ testimony on December 8, 2011, before the U.S. House of Representatives, Committee on Agriculture, Washington, DC. The statements regarding MF Global contained in this paragraph were prepared by Commission staff; Chairman Gensler did not participate in the drafting or review of any statement regarding MF Global.

PERFORMANCE ANALYSIS & REVIEW

The remaining portion of this report details the Commission's efforts to meet its rulemaking objective, strategic goals, and performance targets as described in the Strategic Plan. Each strategic goal is summarized with high-level achievements before leading into a detailed performance analysis and review narrative for each associated measure. For reference purposes, each performance measure is uniquely identified using the following hierarchical structure:

Strategic Goal – Objective – Strategy – Performance Measure (e.g., 1.1.1.1)

Appendix B, "CFTC Performance Measures", provides a summary of performance measure information in table format for FY 2011 Actual and Planned results and future year performance targets. Performance measures which were rule-dependent (Dodd-Frank Act) and others considered "Not Applicable" during FY 2011 are placed at the bottom of the table in a section titled "Performance Measures Considered Not Applicable in FY 2011".

OBJECTIVE 0.1—COMPLETE ALL DODD-FRANK ACT RULE DEVELOPMENT REQUIREMENTS WITHIN THE STATUTORY DEADLINES.

Implementing the new responsibilities given the CFTC by the Dodd-Frank Act is a significant priority and critical focus of the Commission during the first year of this Strategic Plan. Congress requires the Commission to complete more than 60 rules within 360 days; having deadlines of 90, 180, or 270 days. The workload attendant to the rule-making process, together with studies and other actions to be taken, is unprecedented for the CFTC.

The CFTC began working on the draft rules that Congress assigned to it in July 2010. Developing, vetting, finalizing, and implementing this many rules take an enormous effort. These rules lower risk, promote market transparency, and further protect the U.S. public.

The Commission began preparing for the task of writing rules for the swaps marketplace by identifying 30 areas of rulemaking to implement the Dodd-Frank Act (Appendix C

in the Strategic Plan lists the 30 areas – see <http://www.cftc.gov/reports/strategicplan/2015/2015strategicplanapp03.html>). It was found that some of these areas only required one rule, while others required more. Teams have been assigned to each rule grouping. Where proposed and interim final rules have been issued, the Commission is affording as much opportunity as practicable for public comment both through written submissions and public meetings. The Commission will fully consider the comments and continue to offer this opportunity as additional proposed rules are developed. The CFTC has and will continue to work with the SEC and other regulators to maximize consistency and minimize overlap or duplication. All information will be considered in developing the best possible final rule.

PERFORMANCE MEASURE 0.1.1.1 Complete all Dodd-Frank Act rules within statutory time frames. Percentage of rules complete.

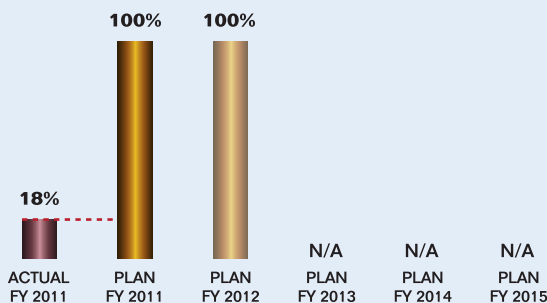
FY 2011 Performance Results

18%

Lead Program Office:
Chairman's Office

Data Source:
Unified Calendar

Verification:
Federal Register, Volume 76 (2011)



Performance Analysis & Review

The performance target for FY 2011 was not met. The Dodd-Frank Act set a timeframe of 360 days (or less in a few instances) for completion of the rules, but the Commission was unable to accomplish this for several reasons. Primarily, the delay was a matter of capacity for rule consideration. With all rules, the CFTC has taken and will take a thoughtful and balanced approach – the clock will not be the driver. The Commission actively seeks and takes into full consideration public comments regarding the costs, benefits, and economic effects of proposed rules. Other activities and events contributing to the delay include:

- The Commission operated under a Continuing Resolution for most of FY 2011 and was unable to acquire needed staff resources to ensure the completion of this objective on time;
- To ensure development and implementation of rules that are well balanced between risk mitigation and cost to the industry and public, additional meetings and opportunities for public input with Congress, industry, and the public was necessary and appropriate; and
- While some rules are fairly straight forward, many are intricate and raise interrelated and complex issues. Staff requires appropriate time to analyze, summarize, and consider the additional public input that has been sought, and develop draft final rules for deliberation by the Commission.

Despite the above limitations, the Commission was able to accomplish the following Dodd-Frank Act related rule-making tasks through September 30, 2011:

- Issued 52 proposed rules and issued 15 final rules,
- Received, reviewed and analyzed approximately 28,000 comments, and
- Held 14 technical conferences.

As of this writing, the CFTC anticipates completion of the vast majority of the rules by March 2012 and essentially all rules by July 2012 - within 24 months of enactment of the Dodd-Frank Act. The Commission was able to accomplish the following tasks during the first quarter of FY 2012:

- Issued 1 proposed rule and 7 final rules, and
- Received, reviewed and analyzed approximately 400 comments.

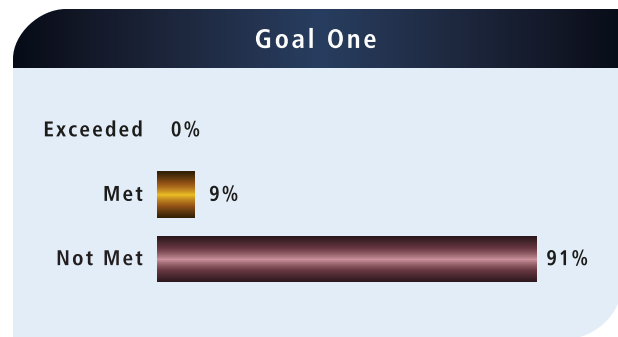
GOAL ONE—PROTECT THE PUBLIC AND MARKET PARTICIPANTS BY ENSURING MARKET INTEGRITY, PROMOTING TRANSPARENCY, COMPETITION AND FAIRNESS AND LOWERING RISK IN THE SYSTEM.

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

The Commission strives to assure that Goal One is effectively met through the combined use of four oversight strategies: 1) review of new contracts and rules, and changes to existing contracts and rules; 2) continual surveillance of trading activity in the futures and swaps markets; 3) review of regulated exchanges, DCMs and SEFs, to ensure that they are fulfilling their self-regulatory obligations; and, 4) adoption of policies and strategies to promote market transparency.

Accomplishments related to progress in achieving this goal include:

- Completed reviews of 57 new product certifications, nine exempt market filings, 317 rule filings and one FBOT no-action request.
- Drafted two significant IOSCO reports: the Report on OTC Derivatives Data Reporting and Aggregation Requirements, and the Report on Trading of OTC Derivatives.
- Created three new automated alerts, three new reports, and enhanced four trade practice alerts, providing for a more effective market and trade surveillance program.



Goal One performance measure results are depicted in the following table:

	# of Measures ³	Exceeded	Met	Not Met
Goal One	11	0	1	10
% of Total		0%	9%	91%

← 9% →

³ Excludes 2 performance measures categorized as "Not Applicable" for FY 2011.

Goal One Performance Measures, Analysis and Review

PERFORMANCE MEASURE 1.1.1.2 Implement automated surveillance alerts and a case management system. FY 2011 – Implement four automated market alerts.

FY 2011 Performance Results

70%

Lead Program Office:

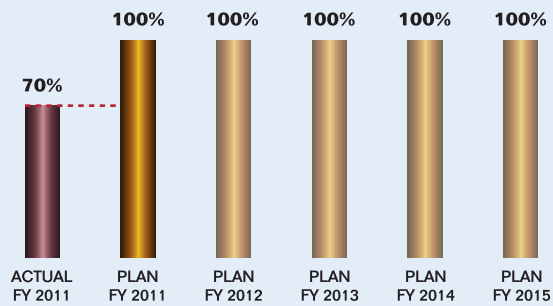
Division of Market Oversight (DMO)

Data Source:

Integrated Surveillance System (ISS)

Verification:

Internal Review of Daily Output from Alerts



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission was able to develop and implement two alerts and four automated reporting programs. The two alert programs were developed around price and concentration, while the automated reports focused on position, position changes, option expiration, and early data releases. These programs highlight unusual and alarming situations and market conditions that initiate further review and analysis throughout the agency. While the target for FY 2011 was set at four automated market alerts, automated reports provide a similar benefit to those who review and analyze the output within the Commission, much like an official alert program. Therefore, the actual performance towards completion of four alerts was 70 percent of the

target versus 50 percent. However, it should be noted that alerts and automated reports rarely remain in a static state. The Commission is continuously reviewing output to enhance the tools available to better assist with surveillance activity. The automation of these alerts improves the efficiency at which the Commission conducts its surveillance activity, an important step at a time when the responsibilities of the agency continue to expand. The Commission will continue to work diligently on the remaining and additional alert programs and automated reports, seeking the most efficient methods of conducting operations. However, staffing levels and budget constraints will continue to be a large obstacle towards success, going into FY 2012 and FY 2013.

PERFORMANCE MEASURE 1.1.1.3 Implement automated trading violation alerts and a case management system. FY 2011 – Implement five automated trading violation alerts.

FY 2011 Performance Results

20%

Lead Program Office:

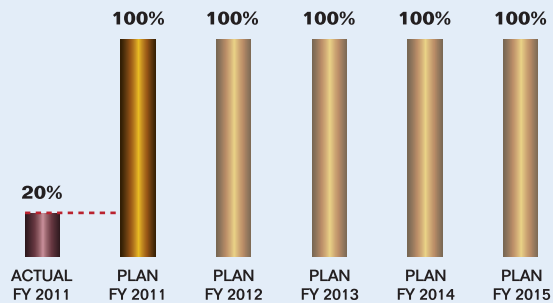
Division of Market Oversight (DMO)

Data Source:

Actimize

Verification:

Internal Review of Daily Output from Alerts



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission implemented one automated trading violation alert around market profiling and made several enhancements to existing models, such as the trading ahead model, during the fiscal year. The planned outcomes for period covered by the Strategic Plan were based on an assumption that the Commission would make significant progress on obtaining order book and ownership and control data. However, with previous and current budget constraints, a continuing resolution lasting most of the fiscal year, expected progress in this area was limited. Yet still, the Commission continues to make progress in spite of this resource shortfall, by working with data that currently is available – transactional data.

The automated alerts are increasingly becoming important as the roles and responsibilities of the agency continue to expand. At minimum, to remain efficient and effective, the Commission’s technology must keep pace with that of the market. In the absence of these improvements, the CFTC does not have all the data available to analyze the full audit trail, from order entry to account ownership, and runs the risk of missing trade practice violations.

As with most technical solutions the process of acquiring the necessary data, and building the most effective alert programs, is resource intensive. The Commission will continue to work diligently on the remaining and additional alert programs, seeking the most efficient methods of conducting operations. However, staffing levels and budget constraints will continue to be a large obstacle towards success, going into FY 2012 and FY 2013.

PERFORMANCE MEASURE 1.1.2.1 Review information requirements of current and proposed forms. FY 2011 – Conduct internal review and update current reporting forms. Collaborate with industry committee to develop recommendations for ownership and control information related to exchange-traded futures and options. Percent complete.

FY 2011 Performance Results

50%

Lead Program Office:

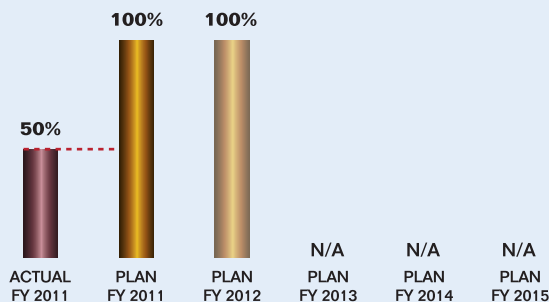
Division of Market Oversight (DMO)

Data Source:

Forms

Verification:

Final Rule



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission continues to make great strides towards the large trader reporting forms and is currently preparing its proposals for review. After the Notice of Proposed Rule-making (NPRM), comments will be reviewed and work will continue on a proposed final rule. This is a dependency that adversely impacts the remaining steps in the process to form enhancement. Therefore, no more than 50 percent complete will be recorded for this measure.

The expectation is to see the Commission adopt final rules and amendments to the existing forms during the first and second quarters of FY 2012. The team anticipates incorporating ownership and control reporting standards into the revised forms. To date, the review of Forms 102 & 40 and the related regulations has been done on a separate track than the implementation effort for the Part 20 swaps large trader rules. Due to the nature of the performance measure,

it should be noted that this data is estimated for reporting purposes, however remains adequate for this level of communication.

In FY 2011, the Commission faced a challenge of a limited workforce. As a result, Division functions outside the rule-making process, including the development of requirements for current and future forms, were limited during the fiscal year. Without updating these forms, the Commission and market participants will continue to experience inefficiencies in oversight and compliance by way of incomplete or inaccurate form filing, untimely form filing, and lack of automated review of form filings. As the Commission remains determined to complete its rulemaking during the upcoming FY 2012, Divisions and Offices can expect to face similar challenges and a prolonged environment of budget and human resource constraints.

PERFORMANCE MEASURE 1.1.3.1 Transmit information and consult with the Office of Information Technology Services (OITS) to implement electronic filing of forms. FY 2011 – Transmit information requirements to the ODT for revised trader reporting forms. Percent complete.

FY 2011 Performance Results

50%

Lead Program Office:

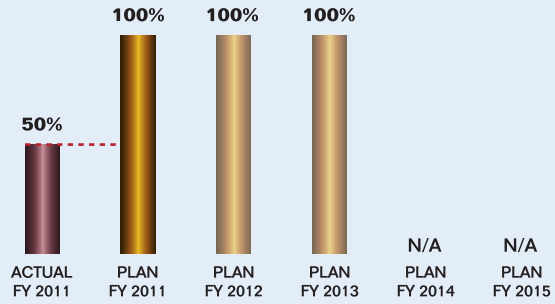
Division of Market Oversight (DMO)

Data Source:

Forms

Verification:

Final Rule



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission continues to make great strides towards the large trader reporting forms and is currently preparing its proposals for review. This is a dependency that adversely impacts the remaining steps in the process to form enhancement, including the transmission of requirements and collaboration with the Office of Data and Technology (ODT, formerly known as OITS). Once the proposals become final and all reviewed periods complete, the Commission will deliver the necessary requirements to the technology team and continue to work with industry repre-

sentatives to implement the rules. As stated in the previous, related performance measure narrative, the Commission remains determined to complete its rulemaking during the upcoming FY 2012. Divisions and Offices can expect to face continued challenges and a prolonged environment of budget and human resource constraints. Given this level of performance, this strategic effort will likely remain relevant both in FY 2012 and a part of FY 2013. While these time frames and the progress are estimated, they remain adequate for this level of reporting.

PERFORMANCE MEASURE 1.1.4.1 Percentage of contracts that are reviewed, in a timely manner, following a finding of market significance, and determined to be in compliance with core principles or referred back to exchange for modification.

FY 2011 Performance Results

2%

Lead Program Office:

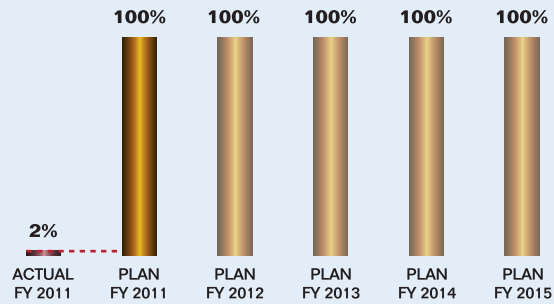
Division of Market Oversight (DMO)

Data Source:

FILAC

Verification:

Internal Review of Dates Entered into System; Review of ISS Database to determine significance



Performance Analysis & Review

The performance target was not met for FY 2011. During this fiscal year, the Commission completed reviews of 57 certified contracts, 27 of which were completed within 90 days of the filing and considered timely for this performance measure. However, staff and resource limitations leave the Commission with over 2,000 contracts to be reviewed leading into FY 2012. Furthermore, there were an additional 1,400 new contracts self-certified by Designated Contract Markets (DCMs) that did not exceed volume and open interest thresholds in or to be considered significant, but could change in the coming year.

The Commission reviews a contract’s terms and conditions, and the position limits and accountability standards, to ensure that a contract is not readily susceptible to manipulation and standards are appropriate. Often, reviews include an analysis of the assumptions made by the partic-

ular exchange staff submitting the new contract regarding supply and demand of the underlying commodity. In the absence of Commission due diligence, undetected contract flaws or faulty assumptions could lead the contract to be readily susceptible to manipulation, disruptions in the cash market, or excessive speculation.

As staff members are released from rule-writing responsibilities, review of contracts that exhibit market significance will resume. The Dodd-Frank Act rulemaking effort will continue through most of FY 2012 and is expected to further impact future targets set in the current Strategic Plan. In response to these external conditions, the Commission is considering modified targets that more accurately reflect the Commission’s capabilities given the existing staffing levels and continued budget constraints.

PERFORMANCE MEASURE 1.1.5.1 Rule submissions are reviewed and a determination is made regarding compliance with the CEA, or referred back to the exchange for correction, as amended by the Dodd-Frank Act and Commission regulations within the required 10-day or 90-day time period.

FY 2011 Performance Results

77%

Lead Program Office:

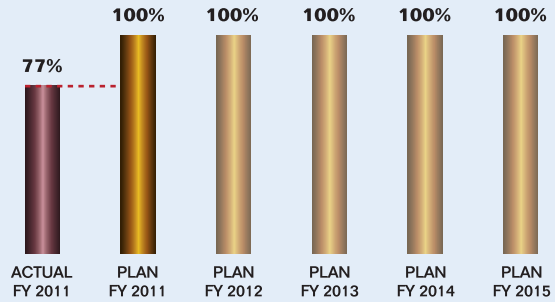
Division of Market Oversight (DMO)

Data Source:

FILAC

Verification:

Internal Review of Dates Entered into System



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission was able to complete reviews of 330 submissions for certification or approval of trading rules, 82.5 percent of the total submitted throughout the year. In addition, the Commission was also able to complete 47 submissions for certification or approval of product rules, approximately 53 percent of the total on the year. A combined total between trading and product rules suggest the performance of an estimated 77 percent reviewed by the Commission during the fiscal year. However, limited staffing and resource constraints throughout the fiscal year continued to inhibit the level of reviews of rule amendment filings as planned.

It is significant to note, that the backlog of rule amendment certification reviews has grown so much that, this goal as written, most likely will not be met with the existing staff levels. To date, there are 70 submissions for trading rules and 130 substantive rule amendments on backlog for review. While the Commission continues to seek the most efficient methods of conducting operations, staffing levels and budget constraints will continue to be the largest obstacle to success going into FY 2012 and FY 2013.

PERFORMANCE MEASURE 1.1.6.1 DCM and SEF applications are reviewed and a determination is made regarding compliance with core principles within statutory time frames. Percentage of applications reviewed.

FY 2011 Performance Results

100%

Lead Program Office:

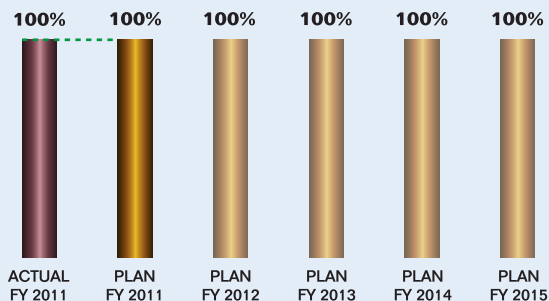
Division of Market Oversight (DMO)

Data Source:

Memorandum Initiating Review

Verification:

Final Report



Performance Analysis & Review

The performance target was met for FY 2011. The Commission performed one review during the reporting period on Eris Exchange, LLC application, formally submitted in the third quarter of FY 2011. CFTC is aware of one DCM

application that will be filed in FY 2012 and expect at least one or two others will be filed during the year. Current performance levels should be expected during FY 2012.

PERFORMANCE MEASURE 1.2.1.1 Percentage of major DCMs and SEFs reviewed, during the year. (Structural Sufficiency)

FY 2011 Performance Results

40%

Lead Program Office:

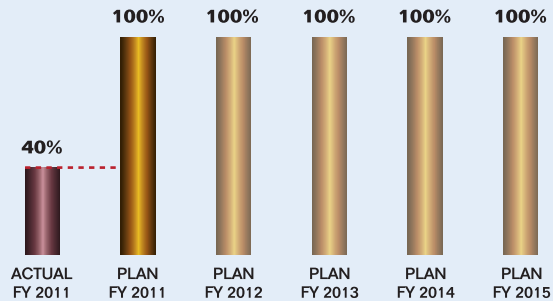
Division of Market Oversight (DMO)

Data Source:

Memorandum Initiating Review

Verification:

Final Report



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission completed a joint rule enforcement review of core principles relating to NYMEX's and COMEX's trade practice surveillance, audit trail, and disciplinary programs. This review also examined the Exchanges' staffing levels to ensure that they had sufficient staff to perform their self-regulatory responsibilities for each of the reviewed programs. Although it was found that NYMEX and COMEX were in compliance with the relevant core principles, recommendations for improvement were made regarding the Exchanges' staffing and disciplinary programs. As direct result of limited resources and available staff for this activity, the remaining three major DCMs were not reviewed during this reporting cycle (CME, CBT, and ICE Futures U.S.). In addition, regulations for SEF registration were incomplete and thus, there were no major SEFs to be reviewed as a part of the performance measure.

In FY 2011, the Commission faced a challenge of a limited workforce, an inability to hire from a continuing resolution lasting seven months, and a high-priority rulemaking

directive. As a result, Division functions outside the rule-making process, including the review of both major and non-major DCMs and SEFs, were extremely limited during the fiscal year. Not reviewing all major DCMs is an oversight risk of exchanges that are responsible for the vast majority of U.S. futures trading volume. Timely rule enforcement reviews are intended to ensure market integrity in order to foster open, competitive, and financially sound markets. If major exchanges are not reviewed annually, it is difficult to provide any assurance to the public or other regulators of the exchanges' ongoing core principle compliance. Moreover, the Dodd-Frank Act modified several existing core principles and adopted five new core principles.

As the Commission remains determined to complete its Dodd-Frank Act rulemaking during the upcoming FY 2012, Divisions and Offices can expect to face similar challenges and a prolonged environment of budget and human resource constraints.

PERFORMANCE MEASURE 1.2.1.2 Percentage of non-major DCMs and SEFs reviewed, during the year. (Structural Sufficiency)

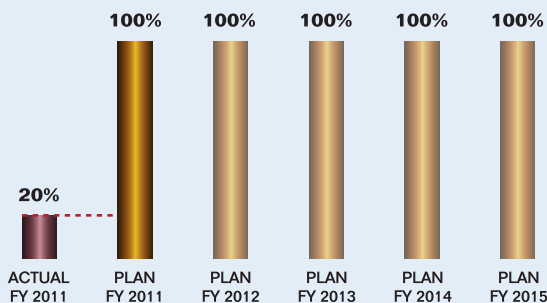
FY 2011 Performance Results

20%

Lead Program Office:
Division of Market Oversight (DMO)

Data Source:
Memorandum Initiating Review

Verification:
Final Report



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission initiated three rule enforcement reviews of non-major DCMs for core principles related to market surveillance, trade practice surveillance, audit trail, and disciplinary programs. Due to insufficient staff resources, none of these reviews were completed during the 2011 fiscal year. No review was initiated on any of the remaining nine non-major DCMs during this reporting cycle.

A review of NYSE Liffe’s trade practice surveillance program will be completed in the first quarter of FY 2012, while the review of the KCBT’s market surveillance, trade practice surveillance, audit trail, and disciplinary programs will be completed during the second quarter of FY 2012. The review of CBOE Futures’ audit trail program had been suspended (and as of the end of FY 2011, considered complete) due to the significant issues identified. A 38.5 Exchange Letter has been sent to CBOE and they are in the process of implementing the necessary changes. A follow-up review on CBOE will be initiated in the fourth quarter of FY 2012. It should be noted that CBOE Futures and NYSE

Liffe both contract with the NFA for regulatory services. As a result, the reviews require reviewing work performed by NFA as well as the exchanges.

Although non-major exchanges do not pose the same risks as major exchanges, there are serious consequences of not performing reviews at least every two or three years. Generally, the non-major exchanges’ compliance programs are not as sophisticated as the major exchanges and typically result in more recommendations for improvement from a rule enforcement review. However, past and current resources have been insufficient for timely review of these non-major DCMs, with some DCMs going 5 years or longer without a review. It can be expected that delays and deficiencies will continue to grow in the current operating environment.

Regulations for SEF registration were incomplete and thus, there were no non-major SEFs to be reviewed as a part of the performance measure.

**PERFORMANCE MEASURE 1.2.2.1 Percentage of major DCMs and SEFs reviewed, during the year.
(Automated Systems and Business Continuity)**

FY 2011 Performance Results

80%

Lead Program Office:

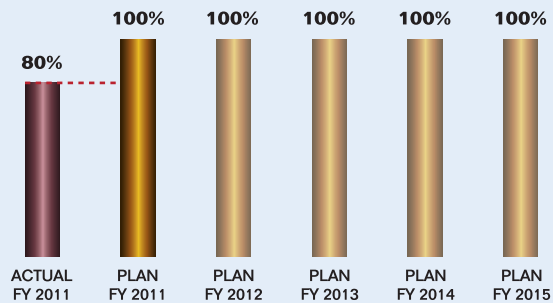
Division of Market Oversight (DMO)

Data Source:

Market Continuity Program

Verification:

Final Report



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission initiated and conducted on-site visits for all five major DCMS (CME, CBOT, NYMEX, COMEX, and ICE) during FY 2011. System Safeguards Examination's (SSE) involve an assessment of the compliance on a DCM's automated systems and business continuity-disaster recovery (BC-DR) plans. Each SSE includes review of some or all of the six principal categories of proper risk management controls: (1) information security; (2) BC-DR and pandemic planning; (3) capacity planning processes and testing; (4) computer and network operations; (5) systems development methodology and quality assurance; and (6) physical security and environmental controls.

One System Safeguards Examination (SSE), initiated in the third quarter FY 2011, was conducted for CME Group. The examination evaluated compliance with the technology-related aspects of applicable CEA provisions and regulations with respect to CME Group's Globex trading

system and related systems, as well as general controls for management of information technology resources. It was found that CME Group's implementation of the general controls for management of information technology resources supporting the Globex trading environment adequately met the requirements of the Designation Criterion and Core Principles. However, the inspection also identified four low-risk findings and recommendations for improvement (three for information security and one for enterprise risk management).

While examinations (SSEs) were initiated and visits were conducted for all five major DCMS, final examination reports for CME, CBOT, NYMEX, and COMEX will be completed during the second quarter and ICE during the third quarter, of FY 2012. Regulations for SEF and SDR registration are incomplete and thus, there were no major SEFs or SDRs to be reviewed as a part of the performance measure.

PERFORMANCE MEASURE 1.2.2.2 Percentage of non-major DCMs and SEFs reviewed, during the year. (Automated Systems and Business Continuity)

FY 2011 Performance Results

N/A

Lead Program Office:

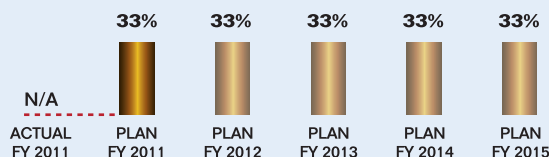
Division of Market Oversight (DMO)

Data Source:

Market Continuity Program

Verification:

Final Report



Performance Analysis & Review

The performance target was not met for FY 2011. System Safeguards Examination’s (SSE) were not conducted for non-major (Tier 2) DCMs during FY 2011 due to limited staff resources. The Market Continuity Program presently does not have enough systems risk analysts to conduct SSEs for non-major DCMs in addition to conducting major DSM SSEs, assisting with Dodd-Frank Act rulemakings, other automated system-related Commission rulemakings and policy development, and responding to market interruptions and cyber threats at DCMs.

While automated system malfunctions, cyber incidents, or trading interruptions at non-major DCMs do not pose the same degree of risk to the U.S. financial system as similar problems at a major DCM, automated systems and BC-DR resources are critical for any DCM to maintain a compre-

hensive audit trail, publish timely market data, conduct adequate market and trade practice surveillance, provide large trader reporting, and monitor and enforce compliance with DCM rules and Commission regulations. Non-major DCMs are more likely to experience catastrophic systems failures or security breaches because they often have less capital to invest in systems development, testing, and maintenance, and cannot afford the most current hardware, software, or security measures. Frequently, technology staff at the non-major DCMs have multiple responsibilities across the organization; in many cases, the roles held are in conflict with each other, and do not represent best practices in organizational separation of duties. Examination of non-major DCMs on at least a biennial basis is important to the Commission’s regulatory mission.

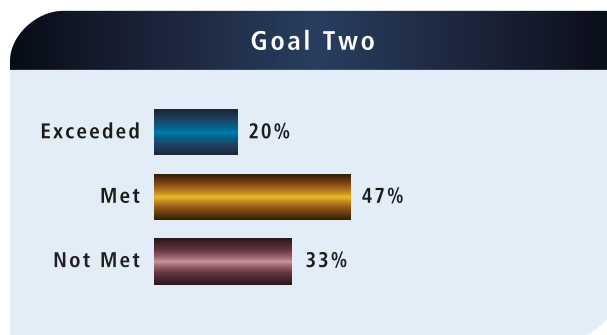
GOAL TWO—PROTECT THE PUBLIC AND MARKET PARTICIPANTS BY ENSURING THE FINANCIAL INTEGRITY OF DERIVATIVES TRANSACTIONS, MITIGATION OF SYSTEMIC RISK, AND THE FITNESS AND SOUNDNESS OF INTERMEDIARIES AND OTHER REGISTRANTS.

In fostering financially sound markets, the Commission’s main priorities are to avoid disruptions to the system for clearing and settling contract obligations and to protect the funds that customers entrust to FCMs. Clearing organizations and FCMs are integral to the financial integrity of derivatives transactions – together, they protect against the financial difficulties of one trader becoming a systemic problem.

Several aspects of the regulatory framework that contribute to the Commission achieving Goal Two are: 1) requiring that market participants post margin to secure their ability to fulfill financial obligations; 2) requiring participants on the losing side of trades to meet their obligations, in cash, through daily (sometimes intraday) margin calls; 3) requiring FCMs to maintain minimum levels of operating capital; and, 4) requiring FCMs to segregate customer funds from their own funds.

Accomplishments related to progress in achieving this goal include:

- Refined and extended automated surveillance systems to improve staff’s ability to conduct market, trade practice, and financial and risk oversight.
- Enhanced the financial oversight systems to increase usability and to process bank and mutual fund data, variation margin data, and credit default swap data for currently-registered DCOs.
- Performed risk analysis and stress-testing on 500,000 large trader and clearing member positions to ascertain those with significant risk and confirm that such risks are being appropriately managed.



Goal Two performance measure results are depicted in the following table:

	# of Measures ⁴	Exceeded	Met	Not Met
Goal Two	15	3	7	5
% of Total		20%	47%	33%
		← 67% →		

⁴ Excludes 3 performance measures categorized as “Not Applicable” for FY 2011.

Goal Two Performance Measures, Analysis and Review

PERFORMANCE MEASURE 2.1.1.1 Review systemically important DCOs annually.
Percentage of systemically important DCOs reviewed.

FY 2011 Performance Results

75%

Lead Program Office:

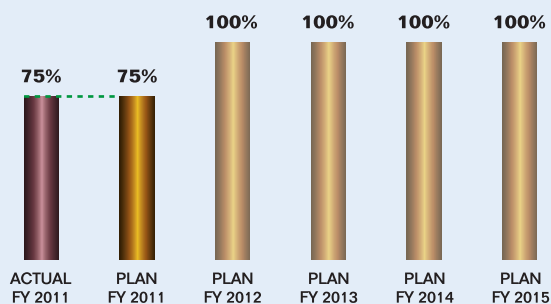
Division of Clearing and Risk (DCR)

Data Source:

Division Reviews Spreadsheet

Verification:

Engagement Letters; Documents submitted by systemically important DCO's, and memoranda to the Commission



Performance Analysis & Review

The performance target was met for FY 2011. During FY 2011, CFTC reviewed 3 of 4 DCOs that the Commission believes to be systemically important. The Commission made this initial determination because in FY 2011, no DCOs were designated as systemically important by the Financial Stability Oversight Council (FSOC), and CFTC felt it could not wait for this determination to initiate reviews. The Dodd-Frank Act establishes that the FSOC will make the formal determination that a DCO is systemically important, and as CFTC is the primary regulator, its examinations staff will execute and complete reviews on these entities on an annual basis.

The Commission also finalized regulations that further clarify the requirements all DCOs must comply with regarding core principles. Development of procedures designed to be used when assessing compliance with the core principles under the newly adopted regulations has begun.

Title VIII of the Dodd-Frank Act mandated that the CFTC, the Securities and Exchange Commission (SEC), and the Board of Governors of the Federal Reserve System prepare and submit to Congress a report that addresses jointly developed risk management supervisory programs for Designated Clearing Entities (DCEs) and to make recommendations in four areas:

1. Improve consistency in the DCE's oversight programs of the agencies;
2. Promote robust risk management by DCEs;
3. Promote robust risk management oversight by regulators of DCEs; and,
4. Improve regulators' ability to monitor the potential effects of DCE's risk management on the stability of the financial system of the U.S.

Congress required the report to be written and submitted by July 18, 2011. This goal was accomplished and the report was submitted to Congress (see <http://www.federal-reserve.gov/publications/other-reports/risk-management-supervision-report-201107.htm>).

PERFORMANCE MEASURE 2.1.1.2 On a risk-based basis, review all other DCOs annually to assess compliance with DCO core principles and Commission requirements. Percentage of all other DCOs reviewed.

FY 2011 Performance Results

44%

Lead Program Office:

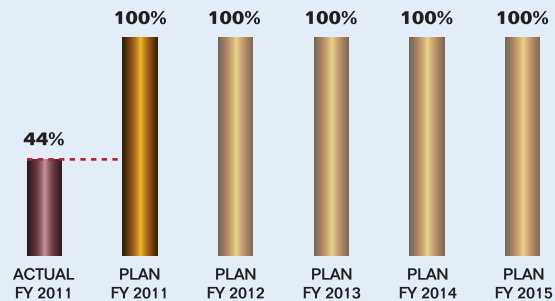
Division of Clearing and Risk (DCR)

Data Source:

Division Reviews Spreadsheet

Verification:

Engagement Letters; Documents submitted by systemically important DCO's, and memoranda to the Commission



Performance Analysis & Review

The performance target was not met for FY 2011. Insufficient staffing continued to be a major challenge in conducting reviews of DCOs throughout the fiscal year. For nine months of the review period, the Examinations Branch responsible for DCO reviews had only six staff to review 10 DCOs. Senior management had anticipated hiring staff early in fiscal year 2011, but budgetary restrictions imposed due to a series of continuing resolutions that spanned nearly seven months prevented such action. The continuing resolutions also had a significant impact on the travel budget, allocating insufficient travel funds to conduct DCO reviews. As a result, the Commission reviewed only a subset of the “all other” DCO community. It was also determined that one DCO was to be excluded from the eligible population, having not performed a clearing transaction during the FY 2011 reporting period, leaving 9 “all other” DCOs eligible for review during the fiscal year. Risk-based assessments helped determine that four reviews would be required for minimally sufficient coverage of this DCO community.

In FY 2011, eight core principles were selected for review purposes, based on a risk evaluation, and consisted of the following: financial resources, membership, risk management, settlement, treatment of funds, default, reporting,

and record keeping. This approach allowed staff to compare policies and procedures consistently across all DCOs that were examined. Results revealed an issue with documentation within the prospectuses of some money market mutual funds regarding the redemption clause. The DCOs continue working with fund managers to correct this matter in the prospectuses, ultimately improving the protection of customer funds.

The outlook for FY 2012 remains uncertain, as budgetary constraints and a limited workforce continue. However, additional laptops provided to the Examination staff of DCR in October 2011, has supported an improvement in efficiency and effectiveness. The core principles require that staff undertake complex analysis and make assessments as to whether or not the DCOs procedures are adequate to capture risk. Staff should be supported with a laptop and appropriate software to aid in these analyses. From the management perspective, computer hardware and software are also essential for improved collaboration, a requirement to effectively complete fieldwork. The additional laptops, a change from 50 to 80 percent staff coverage, also provide better tracking and monitoring of progress in an environment known for complexity.

PERFORMANCE MEASURE 2.1.1.3 Percent of requests for Commission orders that are completed following review under the applicable provisions of the CEA.

FY 2011 Performance Results

N/A

Lead Program Office:

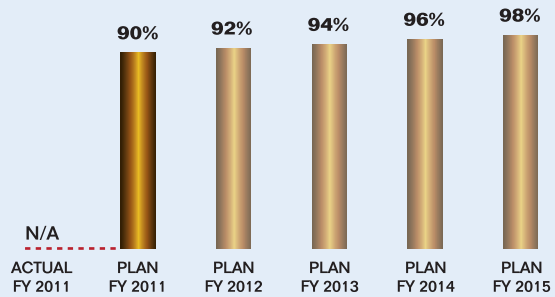
Division of Clearing and Risk (DCR)

Data Source:

FILAC

Verification:

Records maintained at the Office of Secretary



Performance Analysis & Review

The performance target was not met for FY 2011. Three DCOs submitted petitions for relief to be granted through the issuance of Commission Orders: the Options Clearing Corporation submitted a request for approval to amend its cross-margining program (March 2011); ICE Clear Europe requested an exemption that would permit commingling of customer funds (June 2011); and the Minneapolis Grain Exchange requested approval to clear agricultural swaps and commingle customer funds (September 2011).

Due to staff limitations, and in light of the fact that none of the requests are subject to a statutory or regulatory time frame, only one of the petitions has been processed and submitted to the Commission for approval (the Commission has not yet acted on that petition). Senior

management had anticipated hiring staff early in the fiscal year, but budgetary restrictions imposed due to continuing resolutions that spanned nearly seven months prevented the hiring actions.

It is anticipated that staff will continue to be limited in their ability to process requests for Orders (processing includes analyzing relevant legal and risk management issues, preparing a memorandum that documents the staff's analysis, preparing the final Order, and briefing Commissioners regarding DCR's analysis and recommendations). Even after staff members have completed the necessary work, issuance of an Order is dependent upon Commission approval.

PERFORMANCE MEASURE 2.1.2.1 Applications are reviewed and a determination made regarding compliance with financial integrity provisions of the CEA within statutory time frames. Percent in compliance with financial integrity provisions.

FY 2011 Performance Results

100%

Lead Program Office:

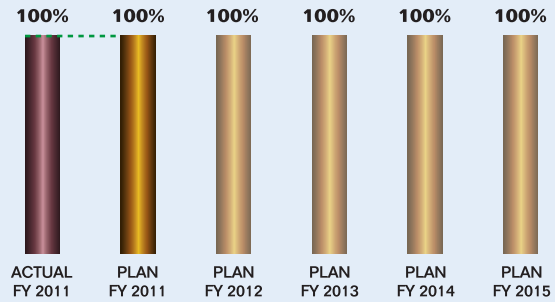
Division of Clearing and Risk (DCR)

Data Source:

Designation Order for Eris Exchange, LLC

Verification:

Publication of Designation Order on the CFTC website



Performance Analysis & Review

The performance target was met for FY 2011. During the fiscal year, the Commission participated on one designation team, reviewing the application of Eris Exchange, LLC; an exempt board of trade which applied to become a designated contract market (DCM). The Commission engaged

in a timely review of the application for compliance with the financial integrity provisions of the CEA and as of the end of the fiscal year on schedule to complete the review within statutory time frames. The DCM designation was formally approved on October 28, 2011.

PERFORMANCE MEASURE 2.1.3.1 All material exceptions in monthly and annual financial filings by FCMs and RFEDs and notices of noncompliance with respect to minimum capital and segregation are reviewed and assessed within one business day. Percent completed within one business day.

FY 2011 Performance Results

100%

Lead Program Office:

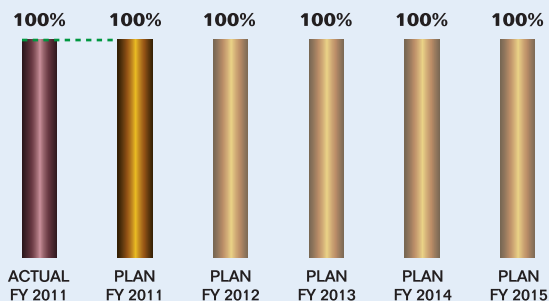
Division of Swap Dealer and Intermediary Oversight (DSIO)

Data Source:

RSR Star System

Verification:

Query Comparison



Performance Analysis & Review

The performance target was met for FY 2011. The Commission received 14 notifications (one being a combined 1.12(a)-1.12(h) notification) and reviewed all 14 within the targeted time of one business day. A follow-up was performed with the filers to ensure that the fiscal integrity of the markets was maintained.

As segregated and secured funds are integral to maintaining the fiscal integrity of the marketplace for customers, and key to providing customer financial protection, the ability to meet this target is vital to the CFTC’s financial oversight program. However, with continued budgetary and staffing constraints, it will be necessary to develop more efficient and effective methods of following up on the receipt of notices in FY 2012 and beyond.

PERFORMANCE MEASURE 2.1.3.2 On a risk-based basis, conduct direct examinations of FCMs and RFEDs, identify deficiencies, and confirm that all deficiencies identified are corrected within the specified period of time. Percent corrected within specified time period.

FY 2011 Performance Results

100%

Lead Program Office:

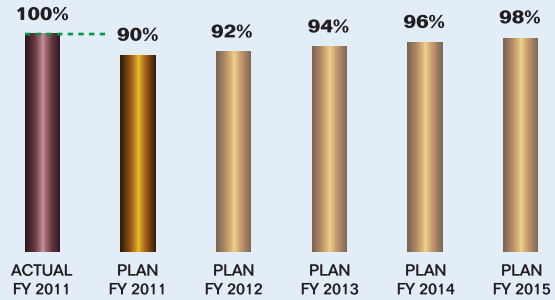
Division of Swap Dealer and Intermediary Oversight (DSIO)

Data Source:

DSIO Regional Database

Verification:

Internal Data Review



Performance Analysis & Review

The performance target was exceeded for FY 2011. The Commission conducted limited-scope, risk-based examinations of all 31 FCMs or RFEDs. All deficiencies identified were corrected within the specified time period. As FCMs and RFEDs are the principal repository for funds used to margin commodity trading by both customers and proprietary accounts, they are a primary focal point for main-

taining the financial integrity of the marketplace and thus, resources should be directed toward meeting and, as in FY 2011 exceeding the target. However, with the ongoing staffing and budgetary constraints, it will be necessary to continue reviewing the balance of effort dedicated to those areas that present the greatest financial risk when determining allocation of resources.

PERFORMANCE MEASURE 2.1.5.1 Reviews of DCO rules submitted to the Commission are completed within statutory and regulatory deadlines.

FY 2011 Performance Results

100%

Lead Program Office:

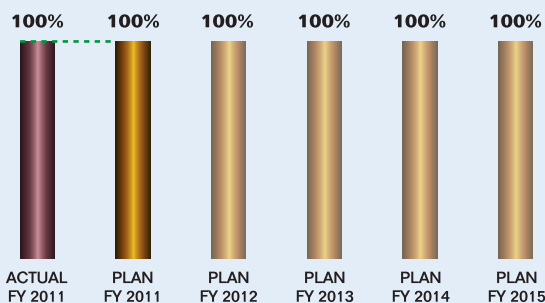
Division of Clearing and Risk (DCR)

Data Source:

FILAC

Verification:

CFTC website; Industry Filings;
Clearing Organization Rules



Performance Analysis & Review

The performance target was met for FY 2011. The Commission implemented new procedures for timely rule review/analysis and posting of DCO rule submissions. These new procedures were further adapted to reflect changes to the SRO rule self-certification process by the Dodd-Frank Act. Staff actively participated on the rule writing team (and on the FILAC/OPERA team) in order to reflect the Dodd-Frank Act changes to the CEA and the corresponding changes to Part 40 (and Part 39) of the Commission’s regulations.

During FY 2011, the Commission reviewed 110 DCO rule submissions, almost all of which were rule self-certifications pursuant to CFTC Reg. 40.6. Five of the rule submissions were for rule approval pursuant to CFTC Reg. 40.5. Of those five, two were approved. Due to the complex and novel nature of these rules, and inadequate staffing resources, none of the rule approvals were completed within the initial 45-day review period established by CFTC Reg. 40.5. However, statutory and regulatory deadlines include provisions for extensions. Currently five rule approval submissions are pending approval (three from FY 2011 and two from FY 2010) and have been subject to extensions.

The Commission also improved interactions with DCOs regarding rule submission through more effective communication. For example, on August 29, 2011, CFTC issued a letter to all registered DCOs with the purpose of (1) providing guidance with respect to self-certification of new rules and rule amendments pursuant to CFTC Reg. 40.6 (in light of recent changes to Part 40); (2) requesting that DCOs perform a rule self-assessment; and (3) requesting that DCOs provide a description of their margin-setting methodologies. The Commission received positive feedback about the letter. In addition, all DCOs that were required to submit margin-setting methodologies did so in a timely manner. Quality of the DCO rule filings has also improved. In particular, DCOs are including in their rule submissions a more detailed analysis of the purpose and effect of the rule and its impact, if any, on the DCO’s ability to comply with the Core Principles.

PERFORMANCE MEASURE 2.1.6.1 Perform risk analysis and stress testing on large trader and clearing member positions to ascertain those with significant risk and confirm that such risks are being appropriately managed. Number of positions analyzed.

FY 2011 Performance Results

500,000

Lead Program Office:

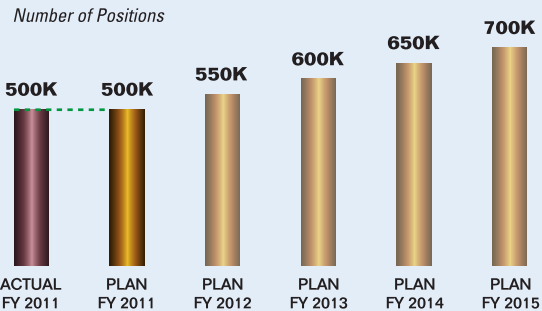
Division of Clearing and Risk (DCR)

Data Source:

Large Trader Reporting System

Verification:

Stress testing procedures (By commodity grouping and all DCOs)



Performance Analysis & Review

The performance target was met for FY 2011. Staff at the Commission conducted daily stress tests of energy, interest rate, equities, agricultural, soft agricultural and metals account and firm positions. Stress tests are performed at a variety of levels (i.e., all time move and 150% of product margin requirements) and results are compared to a variety of metrics (i.e., excess net capital and margin on deposit). Stress tests are also performed across multiple commodity groups.

The Commission also conducted a wide variety of risk analysis on large trader and clearing member positions, as well as financial analysis of clearing members, using a vast array of technology (Integrated Surveillance System, SPARK, SPAN® software, and RSR Express). Staff used this technology to identify traders with the greatest overall market risk and identified those traders that posed a material risk to their clearing members.

As a result of the high levels of market volatility across several commodities, CFTC performed heightened surveillance. Holders of short option positions suffered large losses. As a result, CFTC created a short options team to generate a series of stress tests identifying the riskiest short options position holders.

A major challenge the Commission faced during FY 2011 was the establishment and integration of a program to analyze the risks associated with the clearing of interest rate swaps. Interest rate swaps and credit default swaps analysis is challenging because staff cannot rely on the current tools used in the analysis of futures and options. Interest rate swaps analysis requires new methods of data collection and risk analysis. At present, staff is collaborating with clearing organizations to develop the best data collection and risk analysis solutions.

PERFORMANCE MEASURE 2.1.6.2 On a risk-based basis, meet with large traders, FCMs, swap dealers, and other industry participants to discuss risk management issues. Number of entities met with and risk issues reviewed.

FY 2011 Performance Results

110

Lead Program Office:

Division of Clearing and Risk (DCR)

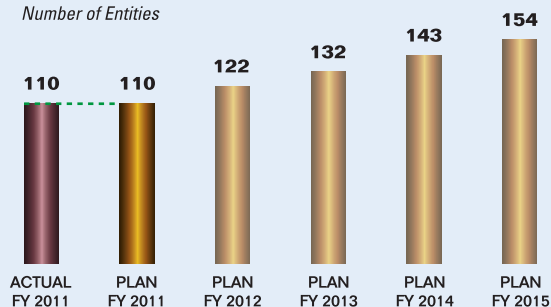
Data Source:

Internal Memoranda

Verification:

Memoranda Filings

Number of Entities



Performance Analysis & Review

The performance target was met for FY 2011. The Commission’s Risk Surveillance staff conducted risk reviews of a variety of market participants including traders (hedgers/speculators), futures commission merchants, commodity pool operators and commodity trading advisors. The risk reviews were conducted both on-site and telephonically. Staff managed to carry out all its reviews on a voluntary basis, targeting traders with large overall risk positions with a special emphasis on sellers of option premium. Through internal analysis, the Commission was able to target several risk reviews of large traders that suffered material losses during the periods of extreme market volatility.

CFTC also conducted trader risk reviews on a large variety of market participants. Most notably, several short option risk reviews were performed and stress tests were shared with traders. The stress test results showed potential losses in extreme market volatility and margin increases. All traders were supportive of the reviews and at least one trader altered the risk profile of his position after evaluating potential losses.

Overall, the Commission was successful in scheduling reviews with traders and clearing members on a voluntary basis, and was able to carry out the reviews in a timely manner and developed significant insight into risk management.

PERFORMANCE MEASURE 2.2.2.1 Under a risk-based approach, conduct reviews of selected programs of all RFAs to assess fulfillment of statutory and delegated responsibilities and confirm that any deficiencies identified are corrected within the specified period of time. Percent of deficiencies corrected within specified time period.

FY 2011 Performance Results

N/A

Lead Program Office:

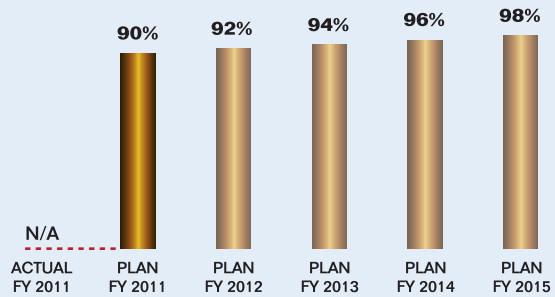
Division of Swap Dealer and Intermediary Oversight (DSIO)

Data Source:

Division Files

Verification:

N/A



Performance Analysis & Review

The performance target was not met for FY 2011. As a consequence of insufficient staff resources, there were no reviews of selected programs of any RFAs to assess fulfillment of statutory and delegated responsibilities. Thus, no deficiencies were identified nor corrected within

any time period during the fiscal year. With the continued staffing and budgetary constraints it will be necessary to continue reviewing the balance between those areas that present the greatest financial risk when determining the deployment of Commission resources.

PERFORMANCE MEASURE 2.2.2.2 Percentage of RFA rules submitted for which determinations are made within statutory time frames.

FY 2011 Performance Results

100%

Lead Program Office:

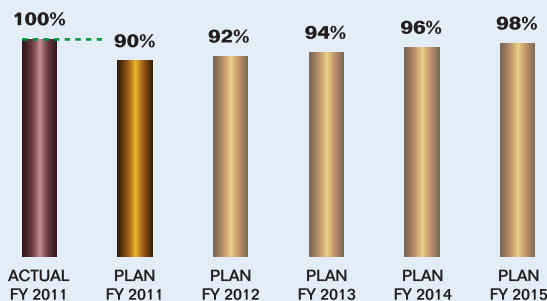
Division of Swap Dealer and Intermediary Oversight (DSIO)

Data Source:

Division Files

Verification:

Internal Review compared to Logged Submissions



Performance Analysis & Review

The performance target was exceeded for FY 2011. As part of the regular program, but also as an adjunct to the Dodd-Frank rulemaking process, the Commission reviewed and analyzed 4 of the 4 proposed NFA rule additions and amendments that required review within the statutory time frames. The nature of the proposed NFA rule additions and amendments were diverse and, in addition to the Dodd-Frank rulemakings, provided a challenge to have them completed in a timely manner given the workforce limitations. NFA rule submissions included:

7/7/11 – Approved

Failure to Pay an Arbitration Award or Settlement – Proposed Amendments to Code of Arbitration Section 10 and Member Arbitration Rules Section 10

7/7/11 – Approved

Forex Requirements – Proposed Amendments to Bylaws 301 and 306; Compliance Rules 2-10, 2-36 and 2-39; Code of Arbitration Section 1 and the Interpretive Notices Entitled Forex Transactions; Compliance Rule 2-40: Procedures for the Bulk Assignment or Liquidation of Forex Positions: Cessation of Customer Business; and Compliance Rule 2-36(e): Supervision of the Use of Electronic Trading Systems

12/17/10 – Approved

Forex Dealer Member Trade Reporting System – Proposed Adoption of Compliance Rule 2-48

11/23/10 – Withdrawn

Definition of a Forex Dealer Member: Proposed Amendments to Bylaw 306, Financial Requirements Section 11(a), and the Interpretive Notice Regarding Forex Transactions

PERFORMANCE MEASURE 2.2.3.1 On a risk-based basis, conduct direct examinations of non-FCM intermediaries, identify deficiencies, and confirm that any deficiencies identified are corrected within the specified period of time. Percent of time that deficiencies are corrected within specified time period.

FY 2011 Performance Results

N/A

Lead Program Office:

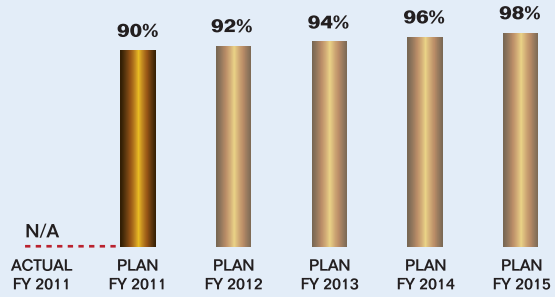
Division of Swap Dealer and Intermediary Oversight (DSIO)

Data Source:

DSIO Regional Database

Verification:

Internal Data Review



Performance Analysis & Review

The performance target was not met for FY 2011. Inadequate staff resources continued to be the major obstacle throughout this fiscal year. As a result, no examinations of non-FCM intermediaries were performed to identify deficiencies. Thus, no deficiencies were corrected within

any time period during the fiscal year. With the continued staffing and budgetary constraints leading into a new fiscal year, it will be necessary to continue reviewing the balance between those areas that present the greatest financial risk when determining allocation of Commission resources.

PERFORMANCE MEASURE 2.3.1.1 On a risk-based basis, review all SROs annually to assess compliance with CEA and Commission requirements, identify deficiencies, and confirm that any deficiencies identified are corrected within the specified period of time. Percent of time in which deficiencies are corrected within specified time period.

FY 2011 Performance Results

80%

Lead Program Office:

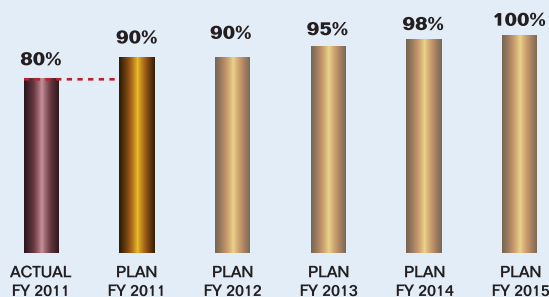
Division of Swap Dealer and Intermediary Oversight (DSIO)

Data Source:

Major Review Branch Files

Verification:

Internal Management Review



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission reviewed all SROs to assess compliance with the CEA and Commission requirements. Any deficiencies noted were communicated to the SRO in draft form only, leading to the actual performance being recorded at 80 percent. The Commission is currently following up with the SROs to determine if the deficiencies noted were corrected within the specified period of time. However, due to constraints on staff resources, the draft reviews have not been finalized and submitted in final form to the SROs as originally planned for the fiscal year.

As noted above, as a consequence of continued budgetary constraints, staff was unable to finalize the 3 reviews and submit them to the SROs. However, it should be noted that, reviews were completed in a thorough and timely manner. Had any significant issues arisen during the review process, they would have been communicated to the SROs immediately. As budgetary and staffing constraints continue in FY 2012, the Commission will seek innovative ways to complete the reviews and communicate any critical findings prior to the preparation of a final report.

PERFORMANCE MEASURE 2.3.1.2 Percentage of direct examinations of registered intermediaries that confirm proper execution of SRO programs.

FY 2011 Performance Results

100%

Lead Program Office:

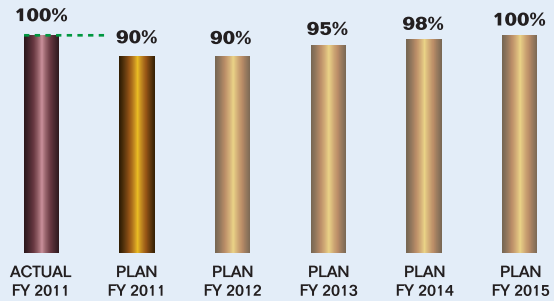
Division of Swap Dealer and Intermediary Oversight (DSIO)

Data Source:

DSIO Regional Database

Verification:

Internal Data Review



Performance Analysis & Review

The performance target was exceeded for FY 2011. The Commission performed 21 limited-scope (directed or “for cause”) audits, that confirmed that the SROs were properly executing their programs. As the vast majority of these reviews were of FCMs who are the principal repository for funds used to margin commodity trading by both customers and proprietary accounts, they should be a primary focal

point for maintaining the financial integrity of the marketplace and thus, staff resources have been directed toward meeting and, as in FY 2011 exceeding the target. However, achieving this level of performance required prioritizing staff and resources for these activities leaving less vital areas, such as conducting direct examinations of non-FCM intermediaries and identifying deficiencies, understaffed.

PERFORMANCE MEASURE 2.4.1.1 Program redesign to cover new registrants monitored by the regulatory statement review (RSR) and Stressing Positions at Risk (SPARK) systems. Percentage of system redesign accomplished.

FY 2011 Performance Results

80%

Lead Program Office:

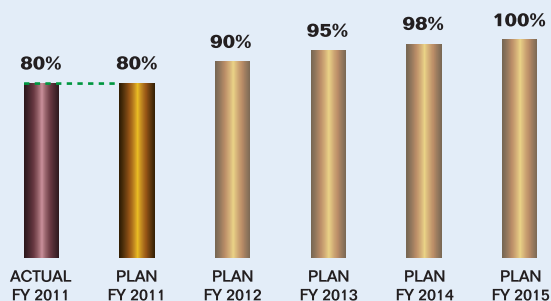
Division of Clearing and Risk (DCR)

Data Source:

Annual Plan

Verification:

Comparison of year-end plan to actual status



Performance Analysis & Review

The performance target was met for FY 2011. The Commission conducts risk surveillance activities through the use of automated financial and risk surveillance systems and applications such as RSR Express and SPARK. RSR Express is used to receive and review monthly futures commission merchant financial statements. SPARK is used to identify volatile markets, firms that have positions on the losing side of the market, and customers at the identified firms. Both RSR Express and SPARK applications were developed in house.

In FY 2011, CFTC identified priorities related to technology for new rule makings, enhanced surveillance techniques, enhanced DCO review techniques, and the surveillance of new asset classes. Both RSR Express and SPARK applications received enhancements during FY 2011. RSR Express enhancements related to the receipt and storage of new data fields and an upgrade of the code of the entire application. SPARK application received a number of upgrades and new capabilities:

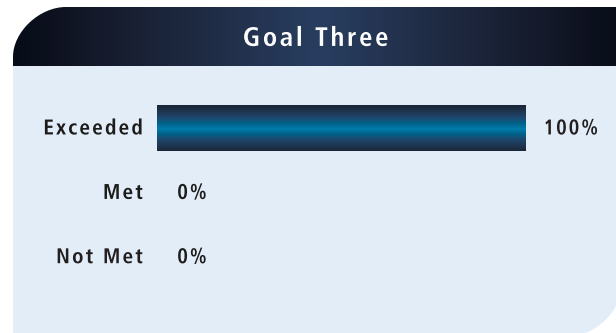
- Enhanced variation margin data analysis capability
- Interactive position data for stress-testing
- Task automation (updating exchange rates, financial updates from RSR, and margin requirements reporting for all positions submitted to the Commission)
- Expanded “What-If” risk analysis capability for DCOs, FCMs, and traders

- New support mechanisms to aid analysts (risk array viewer, margin component, and risk reporter link to SPAN)
- New feature providing the able to utilize reports from for the following entities: New York Portfolio Clearing, ICE Clear Credit, CME Europe, and Nadex
- New reporting format for cash data (tested the accuracy of the new load program and incorporated the new data into the SPARK application)
- CSV file format downloads (the CSV file format will allow the user to more easily download large data sets for analysis)
- Upgraded account level download of reporting firms – so that users can now select up to 100 reporting firms when data is requested
- Downloadable New York Portfolio Clearing position data identified as NYL2 positions in the Integrated Surveillance System can be margined in SPAN
- Credit Default Swaps: Added save and load layout functionality; added filter and sort capabilities; fixed issues related to adding a new contract that eliminated the occurrence of error messages when saving a new termination date or adding a new contract; and enhanced the Notional Value by Contract feature such that if the 10 year tenor is selected then all results reflect only 10 year tenors

GOAL THREE—PROTECT THE PUBLIC AND MARKET PARTICIPANTS THROUGH A ROBUST ENFORCEMENT PROGRAM.

This third strategic goal is to ensure that firms and individuals who come to the marketplace to fulfill their business and trading needs are in compliance with applicable laws and regulations. In addition, market users and others must be protected from possible wrongdoing that may affect or tend to affect the integrity of the markets. The derivatives markets provide a great benefit to the U.S. economy; preserving the integrity of the markets ensures their continued vibrancy and promotes public confidence. Continuing IT investment in the eLaw program will support all Goal Three objectives by improving staff productivity, providing staff with a level IT playing field with those it investigates and effective tools to collaborate internally with oversight and clearing staff as well as with other regulators, and facilitating the use of information to identify high impact enforcement actions. Accomplishments include:

- 99 enforcement actions, the highest in the agency’s history and a 74 percent increase over the prior fiscal year. The Commission also opened more than 450 investigations.
- A notable fraud case, CFTC vs. Walsh, et al, where the Court ordered an initial distribution and return of approximately \$792 million to commodity pool investors.
- 23 actions enforcing new regulations that resulted from the Dodd-Frank Act and that require foreign exchange dealers and introducing brokers to register with the Commission.
- More than 70 indictments and convictions were obtained in criminal cases related to CFTC enforcement actions.



Goal Three performance measure results are depicted in the following table:

	# of Measures ⁵	Exceeded	Met	Not Met
Goal Three	2	2	0	0
% of Total		100%	0%	0%

← 100% →

⁵ Excludes 1 performance measure categorized as “Not Applicable” for FY 2011.

Goal Three Performance Measures, Analysis and Review

PERFORMANCE MEASURE 3.1.1.1 Percentage of enforcement investigations concluded within one year of opening.

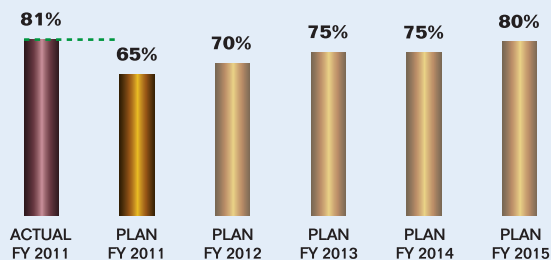
FY 2011 Performance Results

81%

Lead Program Office:
Division of Enforcement (DOE)

Data Source:
eLaw System

Verification:
Internal Review



Performance Analysis & Review

The performance target was exceeded for FY 2011. The number of enforcement investigations opened has risen sharply – from 99 in FY 2007 to an all-time high of over 450 in FY 2011 – due to a combination of factors including the clarification of the Commission’s authority over off-exchange traded forex, cooperative enforcement efforts, and the exposure of Ponzi schemes due to the financial downturn. The Commission is also experiencing an uptick in the number of market manipulation and disruptive trading investigations. Investigation of manipulation allegations tends to be complex and resource intensive. Generally,

manipulation investigations resulting in charges run far longer than other types of investigations. It is expected that disruptive trading investigations and litigation will also be quite time intensive, particularly those that involve high frequency and algorithmic trading. The Commission’s FY 2011 Plan target for this performance measure took into account these factors, as well as historical performance and staffing constraints. Despite these factors and constraints, the Commission exceeded its target for this performance measure, and remains committed to the effective and expeditious disposition of its enforcement investigations.

PERFORMANCE MEASURE 3.2.1.1 Percentage of CFTC case filings that include referrals to domestic civil and criminal cooperative authorities.**FY 2011 Performance Results****62%****Lead Program Office:**

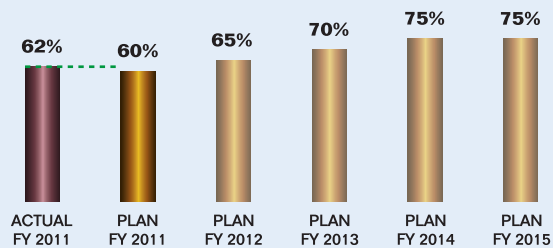
Division of Enforcement (DOE)

Data Source:

eLaw System

Verification:

Office of Cooperative Enforcement spreadsheet and correspondence with civil and criminal authorities

**Performance Analysis & Review**

The performance target was exceeded for FY 2011. The CFTC continued to devote considerable efforts to partner with law enforcement agencies at the international, national, regional, and state levels to address and deter conduct that violates the CEA and CFTC Regulations. To further these efforts, the CFTC's Director of Enforcement served as one of the four co-chairs of the President's Financial Fraud Enforcement Task Force. During FY 2011, over 95% of the CFTC's major injunctive fraud cases involved related criminal investigations. During this time, 80 criminal indictments and judgments were filed that were related to CFTC enforcement matters. The Commission also engaged in cooperative enforcement efforts with civil regulatory agencies, and approximately 65% of the major fraud actions involved parallel investigations with federal civil authorities. The Commission also engaged in cooperative enforcement with international authorities in a wide range of matters from retail fraud to market manipulation. During FY 2011, the Commission handled over 530 requests and referrals from international authorities, an approximate 20 percent increase over FY 2010.

The Commission worked to promote coordination of enforcement efforts with other law enforcement agencies to address commodities violations and other related financial wrongdoing. In addition to participating in national and international financial fraud enforcement working groups, the CFTC partnered with 10 regional groups comprised of federal, state, and local civil and criminal authorities.

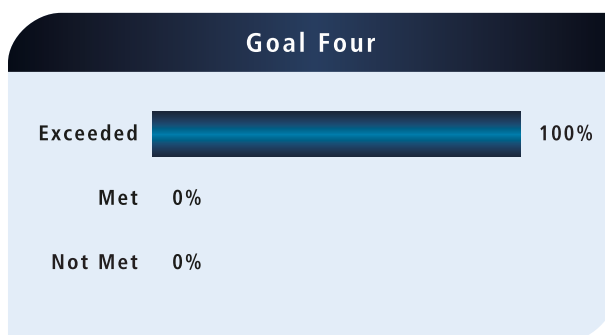
The Commission provided training to many law enforcement groups and participated in speaker panels and seminars to promote cooperative enforcement efforts on conducting parallel criminal and civil prosecution of commodities market manipulation and fraud. The CFTC also worked with the Department of Justice and the Securities and Exchange Commission (SEC) to conduct cross-agency training, especially training involving the new enforcement powers under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Appendix A contains examples of cases that included related actions by other civil and/or criminal authorities in which the CFTC obtained monetary sanctions orders in FY 2011.

GOAL FOUR—ENHANCE INTEGRITY OF U.S. MARKETS BY ENGAGING IN CROSS-BORDER COOPERATION, PROMOTING STRONG INTERNATIONAL REGULATORY STANDARDS, AND ENCOURAGING ONGOING CONVERGENCE OF LAWS AND REGULATION WORLDWIDE.

Effective regulation requires international coordination and necessitates that the Commission cooperate with foreign market authorities to supervise U.S. markets and protect U.S. customers. Additionally, the Commission works closely with relevant international organizations to promote high-quality derivatives regulation worldwide and convergence where possible. The CFTC also provides technical assistance to emerging and recently-emerged markets to help these jurisdictions in establishing and implementing laws and regulations that foster global market integrity. Accomplishments include:

- Coordinating an engagement with the European Commission and Parliament, encouraging harmonization of European regulatory development with Dodd-Frank policies, and organizing a joint CFTC-SEC roundtable on the cross-border application of the Dodd-Frank Act.
- Technical level working groups on OTC derivatives with the European Commission, European Securities Markets Authority (ESMA), and regulatory authorities in Japan, Singapore, and Hong Kong.
- Coordinated a review of cross-border arrangements that will be needed under the Dodd-Frank Act and developed draft Memorandum of Understanding (MOU) on the supervision of dually regulated cross-border clearinghouses.
- Handled over 530 international requests and referrals, an approximate 20 percent increase over prior fiscal year.
- Held the annual international regulatory conference at Boca Raton, Florida and the annual symposium for foreign regulators in Chicago.



Goal Four performance measure results are depicted in the following table:

	# of Measures ⁶	Exceeded	Met	Not Met
Goal Four	3	3	0	0
% of Total		100%	0%	0%

← 100% →

⁶ Excludes 1 performance measure categorized as "Not Applicable" for FY 2011.

Goal Four Performance Measures, Analysis and Review

PERFORMANCE MEASURE 4.1.1.1 Days allotted for acknowledgment of incoming requests for enforcement assistance from our international counterparts pursuant to our information sharing arrangements.

FY 2011 Performance Results

1

Lead Program Office:

Division of Enforcement (DOE)

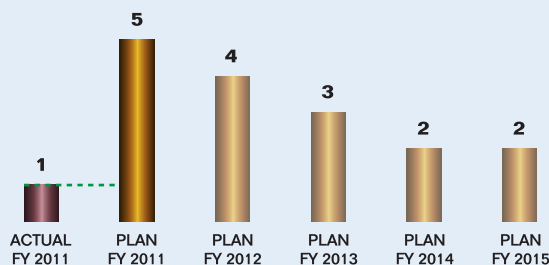
Data Source:

Office of Chief Counsel (OCC) Database

Verification:

Dated correspondence to international counterparts

Number of Days



Performance Analysis & Review

The performance target was exceeded for FY 2011. The Commission handled over 530 international requests and referrals, an approximate increase of 20% over FY 2010. The Commission also entered into bilateral cooperative enforcement/information sharing arrangements with more than twenty-five (25) foreign authorities. In 2002, the Commission entered into a multilateral information sharing arrangement established by IOSCO which has become the gold standard for such international memoranda of understanding (MOU). As of January 1, 2011, seventy-two (72) IOSCO members had signed the MOU. In addition, the Commission is authorized to cooperate

Requests and Referrals



and exchange information with foreign authorities worldwide (both with MOU partners and with other, non-MOU authorities) on a case-by-case basis.

PERFORMANCE MEASURE 4.1.1.2 Regular issuance of outgoing international requests for enforcement assistance and referrals made by the CFTC to foreign regulators pertaining to matters involving their jurisdictions.

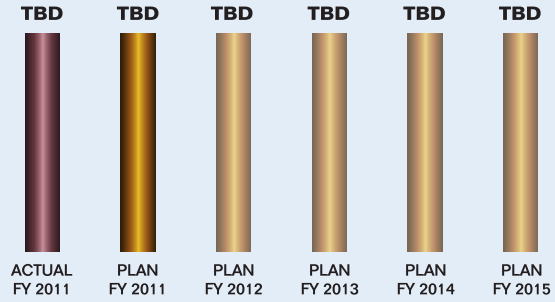
FY 2011 Performance Results

TBD

Lead Program Office:
Division of Enforcement (DOE)

Data Source:
Pending

Verification:
Pending



Performance Analysis & Review

While this performance measure continues to develop, it should be noted that the sharp increase in the number of outgoing international requests (490 in 2011 versus 243 in 2009) is consistent with the increase in investigations in general (452 in FY 2011 versus 251 in FY 2009). It is also reflective of the increase in the number of enforcement matters with international connections, both that the Commission is investigating and prosecuting and that it ultimately refers to another jurisdiction. Matters continue to involve multiple jurisdictions.

Enforcement filed a total of 99 cases in FY 2011. Office of Chief Counsel (OCC) obtained international assistance in 26 of the cases. In the matters where OCC obtained assistance, the following types of documents or assistance were requested:

- bank records
- referrals
- assistance with service of process
- corporate records
- registration information
- investigative files
- testimony
- provide notice of Statutory Restraining Order/asset freeze
- Internet Protocol records
- permission to share with criminal authority

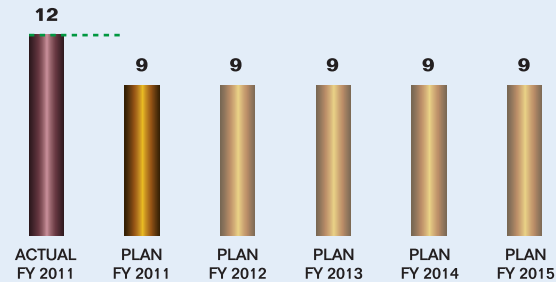
PERFORMANCE MEASURE 4.2.1.1 Number of international regulatory and standard-setting working groups in which the Commission participates.**FY 2011 Performance Results****12****Lead Program Office:**

Office of International Affairs (OIA)

Data Source:OIA Bi-Weekly Status Reports;
IOSCO Publication Index**Verification:**

Deputy Director Approval

Number of Working Groups

**Performance Analysis & Review**

The performance target was exceeded for FY 2011. One of the Commission's primary pathways for influencing the development of global international standards is through its participation in the Technical Committee of the International Organization of Securities Commissions (IOSCO), its numerous standing committees and task forces, and in the Council of Securities Regulators of the Americas (COSRA). Participation in COSRA allows the CFTC to influence development of principles within IOSCO, as COSRA also functions as the North American Regional Committee of IOSCO and therefore, has a collective voice in establishing IOSCO's policies.

The Commission's participation within IOSCO helped influence final reports in the areas of secondary markets, intermediaries, enforcement, and collective investment schemes, as well as OTC derivatives and data aggregation, central counterparty (CCP) standards, and principles of supervision for commodity futures markets. Final reports that describe standards or principles or otherwise provide regulatory guidance become part of the international financial architecture that is subject to assessment by the Inter-

national Monetary Fund (IMF) through its Financial Sector Assessment Program (FSAP). The focus has been on incorporating the Commission's high regulatory approach into these international standards. Participation also helps foster international harmonization. In this regard, the Commission participated in the IOSCO Task Force that revised the Methodology that is used by the IMF for FSAPs and for "peer-reviews" organized by IOSCO in response to recommendations by the Financial Stability Forum.

During the fiscal year Commission staff participated in the development of IOSCO reports on: principles for the regulation and supervision of commodity derivatives markets, OTC derivatives trading, data reporting and aggregation requirements, regulatory issues raised by the impact of technological changes on market integrity and efficiency, principles for dark liquidity, survey on regimes for the protection, distribution and/or transfer of client assets, principles for financial market infrastructure (addressing, among other things, CCP standards), principles on suspensions of redemptions in collective investments schemes, and principles on point of sale disclosures.

PERFORMANCE MEASURE 4.3.1.1 Number of non-U.S. regulators trained.

FY 2011 Performance Results

225

Lead Program Office:

Office of International Affairs (OIA)

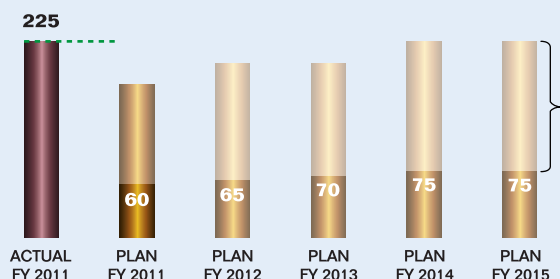
Data Source:

Technical Assistance Internal System

Verification:

Deputy Director Review / Approval

Number of Non-U.S. Regulators Trained



Performance Analysis & Review

The performance target was exceeded for FY 2011. The Commission coordinates a variety of technical assistance activities: visits by foreign regulators for discussions on a variety of technical regulatory matters, on-site missions to share regulatory approaches with foreign regulators and market authorities, secondments of foreign staff, and the annual symposium and training seminar for foreign regulators.⁸

The government of Ethiopia requested and funded an on-site technical assistance program during FY 2011. The Commission travelled to Ethiopia to deliver a one week program on agricultural commodity futures regulation to more than 50 staff of the Ethiopian Commodity Exchange Authority (ECEA) and the Ethiopian Commodity Exchange. This was the third program requested by the ECEA. The annual symposium and training seminar attracted 53 participants. The symposium, which is the cornerstone of the Commission’s technical assistance program, focused on current topics such as the impact of high frequency trading on markets, clearing OTC derivatives and the role of financial regulators in monitoring and addressing systemic risk. The Commission also continued to place foreign secondees with both the New York and Chicago regional offices.

Success of these programs is displayed in that despite the financial crisis, foreign regulators continued to allocate funds in their training budgets to enable attendance to Commission programs. The annual symposium and training seminar routinely collects participant evaluations of the speakers and overall program, which are evaluated for purposes of improving the program. The comments received have generally characterized the training seminar very highly.

It is anticipated that this status quo will continue for the foreseeable future. Nonetheless, it is recognized that a robust program of technical assistance has been a very cost-effective means to share the Commission’s regulatory approaches and in turn elevate the standards for derivatives regulation. The Commission has been viewed internationally as a thought leader in futures regulation and undoubtedly will be viewed similarly with regard to OTC derivatives regulation. The Commission will continue to operate its technical assistance program efficiently and cost effectively.

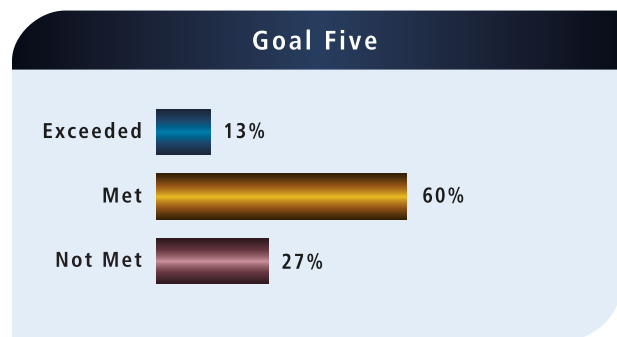
⁷ The disparity between actual and plan is the result of a decision to broaden the range of activities that constitute technical assistance (e.g., to include visits by foreign regulators to the Commission for actual technical discussions with staff). This similarly affects previous estimates for future fiscal year growth, and is reflected in the new targets shown in the performance chart. These are proposed at this time and will go through a vetting process prior to adoption.

⁸ Costs are recaptured for the annual training symposium mentioned in the first paragraph.

GOAL FIVE—PROMOTE COMMISSION EXCELLENCE THROUGH EXECUTIVE DIRECTION AND LEADERSHIP, ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE MANAGEMENT, AND EFFECTIVE MANAGEMENT OF RESOURCES.

Commission excellence reflected in the achievement of the agency’s strategic mission and goals depends on clear executive direction, strong and focused management, and a well-resourced, dedicated and productive workforce. These attributes of a high-performing organization combine to support and drive the critical work of the Commission to provide a sound regulatory oversight and enforcement program for the American people. 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 maintain a well-qualified workforce supported by a modern information technology infrastructure and working environment.

- Approved and adopted the reorganization, which established DCR, DSIO, and ODT, in order to ensure that the Commission is structured, aligned and streamlined to successfully carry out its mission while remaining adaptable to changes and resource availability.
- Development of a new Strategic Plan with the aide of interdivisional leadership forums; February 2011.
- Began implementation of a Management Framework Approach and developed a Planning Process manual, a resource management program designed to support the optimal operation and maintenance of the growing agency (scope and staff) with the capability and tools to achieve its mission.
- Development of a CFTC-wide learning strategy to ensure all staff receives training and development opportunities throughout the employee life-cycle.
- The CFTC designed, developed, and implemented a Budget Process Activity Code repository to better manage and report the Commission’s financial and human resources.



Goal Five performance measure results are depicted in the following table:

	# of Measures	Exceeded	Met	Not Met
Goal Five	15	2	9	4
% of Total		13%	60%	27%
		← 73% →		

Goal Five Performance Measures, Analysis and Review

PERFORMANCE MEASURE 5.1.1.1 Executive approval and Commission adoption of efficient and effective organizational design. FY 2011 – Assess and identify organizational requirements. Prepare and design functional organization blueprints. Recommend and obtain approval for new organizational structure. Percentage of critical milestones complete.

FY 2011 Performance Results

100%

Lead Program Office:

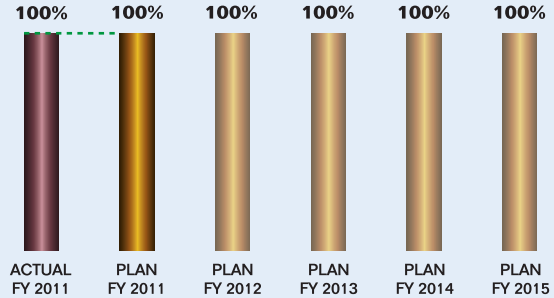
Office of Executive Director (OED)
Human Resources (HR)

Data Source:

CFTC Active Directory; National Finance Center

Verification:

Confirmed by division sign-off on crosswalks between old and new structure; documentation in the NFC personnel/payroll system; and the CFTC network directory



Performance Analysis & Review

The performance target was met for FY 2011. The Commission was able to successfully assess and identify organizational requirements, prepare and design functional the organization blueprint, and obtain approval for the new organizational structure. Successful coordination by all agency participants allowed the reorganization project to meet its objective for the current reporting period. CFTC was able to identify, develop, and publish a template used to devise the new responsibilities of each Division to support the expanded scope of the agency mission under

the Dodd-Frank Act. In addition, the development of a thorough project plan with a timeline through the effective date and tracking the project with weekly PMO reports provided communication and feedback throughout the process. However, the degree to which administrative systems had become more complex, automated, and inter-dependent since the last agency reorganization in 2002 resulted in longer lead times at each step in the process. In the end, planned and actual results were well aligned, despite a challenging deadline.

PERFORMANCE MEASURE 5.2.1.1 Develop, adopt, and implement a comprehensive planning process. FY 2011 – Develop and adopt well-defined and integrated planning process. Percentage of critical milestones complete.

FY 2011 Performance Results

50%

Lead Program Office:

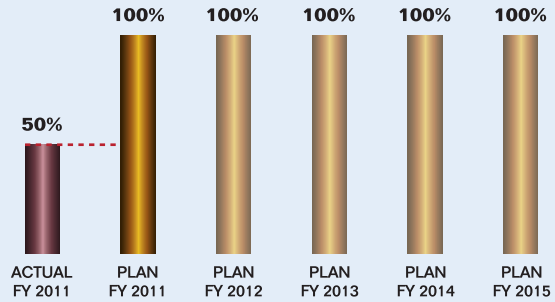
Office of Executive Director (OED)
Business Management and Planning (BMP)

Data Source:

CFTC Strategic, Budget, and Annual
Operating Plan Manual

Verification:

Management review and approval



Performance Analysis & Review

The performance target was not met for FY 2011. Although significant progress was made in developing and documenting a comprehensive planning process, it was not fully implemented in FY 2011 and therefore did not meet the performance target. During FY 2011 OED built on the momentum of the new strategic planning process, defined and documented an integrated planning process, and piloted the operational and project planning processes within OED. In FY 2012, the office is implementing and beginning the monitoring phase CFTC-wide.

As of the publication of this Annual Performance Report, an OED Performance Plan with OED Office goals and milestones has been approved by the Executive Director. In addition, a planning onsite was held at the Commission level to discuss agency priority goals and quarterly reporting on the Strategic Plan performance measures will be initiated in March 2012.

PERFORMANCE MEASURE 5.3.1.1 Assess, develop, and implement automated hiring system. FY 2011 – Assess and procure best fit system based on CFTC requirements. Develop and/or improve recruitment business processes to maximize efficiency gains from automation. Percentage of critical milestones complete.

FY 2011 Performance Results

100%

Lead Program Office:

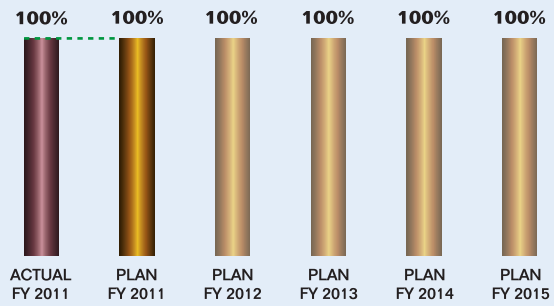
Office of Executive Director (OED)
Human Resources (HR)

Data Source:

Statement of Work

Verification:

Documentation of public notice and competition in conformance with the Federal Acquisition Regulations confirms status of procurement stage of project



Performance Analysis & Review

The performance target was met for FY 2011. The Commission was able to assess and procure the best fit system based on requirements, while improving the recruitment processes to maximize efficiency gains from automation. Factors contributing to the successful completion of the Statement of Work (SOW) included thorough research on the available system options as well as reference checks on past performance of potential vendors of this specialized software support.

An unexpected determination that the acquisition could not be expedited by the use of an existing contract between a software vendor and the National Business Center personnel/payroll system, operated by the Department

of the Interior (DOI), was a significant obstacle during the fiscal year. While this occurrence lengthened the time required for the procurement as well as raise the overall cost, it provided the necessary time for added discussions within the Commission around features that could be omitted, holding costs associated with the project at optimal levels.

While a signed contract is not yet in place, the performance goal was set at an approximate target time and the deviation from that deadline is offset by the added information obtained in dealing with the unforeseen challenges to date that should result in a system that is more precisely tailored to CFTC recruitment needs.

**PERFORMANCE MEASURE 5.3.1.2 Improve time to hire from 150 days to 80 days.
FY 2011 – Improve time to hire by 10% in each of the next five years—saving 15 days.**

FY 2011 Performance Results

79

Lead Program Office:

Office of Executive Director (OED)
Human Resources (HR)

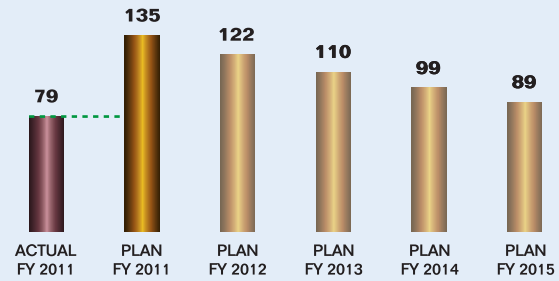
Data Source:

HR SharePoint Database

Verification:

Internal Review of Documentation (SF-52, SF-50)

Number of Days



Performance Analysis & Review

The performance target was exceeded for FY 2011. With the Chairman announcing that timely hiring was essential to stepping up to our mission under the Dodd-Frank Act, the managers embraced the role of planning for and streamlining the recruitment process. Successful steps taken towards these ends were mapping the desired end-state of their workforce; allowing consolidation of recruitment actions where appropriate; sequencing announcements so

that managerial positions were filled first, allowing those new selecting officials to have a role in staffing their organization; emphasizing the use of proven streamlining strategies, such as category ranking of applicants and referral of resumes in electronic form; and continuing review sessions for managers – especially those new to the federal sector – in key skills such as interviewing in conformance with the Merit System Principles.

PERFORMANCE MEASURE 5.3.2.1 The CFTC is consistently rated by its employees as a small agency workplace of choice and listed annually as one of the top 10 best places to work in the Federal government (small agency category). The CFTC identifies low scores determined to be of most significance to the Commission year over year to inform its improvement plans.

FY 2011 Performance Results

8

Lead Program Office:

Office of Executive Director (OED)
Human Resources (HR)

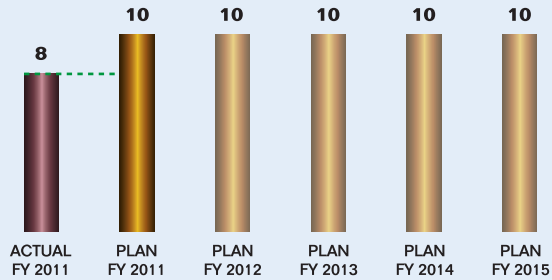
Data Source:

Survey Results (U.S. Office of Personnel Management, per 5 CFR 250)

Verification:

External verification, published by The Partnership for Public Service

Agency Ranking



Performance Analysis & Review

The performance target was exceeded for FY 2011. By clearly addressing past employee input to the annual Employee Viewpoint Survey (EVS), (i.e. offering an expanded telework program), CFTC has captured the potential value of this tool for providing insights into the needs and perspectives of the workforce we are challenged to recruit, develop, and maintain. This is also illustrated by the growing employee confidence in the value placed on their survey participation, with a 7.5% increase in positive responses in 2011 to EVS Item 41 – “I believe the results of this survey will be used to make my agency a better place to work”.

To preserve the value of this survey by showing responsiveness to employee needs, each agency develops action plans based on survey input. During FY 2011, The Commission focused on two areas: (1) Enhance Human Resources Branch coordination with the Office of Diversity and Inclusion to

boost positive responses related to Item 34: Policies and programs promote diversity in the workplace (i.e. recruiting minorities and women, training in awareness of diversity issues, mentoring). The result was a 4.8% increase in positive responses, from 56.3% in 2010 to 61.1% in 2011. The second initiative was mandating enhanced supervisory and managerial training, in order to boost EVS Items 56 - 59 regarding communication with the workforce on CFTC goals and performance outcomes. On the 2011 survey, CFTC did achieve incremental improvement, with the average positive responses for these four questions rising by 1.7%, from 57.6% to 59.3%. Overall, agency initiatives to improve the work environment were rewarded with a final small agency ranking of 8 out of 32 for FY 2011.

Ratings for CFTC can be found on The Best Places to Work in the Federal Government website, <http://bestplacestowork.org>.

PERFORMANCE MEASURE 5.3.3.1 Develop and implement comprehensive development and education program. FY 2011 – Design learning plan to include legal, technical, regulatory, and specialized training as well as management and supervisory training. Where practical, ensure that programming meets the criteria for continuing education requirements applicable to lawyers and other professionals so that credits may be earned and applied. Implement supervisory training for all new supervisors. Percentage of critical milestones complete.

FY 2011 Performance Results

100%

Lead Program Office:

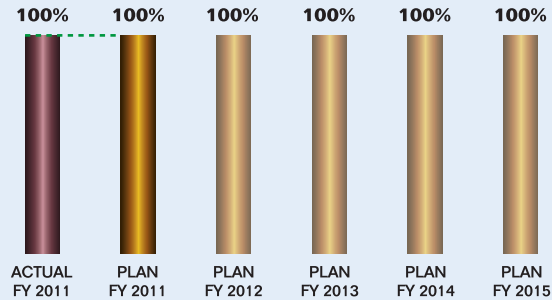
Office of Executive Director (OED)
Human Resources (HR)

Data Source:

Approved Project Plan

Verification:

Implementation of component programs is recorded in budget documentation and enrollment records in the intranet Training Events and Registration System



Performance Analysis & Review

The performance target was met for FY 2011. The Commission successfully designed a learning plan to include legal, technical, regulatory and specialized training, as well as management and supervisory training; where practical, ensured that programming met the criteria for continuing education requirements applicable to lawyers and other professionals so that credits may be earned and applied; and implemented supervisory training for all new supervisors.

Creation of an enterprise-wide Strategic Learning Initiative was the priority task for the CFTC Chief Learning Officer. Approved by the Chairman after input was received from all divisions, the implementation was a three-pronged approach: Regulatory Training; Management Training; Leadership Development Training. The immediate goal was to support implementation of the Dodd-Frank Act with both enhanced regulatory training and support for

the level of expertise now demanded of agency managers as they help lead an agency that is larger and has a more complex mission. Implementation has included new training resources in a variety of formats such as off-the-shelf, customized, online, classroom, in-house seminars, and one-on-one coaching for executives.

To help assure full utilization and value received, each division’s training budget is now being spent in coordination with the Chief Learning Officer, allowing the Commission to consolidate training purchases to save money and encourage post-training practice and utilization of the new skills. Examples include a new contract to offer access legal and audit staff access to courses that satisfy continuing education requirements at a small fraction of the price for enrolling employees individually. The offerings to date have been extremely popular, with a large proportion of the agency participating in the events.

PERFORMANCE MEASURE 5.3.3.2 Assess requirements, design, and implement a comprehensive CFTC-wide mentoring program focused on enhancing the competencies of CFTC's current and future workforce. FY 2011 – Assess and design program. Pilot program in the Office of the General Counsel. Percentage of critical milestones complete.

FY 2011 Performance Results

100%

Lead Program Office:

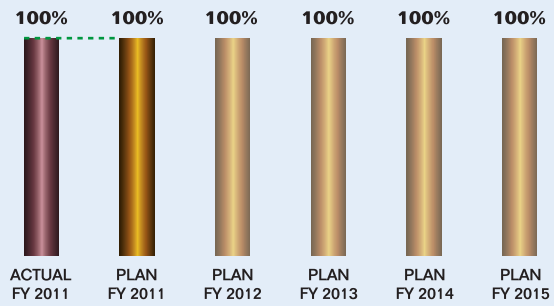
Office of Executive Director (OED)
Human Resources (HR)

Data Source:

Approved Strategic Learning Initiative

Verification:

Documentation of voluntary enrollment and participation by Office of General Counsel (OGC) employees and managers



Performance Analysis & Review

The performance target was met for FY 2011. The Commission successfully assessed and designed a mentoring program, conducting a pilot program in the Office of General Counsel (OGC). The pilot attracted over a third of the OGC employees as participants by generating interest and laying the groundwork through presentations and

individual office assessments. The presentations explored the different work and learning styles of the four generational cadres currently making up the CFTC workforce, acknowledging the Commission's need to efficiently manage the knowledge of its senior experts and to share the unique skills each generation brings to the workplace.

PERFORMANCE MEASURE 5.4.1.1 Transparency and process maturity of IT governance for reinforcing business unit and IT partnership. FY 2011 – Integrate Commission strategic planning with IT strategic planning. Percentage of critical milestones complete.

FY 2011 Performance Results

100%

Lead Program Office:

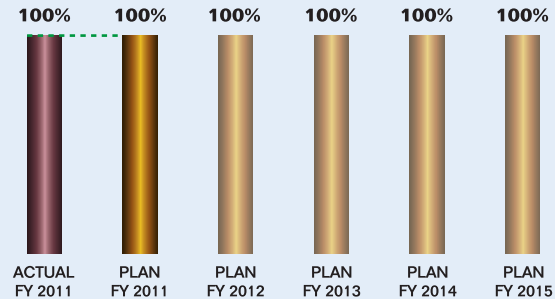
Office of Data and Technology (ODT)

Data Source:

IT Management Road Map and Concept of Operations

Verification:

Results are documented in formally-accepted contract deliverables



Performance Analysis & Review

The performance target was met for FY 2011. Critical milestones achieved during this period included an integrated IT Strategic Plan, which is illustrated by the roadmap and concept of operations. The Concept of Operations identifies the following target state characteristics:

- IT Portfolio Management (ITPFM) that integrates CPIC, Enterprise Architecture (EA), and IT Strategic Planning (ITSP).
- Proposal Management coordinating the capture, dissemination, and fulfillment of business needs that might require an IT system implementation.
- Business cases that capture the reasoning for initiating a project, ensure alignment of the project to the strategic goals and objectives, and are built on evidence derived from feasibility studies or impact analysis to support project objectives.
- A CPIC select process by which new and existing IT initiatives are screened, scored, and selected for inclusion in the CFTC IT Portfolio.
- A CPIC control phase is to ensure, through timely oversight, quality control, and executive review, that IT initiatives are managed in a disciplined and consistent manner.
- A CPIC evaluation phase to measure actual contributions of a new investment towards improving the capability delivered by the portfolio.
- Strategic IT goals that integrate the business and IT visions and facilitate the dialogue between the IT community and the business leaders of the Commission.
- Strategic IT objectives that show how an organization creates value for its customers and stakeholders and provide an actionable plan by which to achieve the Strategic IT Goals.
- An IT Strategic Plan (ITSP) balanced scorecard that improves communications, monitors organization performance against strategic goals, helps planners identify what should be done and measured, transforms the Strategic Plan from a passive document into the “marching orders” for the organization on a daily basis.

- Explicitly identified strategic IT initiatives that translate strategy into operational terms, and include the specific efforts that need to be executed in order to realize each objective.
- Enterprise Architecture (EA) program management and a fully-functional and influential EA Program that ensures alignment of strategy, processes and technology.
- An EA target state that illustrates the composite future state visions of the business, technology, and people, communicating the impact of strategic initiatives in the pipeline.
- An EA transition strategy provides a plan and roadmap to transform from the current architecture to the target architecture.
- An improved Project Management Life Cycle (PMLC) that is better integrated with other governance processes and scales to fit all ODT efforts.

PERFORMANCE MEASURE 5.4.1.2 Implementation of IT strategy and architecture for business continuity, FY 2011 – Establish remote data replication of Tier 1, 2, and 3 to the Commission's collocation facility. Percentage of critical milestones complete.

FY 2011 Performance Results

100%

Lead Program Office:

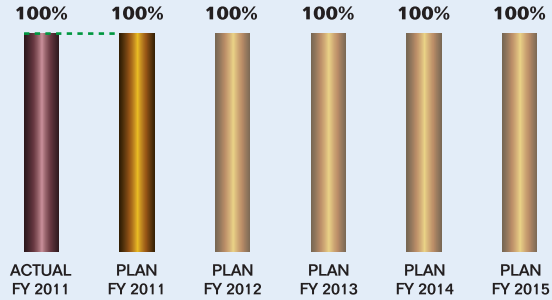
Office of Data and Technology (ODT)

Data Source:

Daily Storage Management System
(Infrastructure and Operations Branch)

Verification:

Continuous internal monitoring of data replication to Alternate Computing Facility (ACF)



Performance Analysis & Review

The performance target was met for FY 2011. Critical milestone achieved during this period included the establishment of remote data replication of Tier 1, 2, and 3 to the Commission’s collocation facility. While all three tiers were replicated during the reporting period, telecommunication circuit issues resulted in the continuous replication of only Tiers 1, 2 and eLaw data, until the circuit has been upgraded. The Commission anticipates the upgrade to take place in FY 2012 and full replication operations to resume thereafter.

The Business Continuity project is significant and is a three phase initiative. Phase I is focused on the installation of the appropriate infrastructure to support the replication of the Commission’s data between Headquarters (HQ) and the ACF, as described by this performance target. Phase II is focused on the application restart-ability of Mission Critical and Mission Essential classified applications at the ACF. Phase III is focused on application restart-ability of General Administrative classified applications at the ACF. In FY 2011, the Commission established a facility for offsite

processing and data storage. The facility provides a highly available infrastructure that allows continued access to data and systems during planned maintenance outages, unplanned disruptions to DC and regional facilities, and catastrophic events. CFTC established a Service Availability Model (SAM) which formalizes the classifications of systems and defines what that means in terms of data loss and time to recovery. This model can be used to present to other program groups, divisions, and eventually the entire Commission. The discrete representation allows customers to determine what is adequate and appropriate based on individual system requirements. Also during the fiscal year, the Commission established replication to the ACF and have deployed a standby server for BlackBerry messenger and redundant servers for Exchange 2010. Current replication includes Exchange email, Home drive data, Shared drive data, SharePoint, eLaw Systems, CFTCnet, Blackberry, and ISS systems. CFTC plans to expand the number of systems being replicated in the future after we increase the bandwidth between the DC office and the ACF.

PERFORMANCE MEASURE 5.4.2.1 Implementation of enterprise data management for effective aggregation, correlation with external data, and increased collaboration with other regulators. FY 2011 – Develop data management governance and policy framework. Develop enterprise data management roadmap. Percentage of critical milestones complete.

FY 2011 Performance Results

100%

Lead Program Office:

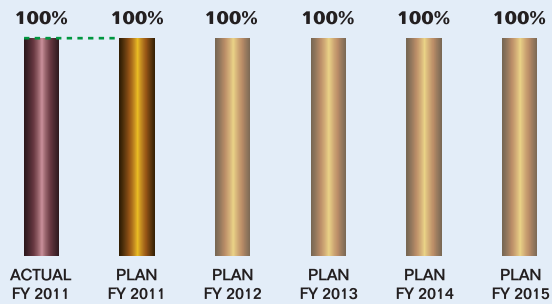
Office of Data and Technology (ODT)

Data Source:

Information Management Road Map and Concept of Operations

Verification:

Results are documented in formally-accepted contract deliverables



Performance Analysis & Review

The performance target was met for FY 2011. The Commission achieved several key milestones during this reporting period, which include the development of the data management governance and policy framework, and an enterprise data management roadmap. The Concept of Operations identifies the following target state characteristics:

- Established information management principles and guidelines.
- A data asset inventory with metadata elements and values, an established set of synonyms, and authoritative data sources.
- Enterprise management of taxonomy, metadata, and synonyms.

- Enterprise information management governance processes that include business partners, data stewards, and senior level management.
- Use of automated, enterprise metadata and taxonomy management tools.

In addition, the Commission created an enterprise-focused data function by elevating the Office of Data and Technology (ODT) to report directly to the Chairman, providing the Commission with the ability to better leverage data and technology. This will facilitate a comprehensive approach to developing advanced technology investments, automate regulatory functions, and improve the Commission’s data analysis.

PERFORMANCE MEASURE 5.4.2.2 Direct Access to SROs and SDRs for effective oversight. FY 2011 – Plan dedicated connections to high volume DCMs and SROs. Percentage of critical milestones complete.

FY 2011 Performance Results

92%

Lead Program Office:

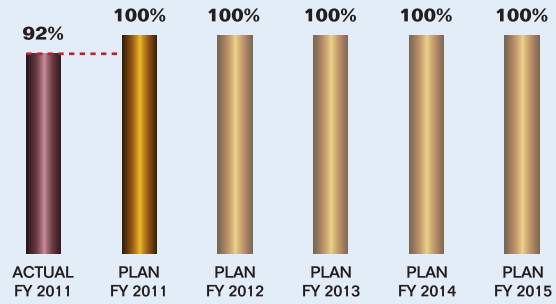
Office of Data and Technology (ODT)

Data Source:

SRO Dedicated Connection Plan

Verification:

Internal Management Review



Performance Analysis & Review

The performance target was not met for FY 2011. The Commission did establish and draft a SRO Dedicated Connection Plan that was reviewed by management in October 2011 rather than September 2011. Therefore, it can be stated that the performance goal was set at an approximate target level, and the deviation from that level was slight. There was no effect on overall program or activity performance. Critical milestones were achieved by the

Commission during this period, including the draft plan of dedicated connections to high volume DCMs and SROs. Current internet capacity bandwidth is being expanded from 45Mbps to 155 Mbps. The SRO Dedicated Connection Plan will be initiated once a firm requirement for data transfer activity that exceeds current internet connection bandwidth capacity is established.

PERFORMANCE MEASURE 5.4.3.1 CFTC-wide document and records management and intranet solutions for improved data security collaboration, retention, sharing, and disposal. FY 2011 – Automate rule making support. Implement Forensics Lab. Implement Web site preservation system. Implement CFTCnet. Re-host CFTC.gov to provide improved services. Percentage of critical milestones complete.

FY 2011 Performance Results

92%

Lead Program Office:

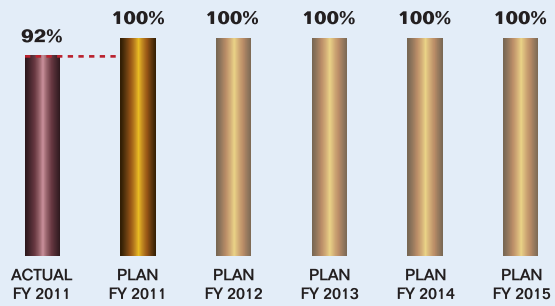
Office of Data and Technology (ODT)

Data Source:

Systems and Services in Production Operation

Verification:

N/A



Performance Analysis & Review

The performance target was not met for FY 2011. Critical milestones to be achieved during this reporting period included automating rule making support, implementing a Forensics Lab, implementing a website preservation system, implementing CFTCnet, and re-hosting CFTC.gov to provide improved services. All the above, except CFTCnet,

were completed during this reporting period. CFTCnet was deployed on October 31, 2011, rather than in September 2011. Therefore, it can be stated that the performance goal was set at an approximate target level, and the deviation from that level was slight. There was no effect on overall program or activity performance.

PERFORMANCE MEASURE 5.5.1.1 Reengineer, improve, and implement CFTC's BPACs. FY 2011 – Assess and procure reengineering options for BPAC. Design, develop, and implement BPAC repository to retain all cost accounting codes. Percentage of critical milestones complete.

FY 2011 Performance Results

100%

Lead Program Office:

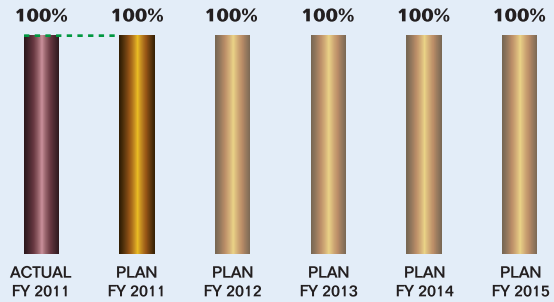
Office of Executive Director (OED)
Financial Management (FM)

Data Source:

BPAC Analysis and Recommendations
Final Version

Verification:

Management review and approval



Performance Analysis & Review

The performance target was met for FY 2011. Critical milestones achieved during this reporting period include completing an assessment of reengineering options for Budget Program Activity Codes (BPAC) within the existing financial system and implementation of a repository to create and maintain BPACs under the current structure. The assessment provided specific recommendations on how to streamline the BPAC structure, decrease ongoing

maintenance efforts, and eliminate duplication of other accounting fields. Continuing forward with this effort, the BPAC code structure will be reengineered to provide more cost accounting flexibility, better reporting and decision support around resource allocation, activity based costing and the performance budget process, and other significant long-term benefits to all stakeholders.

PERFORMANCE MEASURE 5.5.2.1 Management control reviews are conducted and documented. Recommendations are implemented. The Chairman and the Chief Financial Officer (CFO) are able to give unqualified Federal Managers' Financial Integrity Act (FMFIA) management assurances. FY 2011 – Conduct program and administrative risk assessments, prepare three-year plan, and begin conducting reviews. Percentage of critical milestones complete.

FY 2011 Performance Results

100%

Lead Program Office:

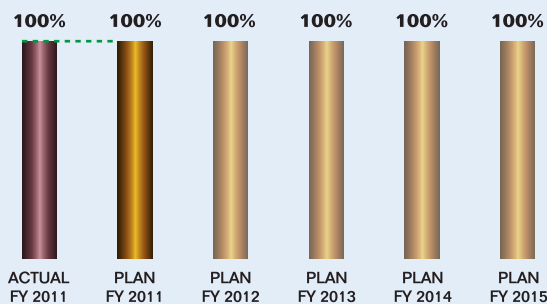
Office of Executive Director (OED)
Financial Management (FM)

Data Source:

FM Annual Control Records

Verification:

Audited Financial Statements



Performance Analysis & Review

The performance target was met for FY 2011. As it has done in previous years and in accordance with OMB Circular A-123, Management’s Responsibility for Internal Control, the Commission conducted program and administrative risk assessments to identify all existing management controls and developed new management controls as necessary. For example, in FY 2011 the Commission received a multi-year appropriation for the first time and new management controls were developed and documented to ensure accurate financial and budgetary accounting of these funds.

Upon completion of the comprehensive risk assessment, a sample of approximately one-third of the identified management controls was selected for a thorough and well documented review. This approach to conducting reviews ensures that all material Commission management controls are reviewed at least every three years.

The Office of Financial Management staff worked with the appropriate Commission managers to test and document each of the management controls selected for review in FY 2011. The test results, findings, and recommendations are recorded and stored in a centralized location for use and review by Commission management.

As a result of these efforts, the public accounting firm KPMG LLP, on behalf of the Inspector General, reported that the Commission’s financial statements were presented fairly, in all material respects, and were in conformity with the GAAP for Federal agencies. For the fifth consecutive year the Commission had no material weaknesses, and was compliant with laws and regulations. This includes substantial compliance with the Federal Information Security Management Act (FISMA). No significant deficiencies in the controls over financial reporting were identified during the last four fiscal years.

**PERFORMANCE MEASURE 5.5.3.1 Implement Web-based time and attendance system.
 FY 2011 – Conceptualize BPAC structure and configure WebTA to accommodate.
 Percentage of critical milestones complete.**

FY 2011 Performance Results

25%

Lead Program Office:

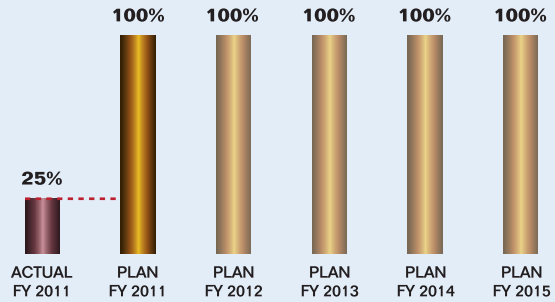
Office of Executive Director (OED)
 Human Resources (HR)

Data Source:

BPAC Governance Working Group Documentation

Verification:

Review of Code Structure in Production System;
 Approval of BPAC Working Group Members



Performance Analysis & Review

The performance target was not met for FY 2011. During the fiscal year, the Commission developed a basic Budget Program Activity Code (BPAC) structure that is compatible with the WebTA software contracted for purchase. During the remainder of this multi-year project to install WebTA as a front-end timekeeping system supporting CFTC’s subscription to the National Finance Center personnel/payroll system, the BPAC Governance Working Group (BGWG) will complete its comprehensive revision of those codes, pilot their installation and use by agency acceptance testers, and roll out the program for agency-wide use as the method for completing the required time and attendance reporting.

Those next steps will benefit from the identification and progress on a number of challenges during FY 2011. Those include the complexity of the project to rewrite specific codes for all agency activities and expenditures, a task now well along and benefiting from additional resources provided by OED to aid in its coordination. Another challenge with a planned but not implemented solution is assuring contractor support for installation

of the WebTA software and full, final confirmation of its proper functioning in the CFTC network environment. A remaining challenge is funding the project during a period of budgetary uncertainty.

While this best practice of online timekeeping will yield many benefits in future, including reduced cost and improved timekeeping accuracy, it has also had great utility as the occasion for rethinking the value, purpose, and form of the codes used to capture and report the activities to which each CFTC employee devotes each biweekly tour of duty. A representative committee is rethinking all the codes to assure they reflect the current reality and needs of the workforce that will need to commit to their accurate use. A thorough communication plan on that transformation will support that buy-in by employees, a signal achievement by itself. When completed, however, this piece of infrastructure will also greatly facilitate the agency move to an Activity Based Costing approach to strategic management of resources, an effort being piloted by OED during FY 2012.

COMPLETENESS AND RELIABILITY OF PERFORMANCE DATA

The Commission understands the ongoing importance of having appropriate controls in place to ensure the completeness and reliability of performance information. We view this process as an evolutionary one, with improvements developing as budget and time allow. During the past fiscal year, the CFTC developed and implemented a new strategic plan, providing an opportunity for how the agency approaches the verification and validation of the performance measures within.

For FY 2011, the Commission relied on self-evaluation of those responsible for collecting and reporting performance information within each Division and Office. Agency program managers also monitor and maintain automated systems and databases that collect, track, and store data, with support provided by the CFTC's Office of Data and Technology (ODT). The Strategic and Operational Planning team within the Commission worked closely with those

responsible for collecting data and performed an additional assessment of the internal controls in place, utilizing guidance from A-11 Section 230.13. While consistent with previous performance reporting efforts and other agencies, CFTC recognizes a need for improvement and a structured method of conducting enhanced verification and validation.

For FY 2012, the Strategic and Operational Planning team will develop a comprehensive Performance Data Verification and Validation Checklist. The checklist will be utilized by Division and Office staff as a structured method of self-evaluation for the controls in place for collecting and reporting performance information. Beginning FY 2012, it will be recommended that each Division and Office be required to affirm the internal controls in place, describe their specific procedures, and assess their level of adherence.

PROGRAM EVALUATIONS

The Office of Inspector General (OIG) conducts and supervises audits and investigations of programs and operations of the CFTC and recommends policies to promote economy, efficiency and effectiveness in CFTC programs and operations and to prevent and detect fraud and abuse. The OIG conducted a FY 2011 Assessment addressing the Commission's Most Serious Management Issues. The OIG's Assessment is located in the *Other Accompanying Information* section of the FY 2011 Agency Financial Report (AFR) and on the agency website at <http://www.cftc.gov/ucm/groups/public/aboutcftc/documents/file/oigmgmtchall2011.pdf>.

In FY 2011, three external evaluations and one testimony relating to the mission of the CFTC were conducted by the U.S. Government Accountability Office (GAO); however, none of the studies resulted in CFTC-specific recommendations:

Proprietary Trading: Regulators Will Need More Comprehensive Information to Fully Monitor Compliance with New Restrictions When Implemented, GAO-11-529, July 13, 2011.

In addition to trading on behalf of customers, banks and their affiliates have conducted proprietary trading, using their own funds to profit from short-term price changes in asset markets. To restrain risk-taking and reduce the potential for federal support for banking entities, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) prohibits banking entities from engaging in certain proprietary trading. It also restricts investments in hedge funds, which actively trade in securities and other financial contracts, and private equity funds, which use debt

financing to invest in companies or other less liquid assets. Regulators must implement these restrictions by October 2011.

In order to improve their ability to track and effectively implement the new restrictions on proprietary trading and hedge fund and private equity fund investments, the Chairperson of FSOC should direct the Office of Financial Research, or work with the staffs of the Commodity Futures Trading Commission (CFTC), Federal Deposit Insurance Corporation (FDIC), Federal Reserve, Office of the Comptroller of the Currency (OCC), and Securities and Exchange Commission (SEC), or both, to collect and review more comprehensive information on the nature and volume of activities that could potentially be covered by the act.

Financial Derivatives: Disparate Tax Treatment and Information Gaps Create Uncertainty and Potential Abuse, GAO-11-750, September 20, 2011.

Recently, concerns have arisen about the use of certain financial derivatives to avoid or evade tax obligations. As requested, this report (1) identifies and evaluates how financial derivatives can be used to avoid or evade tax liability or achieve differing tax results in economically similar situations, (2) evaluates Internal Revenue Service (IRS) actions to address the tax effects of investments in financial derivatives through guidance, and (3) evaluates IRS actions to identify financial derivative products and trends through information from other agencies.

Through their oversight roles for financial derivative markets, the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commis-

sion (CFTC) may have information on financial derivatives that is relevant to IRS. Although IRS communicates with SEC and CFTC on derivatives, it does not do so systematically or regularly. Strengthening partnerships would increase opportunities for IRS to gain information on new financial derivative products and uses. Studies of interagency coordination suggest that agencies should look for opportunities to enhance collaboration in order to achieve results that would not be available if they were to work separately, and a number of best practices exist to help agencies meet this goal.

To better ensure that economically similar outcomes are taxed similarly and minimize opportunities for abuse, the Secretary of the Treasury should undertake a study that compares the current approach to alternative approaches for the taxation of financial derivatives. To determine if changes would be beneficial, such a study should weigh the tradeoffs to IRS and taxpayers that each alternative presents, including simplicity, administrability, and economic efficiency.

Federal Chief Information Officers: Opportunities Exist to Improve Role in Information Technology Management, GAO-11-634, September 15, 2011.

The federal government invests billions in information technology (IT) each year to help agencies accomplish their missions. Federal law, particularly the Clinger-Cohen Act of 1996, has defined the role of Chief Information Officer (CIO) as the focal point for IT management within agencies. Given the longstanding challenges the government faces in managing IT and the continued importance of the CIO, GAO was asked to (1) determine the current roles and responsibilities of CIOs, (2) determine what potential modifications to the Clinger-Cohen Act and related laws could be made to enhance CIOs' authority and effectiveness, and (3) identify key lessons learned by CIOs in managing IT.

To ensure that CIOs are better able to carry out their statutory role as key leaders in managing IT, the Director of OMB should issue guidance to agencies requiring that CIOs' authorities and responsibilities, as defined by law and by OMB, are fully implemented, taking into account the issues raised in this report.

Dodd-Frank Act: Eleven Agencies' Estimates of Resources for Implementing Regulatory Reform, GAO-11-808T, July 14, 2011.

Before the Subcommittee on Oversight and Investigations, Committee on Financial Services, and House of Representatives, Nicole Clowers, Director of Financial Markets and Community Investment, made a statement for the record focusing on (1) the agencies' funding estimates and the sources of funds associated with implementing the Dodd-Frank Act, (2) agencies' estimates of the number of new entities that will be created and the full-time equivalents (FTEs) they anticipate needing to carry out new responsibilities, and (3) challenges that the agencies faced in developing these estimates. The testimony did not contain any recommendations.

GAO's findings and conclusion are available on its website at <http://www.gao.gov>.

In FY 2011, two reports relating to the mission of the CFTC were produced by the CFTC Office of Inspector General (OIG), each focusing on the cost-benefit aspects of rule-making pursuant to the Dodd-Frank Act:

An Investigation Regarding Cost-Benefit Analyses Performed by the Commodity Futures Trading Commission in Connection with Rulemakings Undertaken Pursuant to the Dodd-Frank Act, CFTC OIG, April 15, 2011.

The Office of the Inspector General for the Commodity Futures Trading Commission investigated the formulation of cost benefit analyses for four separate rulemakings recently published by the Commodity Futures Trading Commission:

1. Further Defining "Swap Dealer", "Security-based Swap Dealer", "Major Swap Participant", "Major Security-based Swap Participant", and "Eligible Contract Participant", 75 FR 80174 (December 21, 2010) (Joint proposed rule; proposed interpretations);
2. Confirmation, Portfolio Reconciliation, Compression Requirements for Swap Dealers and Major Swap Participants, 75 FR 81519 (December 28, 2010) (Notice of proposed rulemaking);

3. Core Principles and Other Requirements for Designated Contract Markets, 75 FR 80572 (December 22, 2010) (Notice of proposed rulemaking); and
4. Regulations Establishing and Governing the Duties of Swap Dealers and Major Swap Participants, 75 FR 71397 (November 23, 2010) (Notice of proposed rulemaking).

Following enactment of the Dodd-Frank Act, the Chairman and Division Directors created 30 rule-making teams. Because section 15(a) of the Commodity Exchange Act (the Act) required the consideration of a cost-benefit analysis for each rulemaking, the Office of General Counsel and Office of Chief Economist created a uniform methodology for cost-benefit analysis for use Agency-wide. That methodology, contained in a September 2010 memo signed by the General Counsel and the Chief Economist, set out in some detail the types of qualitative considerations that might inform a cost-benefit analysis, encouraged the use of both qualitative and quantitative data, and included a template for everyone to follow.

As a result, the Commission has initiated a review and revision of the cost-benefit analysis methodology, including the role of the Office of Chief Economist, for use in final rulemakings.

A Review Of Cost-Benefit Analyses Performed by the Commodity Futures Trading Commission in Connection with Rulemakings Undertaken Pursuant to the Dodd-Frank Act, CFTC OIG, June 13, 2011.

The Office of the Inspector General for the Commodity Futures Trading Commission reviewed the formulation of cost benefit analyses for four notices of proposed rulemakings recently published by the Commodity Futures Trading Commission:

1. Protection of Cleared Swaps, Customer Contracts and Collateral; Conforming Amendments to the Commodity Broker Bankruptcy Provisions, April 27, 2011, 76 FR 33818 (June 9, 2011) (segregation/bankruptcy rule);
2. Risk Management Requirements for Derivatives Clearing Organizations, 76 FR 3698 (Jan 20, 2011) (DCO risk management rule);
3. Swap Trading Relationship Documentation Requirements for Swap Dealers and Major Swap Participants, 76 FR 6715 (Feb. 8, 2011) (swap trading relationship documentation rule); and
4. Core Principles and Other Requirements for Swap Execution Facilities, 76 FR 1214 (Jan. 7, 2011) (SEF core principles rule).

Following enactment of the Dodd-Frank Act, the Chairman and Division Directors created 30 rule-making teams. Because section 15(a) of the Commodity Exchange Act (the Act) required the consideration of a cost-benefit analysis for each rulemaking, the Office of General Counsel (OGC) and Office of Chief Economist (OCE) created a uniform methodology for cost-benefit analysis for use Agency-wide. That methodology, contained in a September 2010 memo signed by the General Counsel and the Chief Economist, set out in some detail the types of qualitative considerations that might inform a cost-benefit analysis, encouraged the use of both qualitative and quantitative data, and included a template for everyone to follow.

Earlier this year the Chairman initiated a review and revision of the earlier cost-benefit analysis methodology crafted by the OGC and OCE in September 2010. The two offices issued new cost-benefit analysis guidance in May 2011. By its terms the updated guidance is applicable only to final rulemakings; however, it does clarify the role of the Office of Chief Economist, stating that the Office of Chief Economist:

“...will have a staff person on each rulemaking team, who will provide quantitative and qualitative input with respect to the costs and benefits of the final rulemaking, who should employ price theory economics or similar methodology to assess the costs and benefits of a rulemaking, and who will review each draft cost-benefit discussion.”

CFTC OIG reports are available on the CFTC website at <http://www.cftc.gov/About/OfficeoftheInspectorGeneral/index.htm>.

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

The CFTC Glossary

A Guide to the Language of the Futures Industry

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

The CFTC Glossary is intended to assist the public in understanding some of the specialized words and phrases used in the futures industry since many of these terms are not found in standard reference works. The CFTC Glossary is not inclusive, and if you cannot find the term you are looking for or have any other comments, please let us know at questions@cftc.gov. A PDF version of the glossary is also available at <http://www.cftc.gov/ucm/groups/public/@educationcenter/documents/file/cftcglossary.pdf>.

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

Glossary of Acronyms

U.S. Federal Law

CEA	Commodity Exchange Act of 1936
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
FARM BILL	Food, Conservation, and Energy Act of 2008
FECA	Federal Employees' Compensation Act
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FSRIA	Farm Security and Rural Investment Act
GPRA	Government Performance and Results Act
GPRA Mod	GPRA Modernization Act of 2010

CFTC Divisions and Offices

DCR	Division of Clearing and Risk
DMO	Division of Market Oversight
DOE	Division of Enforcement

DSIO.....	Division of Swap Dealer and Intermediary Oversight
OCE.....	Office of Chief Economist
ODT.....	Office of Data and Technology
OED.....	Office of Executive Director
OGC.....	Office of General Counsel
OIA.....	Office of International Affairs
OIG.....	Office of Inspector General

U.S. Federal Departments and Agencies

CFTC.....	U.S. Commodity Futures Trading Commission
DOL.....	U.S. Department of Labor
DOT.....	U.S. Department of Transportation
DOI.....	U.S. Department of Interior
FCA.....	Farm Credit Administration
FMHA.....	Farmers Home Administration
GAO.....	Government Accountability Office
IRS.....	Internal Revenue Service
OCC.....	Office of the Comptroller of the Currency
OMB.....	Office of Management and Budget
OPM.....	Office of Personnel Management
SEC.....	U.S. Securities and Exchange Commission
USDA.....	U.S. Department of Agriculture

Other Abbreviations

AAC.....	Agricultural Advisory Committee
ACF.....	Alternate Computing Facility
AFR.....	Agency Financial Report
AP.....	Associated Person
APR.....	Annual Performance Report
BIS.....	Bank of International Settlements
COT.....	Commitments of Traders
CPF.....	Customer Protection Fund
CPO.....	Commodity Pool Operator
CSRS.....	Civil Service Retirement System
CTA.....	Commodity Trading Advisor
DCM.....	Designated Contract Market
DCO.....	Derivatives Clearing Organization
EBOT.....	Exempt Boards of Trade
ECM.....	Exempt Commercial Market

EEMAC	Energy and Environmental Markets Advisory Committee
FASAB	Federal Accounting Standards Advisory Board
FSAP	Financial Sector Assessment Program
FB	Floor Broker
FCM	Futures Commission Merchants
FBOT	Foreign Board of Trade
FERS	Federal Employees' Retirement System
FOREX	Foreign Exchange Currency
FT	Floor Trader
FTE	Full-time Equivalent
FWC	Futures Workers Compensation
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Accounting Standards
GAGAS	Generally Accepted Government Auditing Standards
GMAC	Global Markets Advisory Committee
IB	Introducing Broker
IOSCO	International Organization of Securities Commissions
IT	Information Technology
MD&A	Management's Discussion and Analysis
MOU	Memorandum of Understanding
NFA	National Futures Association
ORB	Other Retirement Benefits
OTC	Over-the-Counter
RFED	Retail Foreign Exchange Dealer
SD	Swap Dealer
SDR	Swap Data Repository
SEF	Swap Execution Facility
SES	Senior Executive Service
SPDC	Special Price Discovery Contract
SRO	Self-Regulatory Organization
SFFAS	Statement of Federal Financial Accounting Standards
TAC	Technology Advisory Committee
TIA	Tenant Improvement Allowance
UK	United Kingdom
US	United States

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The Annual Performance Report was produced by the contributions of dedicated and talented staff. To these individuals, we would like to offer a genuine thank you and acknowledge our true appreciation for their effort:

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ENFORCEMENT ACTIONS

Among the enforcement actions in which the CFTC obtained monetary sanctions orders in FY 2011, the following actions are examples of cases that included related actions by other civil and/or criminal authorities.

CFTC v. Daren Palmer and Trigon Group, No. CV-09-76 (D. ID. Oct. 4, 2010)

On October 4, 2010, the CFTC obtained a judgment order in the U.S. District Court for the District of Idaho for more than \$41.2 million in disgorgement and civil monetary penalties against Daren Palmer and his company, Trigon Group LLC. The judgment order found that the defendants engaged in solicitation fraud and misappropriation in operating a commodity pool Ponzi scheme. In a related criminal proceeding, the U.S. Attorney for the District of Idaho indicted Palmer for the same conduct alleged in the CFTC enforcement action.

CFTC v. CRE Capital Corp., et al., No. 1:09-CV-00115 (N.D. GA. Dec. 1, 2010)

On December 1, 2010, the CFTC obtained \$25.7 million in civil monetary penalties and restitution in a federal court order against CRE Capital Corporation and its owner James G. Ossie. The order resolved a CFTC enforcement action that charged the defendants with operating a \$25 million foreign currency Ponzi scheme. At the same time, a similar order was entered against the defendants in a parallel action filed by the Securities and Exchange Commission. In a related criminal action by the U.S. Attorney for the Northern District of Georgia, Ossie pled guilty to criminal charges based on the same conduct alleged in the CFTC's complaint, was sentenced to 82 months in prison, and ordered to pay more than \$18.7 million in criminal restitution to the victims of his scheme.

CFTC v. MXBK Group SA de CV, et al., No. 2:10-CV-01172-TS (D. UT. Dec. 1, 2010)

On December 1, 2010, the CFTC filed a civil injunctive action in the U.S. District Court for the District of Utah charging two Mexican companies with fraudulently soliciting over \$28 million from 800 customers for the purpose of engaging in foreign currency transactions. The CFTC engaged in cooperative enforcement efforts with the Securities and Exchange Commission which simultaneously filed a related parallel action.

CFTC v. Crossfire Trading LLC et al., No. 09-CV-00259 (D. MN. Jan. 28, 2011)

On January 28, 2011, the U.S. District Court for the District of Minnesota issued an order imposing more than \$84 million in disgorgement and civil monetary penalties against Charles E. Hays and his company Crossfire Trading, LLC. The order stems from a CFTC complaint charging Hays and Crossfire with fraudulently soliciting and misappropriating customer funds in connection with operating a fraudulent commodity pool scheme. Following a plea to criminal charges based on substantially the same facts as alleged in the CFTC's enforcement action, Hays was sentenced to 117 months imprisonment and ordered to pay more than \$21 million in restitution to defrauded investors.

CFTC v. Forward Investment Group, LLC, et al., No. 2:08-CV-05593 (C.D. CA. Feb. 8, 2011)

On February 8, 2011, the CFTC obtained a federal court order imposing more than \$46.9 million in restitution and civil monetary penalties on Robert D. Bame and his firm Forward Investment Group, LLC in connection with a CFTC action charging them with commodity pool fraud. In a related criminal proceeding, Bame pled guilty to wire

fraud and other criminal counts. Bame was ordered to pay restitution in an amount equal to the restitution entered in the CFTC order. Bame is currently serving a 97 month prison sentence.

CFTC v. Centurion Asset Mgmt., Inc., et al., No. 3: 09-CV-88 (E.D. TN. Mar. 2, 2011)

On March 2, 2011, the CFTC obtained a federal court order imposing more than \$49.7 million in restitution and civil monetary penalties on Dennis R. Bolze and his company Centurion Asset Management, Inc. The order stems from a CFTC complaint charging Bolze and Centurion with commodity pool fraud and operating a Ponzi scheme. In a related criminal proceeding by the U.S. Attorney's Office for the Eastern District of Tennessee, Bolze was sentenced to 27 years and 3 months in prison.

CFTC v. Brookshire Raw Materials Mgmt., LLC, et al., No. 9-CV-1056 (N.D. IL., Mar.9, 2011)

On March 9, 2011, the U.S. District Court for the Northern District of Illinois issued an order requiring Brookshire Raw Materials Management, LLC and its principals, John

M. Marshall and Stephen Z. Adams, to pay more than \$15.8 million in disgorgement and a civil monetary penalty for defrauding commodity pool investors. The order stems from a complaint that charged the defendants with misappropriating more than \$4.6 million of customer funds in a Ponzi scheme and destroying records. In a related criminal proceeding, Marshall and Adams pled guilty to a criminal indictment.

CFTC v. Liquid Capital Mgmt., LLC, et al., No. 11-CV-1013 (S.D. N.Y., Apr. 15, 2011)

On April 15, 2011, the CFTC obtained a federal court order imposing more than \$12 million in restitution and civil monetary penalties on Brian Kim and his company, Liquid Capital Management, LLC, for fraud in connection with the operation of a commodity pool. In a related criminal proceeding, a New York County Grand Jury indicted Brian Kim in February 2011.

CFTC PERFORMANCE MEASURES AND RESULTS

Performance measures which were rule-dependent (Dodd-Frank Act) and others considered “Not Applicable” during FY 2011 are placed at the bottom of the table in a section titled “Performance Measures Considered Not Applicable in FY 2011”.

CFTC Performance Measures and Results						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Planned	Planned	Planned	Planned	Planned
0.1.1.1 Complete all Dodd-Frank Act rules within statutory time frames.	18%	100%	100%	100%	N/A	N/A
Goal One: Protect the public and market participants by ensuring market integrity, promoting transparency, competition and fairness and lowering risk in the system.						
1.1.1.2 Implement automated surveillance alerts and a case management system.	70%	100%	100%	100%	N/A	N/A
	Implement 4 automated market alerts.		Implement automated market profile alerts. Integrate swaps market data into 2 automated market alerts.	Implement automated market profile alerts for swaps market.	N/A	N/A
1.1.1.3 Implement automated trading violation alerts and a case management system.	20%	100%	100%	100%	100%	100%
	Implement 5 automated trading violation alerts.		Implement 5 automated trading violation alerts.	Implement 4 automated trading violation alerts.	Implement 2 automated trading violation alerts.	Develop and implement additional automated alerts as identified.
1.1.2.1 Review information requirements of current and proposed forms.	50%	100%	100%	N/A	N/A	N/A
	Conduct internal review and update current reporting forms. Collaborate with industry committee to develop recommendations for ownership and control information related to exchange-traded futures and options.		Implement ownership and control reporting standards for futures and option markets. Implement reportable trader standards for swaps traders.	N/A	N/A	N/A
1.1.3.1 Transmit information and consult with the Office of Information Technology Services (OITS) to implement electronic filing of forms.	50%	100%	100%	100%	N/A	N/A
	Transmit information requirements to OITS for revised trader reporting forms.		Fully deploy electronic filing of trader reporting forms.	Fully deploy information systems for ownership and control reporting. Fully deploy information systems for reportable trader standards for swap traders.	N/A	N/A

(continued)

CFTC Performance Measures and Results <i>(continued)</i>						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Planned	Planned	Planned	Planned	Planned
1.1.4.1 Percentage of contracts that are reviewed, in a timely manner, following a finding of market significance, and determined to be in compliance with Core Principles or referred back to exchange for modification.	2%	100%	100%	100%	100%	100%
1.1.5.1 Rule submissions are reviewed and a determination is made regarding compliance with the CEA, or referred back to the exchange for correction, as amended by the Dodd-Frank Act and Commission regulations within the required 10-day or 90-day time period.	77%	100%	100%	100%	100%	100%
1.1.6.1 DCM and SEF applications are reviewed and a determination is made regarding compliance with Core Principles within statutory time frames.	100%	100%	100%	100%	100%	100%
1.2.1.1 Percentage of major DCMs and SEFs reviewed, during the year. (Structural Sufficiency)	40%	100%	100%	100%	100%	100%
1.2.1.2 Percentage of non-major DCMs and SEFs reviewed, during the year. (Structural Sufficiency)	20%	100%	100%	100%	100%	100%
1.2.2.1 Percentage of major DCMs and SEFs reviewed, during the year. (Automated Systems and Business Continuity)	80%	100%	100%	100%	100%	100%
1.2.2.2 Percentage of non-major DCMs and SEFs reviewed, during the year. (Automated Systems and Business Continuity)	0%	33%	33%	33%	33%	33%
Goal Two: Protect the public and market participants by ensuring the financial integrity of derivatives transactions, mitigation of systemic risk, and the fitness and soundness of intermediaries and other registrants.						
2.1.1.1 Review systemically important DCOs annually. Percentage of SIDCOs reviewed.	75%	75%	100%	100%	100%	100%
2.1.1.2 On a risk-based basis, review all other DCOs annually to assess compliance with DCO Core Principles and Commission requirements.	44%	100%	100%	100%	100%	100%
2.1.1.3 Percent of requests for Commission orders that are completed following review under the applicable provisions of the CEA.	0%	90%	92%	94%	96%	98%

(continued)

CFTC Performance Measures and Results <i>(continued)</i>						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
	Actual	Planned				
2.1.2.1 Applications are reviewed and a determination made regarding compliance with financial integrity provisions of the CEA within statutory time frames. Percent in compliance with financial integrity provisions.	100%	100%	100%	100%	100%	100%
2.1.3.1 All material exceptions in monthly and annual financial filings by FCMs and RFEDs and notices of noncompliance with respect to minimum capital and segregation are reviewed and assessed within one business day. Percent completed within one business day.	100%	100%	100%	100%	100%	100%
2.1.3.2 On a risk-based basis, conduct direct examinations of FCMs and RFEDs, identify deficiencies and confirm that all deficiencies identified are corrected within the specified period of time. Percent corrected within specified time period.	100%	90%	92%	94%	96%	98%
2.1.5.1 Reviews of DCO rules submitted to the Commission are completed within statutory and regulatory deadlines.	100%	100%	100%	100%	100%	100%
2.1.6.1 Perform risk analysis and stress-testing on large trader and clearing member positions to ascertain those with significant risk and confirm that such risks are being appropriately managed. Number of positions analyzed.	500,000	500,000	550,000	600,000	650,000	700,000
2.1.6.2 On a risk-based basis, meet with large traders, FCMs, SDs, and other industry participants to discuss risk management issues. Number of entities met with and risk issues reviewed.	110	110	122	132	143	154
2.2.2.1 Under a risk-based approach, conduct reviews of selected programs of all RFAs to assess fulfillment of statutory and delegated responsibilities and confirm that any deficiencies identified are corrected within the specified period of time. Percent of deficiencies corrected within specified time period.	0%	90%	92%	94%	96%	98%
2.2.2.2 Percentage of RFA rules submitted for which determinations are made within statutory time frames.	100%	90%	92%	94%	96%	98%

(continued)

CFTC Performance Measures and Results <i>(continued)</i>						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Planned	Planned	Planned	Planned	Planned
2.2.3.1 On a risk-based basis, conduct direct examinations of non-FCM intermediaries, identify deficiencies and confirm that any deficiencies identified are corrected within the specified period of time. Percent of time that deficiencies are corrected within specified time period.	0%	90%	92%	94%	96%	98%
2.3.1.1 On a risk-based basis, review all SROs annually to assess compliance with CEA and Commission requirements, identify deficiencies and confirm that any deficiencies identified are corrected within the specified period of time. Percent of time in which deficiencies are corrected within specified time period.	80%	90%	92%	94%	96%	98%
2.3.1.2 Percentage of direct examinations of registered intermediaries that confirm proper execution of SRO programs.	100%	90%	92%	94%	96%	98%
2.4.1.1 Program redesign to cover new registrants monitored by the RSR and SPARK systems. Percentage of system redesign accomplished.	80%	80%	90%	95%	98%	100%
Goal Three: Protect the public and market participants through a robust enforcement program.						
3.1.1.1 Percentage of enforcement investigations concluded within 1 year of opening.	81%	65%	70%	75%	75%	80%
3.2.1.1 Percentage of CFTC case filings that include referrals to domestic civil and criminal cooperative authorities.	62%	60%	65%	70%	75%	75%
Goal Four: Enhance integrity of U.S. markets by engaging in cross-border cooperation, promoting strong international regulatory standards, and encouraging ongoing convergence of laws and regulation worldwide.						
4.1.1.1 Days allotted for acknowledgment of incoming requests for enforcement assistance from our international counterparts pursuant to our information sharing arrangements.	1	5	4	3	2	2
4.2.1.1 Number of international regulatory and standard-setting working groups in which the Commission participates.	12	9	9	9	9	9
4.3.1.1 Number of non-U.S. regulators trained.	225	60	65	70	75	75

(continued)

CFTC Performance Measures and Results <i>(continued)</i>						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Planned	Planned	Planned	Planned	Planned
Goal Five: Promote Commission excellence through executive direction and leadership, organizational and individual performance management, and effective management of resources.						
5.1.1.1 Executive approval and Commission adoption of efficient and effective organizational design.	100%	100%	100%	100%	N/A	N/A
	Assess and identify organizational requirements. Prepare and design functional organization blueprints. Recommend and obtain approval for new organizational structure.	Complete implementation of new organizational structure: Identify and hire key leadership positions; Assign/re-assign staff to new divisions and offices as required; and, draft new career ladder and associated position descriptions as needed.	Use established organizational change procedures to adjust and improve organizational structure as needed.		N/A	N/A
5.2.1.1 Develop, adopt and implement a comprehensive planning process.	50%	100%	100%	100%	100%	100%
	Develop and adopt well-defined and integrated planning process.	Track high-level projects; redefine budget activity codes (BPAC).	Implement new BPAC; track major projects & activities; implement automated time & attendance.	Refine usage of BPAC and automated time and attendance system.	Execute FY 2015 Budget on full operational planning; continue budget development and execution on actual resource usage.	
5.3.1.1 Assess, develop and implement automated hiring system.	100%	100%	100%	100%	N/A	N/A
	Assess and procure best fit system based on CFTC requirements. Develop and/or improve recruitment business processes to maximize efficiency gains from automation.	Implement automated hiring system and associated business processes.	Optimize automated hiring system and associated business processes. Demonstrate reduction in FTE years dedicated to recruitment and staffing.		N/A	N/A
5.3.1.2 Improve time to hire from 150 days to 80 days.	79 Days	135 Days	122 Days	110 Days	99 Days	89 Days
	Improve time to hire by 10% in each of the next five years—saving 15 days.	Improve time to hire by 10% in each of the next four years—saving 13.5 days.	Improve time to hire by 10% in each of the next three years—saving 12 days.	Improve time to hire by 10% in each of the next two years—saving 11 days.	Improve time to hire by 10% from previous year—saving 10 days.	

(continued)

CFTC Performance Measures and Results <i>(continued)</i>						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
	Actual	Planned				
5.3.2.1 CFTC is consistently rated by its employees as a small agency workplace of choice and listed annually as one of the top ten best places to work in the federal government (small agency category). CFTC identifies low scores determined to be of most significance to the agency year over year to inform its improvement plans.	8	≤ 10	≤ 10	≤ 10	≤ 10	≤ 10
5.3.3.1 Develop and implement comprehensive development and education program.	100%	100%	100%	100%	N/A	N/A
	Design learning plan to include legal, technical, regulatory and specialized training as well as management and supervisory training. Where practical, ensure that programming meets the criteria for continuing education requirements applicable to lawyers and other professionals so that credits may be earned and applied. Implement supervisory training for all new supervisors.			Augment and expand in-house legal and technical training to a comprehensive CFTC regulatory training program. Develop leadership and management training curriculum.	Increase by 10 to 25% over previous year the percentage of CFTC employees participating in CFTC's training program as funding and resources available will allow.	N/A
5.3.3.2 Assess requirements, design and implement a comprehensive CFTC-wide mentoring program focused on enhancing the competencies of CFTC's current and future workforce.	100%	100%	100%	100%	100%	100%
	Assess and design program. Pilot program in the Office of General Counsel.		Expand mentoring program to other offices and divisions.	Increase participation in mentoring program 5-10% over previous year.	Survey and compile feedback on mentoring program. Develop program improvement plan based on feedback.	Survey and compile feedback on mentoring program. Develop program improvement plan based on feedback.
5.4.1.1 Transparency and process maturity of IT governance for reinforcing business unit and IT partnership.	100%	100%	100%	100%	100%	100%
	Integrate Agency Strategic Planning with IT Strategic Planning.		Align IT governance with reengineered BPAC structure.	Institute CFTC-wide Data Management.	Establishment and sustainment of enterprise target architecture and transition strategy.	Mature enterprise architecture and IT governance processes and tools to support continuous CFTC business transformation.

(continued)

CFTC Performance Measures and Results <i>(continued)</i>						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
	Actual	Planned				
5.4.1.2 Implementation of IT strategy and architecture for Business Continuity (BC).	100%	100%	100%	100%	100%	100%
	Establish remote data replication of Tier 1, 2, and 3 to the Commission's collocation facility.		Establish system service support at the collocation facility for Tier 1 and 2 applications and data sets.	Establish system service support at the collocation facility for Tier 3 applications and data sets.	Test Business Continuity Operational Headquarters Failover to the collocation facility.	Test Business Continuity Operational Headquarters Failover to the collocation facility.
5.4.2.1 Implementation of enterprise data management for effective aggregation, correlation with external data, and increased collaboration with other regulators.	100%	100%	100%	100%	100%	100%
	Develop data management governance and policy framework. Develop enterprise data management roadmap.		Establish enterprise data warehouse and service oriented architecture for enterprise data management. Communicate enterprise data warehouse and service oriented architecture design to NFA, SEC, OFR, and other regulators. Integrate FILAC system into enterprise data warehouse.	Integrate TSS into enterprise data warehouse. Include swaps data in enterprise data warehouse.	Integrate ISS into enterprise data warehouse.	Link enterprise data warehouse with NFA, SEC, OFR, and other regulatory warehouses.
5.4.2.2 Direct Access to SROs and SDRs for effective oversight.	92%	100%	100%	100%	100%	100%
	Plan dedicated connections to high volume DCMs and SROs.		Implement dedicated connections to high volume DCMs and SROs.	Receive and process swaps data pushed from existing SDRs.	Integrate swaps data pushed from existing SDRs with existing systems.	Integrate swaps data pushed from existing SDRs with external systems.
5.4.3.1 CFTC-wide document and records management and intranet solutions for improved data security collaboration, retention, sharing, and disposal.	92%	100%	100%	100%	100%	100%
	Automate rule making support. Implement Forensics Lab. Implement Website preservation system. Implement CFTCnet. Re-host CFTC.gov to provide improved services.		Implement eDiscovery preservation and legal hold. Implement enhancements to document search and retrieval software. Implement EDRM enterprise search and taxonomy and metadata management. Division collaboration sites migrate to/integrate with CFTCnet.	Implement automation of enterprise tips, complaints, and referral management. Implement Early Case Assessment System. Implement EDRM workflow and version control (5 process groups).	Implement enhancements to Case Management software. Implement enhancements to audio analytics. Implement EDRM workflow and version control (5 additional process groups).	Expand enterprise search to include eLaw and enterprise data warehouse.

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CFTC Performance Measures and Results <i>(continued)</i>						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
	Actual	Planned				
5.5.1.1 Reengineer, improve and implement CFTC's Cost Accounting Codes (BPAC).	100%	100%	100%	100%	100%	N/A
	Assess and procure reengineering options for BPAC. Design, develop and implement BPAC repository to retain all cost accounting codes.		Choose best option for BPAC code structure in line with operating and reporting needs and in light of available resources. Implement new codes for use in FY 2013 budget formulation process.	Improve and adapt business processes associated with cost accounting codes.	Staff using cost accounting codes properly with error rate documented at less than 1%.	N/A
5.5.2.1 Management Control Reviews are conducted and documented. Recommendations are implemented. The Chairman and the CFO are able to give unqualified FMFIA management assurances.	100%	100%	100%	100%	N/A	N/A
	Conduct Program and Administrative Risk Assessments, Prepare Three Year Plan, Begin Conducting Reviews.		Update Program and Administrative Risk Assessments and Three Year Plan, Continue Conducting Reviews, Developing Remediation Plans, and taking Corrective Actions.	Complete Corrective Action.	N/A	N/A
5.5.3.1 Implement Web-based time and attendance system.	25%	100%	100%	100%	N/A	N/A
	Complete Project to Modernize Budget Program Activity Code.		Pilot WebTA.	Go Live with WebTA.	N/A	N/A

Performance Measures Considered Not Applicable in FY 2011						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
	Actual	Planned				
1.1.1.1 Implement automated position limit alerts for futures, option and swaps markets.	N/A	100%	100%	N/A	100%	N/A
	Implement automated position limit monitoring for all additional commodities under CFTC position limits for futures and options traded on DCMs.		Implement automated position limit monitoring for all commodities under CFTC position limits for the swap market using large trader reporting data.	N/A	Implement automated position limit monitoring for all commodities under CFTC position limits using integrated data from reporting firms and swaps data repositories.	N/A

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Performance Measures Considered Not Applicable in FY 2011 <i>(continued)</i>						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011		FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
	Actual	Planned				
1.3.1.1 Publish reports for swaps markets activity.	N/A	N/A	100%	100%	100%	100%
	N/A		Develop and test aggregation methods to group interest rate swap products.	Develop and test aggregation methods to group all commodity swap products under CFTC position limits. Publish Dodd-Frank required semiannual and annual swaps reports for all interest rate swap products.	Develop and test aggregation methods to group currency, equity, credit and other commodity swap products. Publish swaps market reports for all commodity swap products under CFTC position limits. Publish Dodd-Frank required semiannual and annual swaps reports for all commodity swap products under CFTC position limits.	Publish swaps market reports for currency, equity and other commodity swap products. Publish Dodd-Frank required semiannual and annual swaps reports for currency, equity and other commodity swap products.
2.1.4.1 Reviews of swaps submitted to the Commission are completed within statutory and regulatory deadlines.	N/A	100%	100%	100%	100%	100%
2.2.1.1 Conduct direct examinations of SDs and MSPs, identify deficiencies and confirm that all deficiencies identified are corrected within specified period of time.	N/A	100%	100%	100%	100%	100%
2.4.1.2 Program design to cover new data collection requirements to monitor systemic risk posed by CPOs and CTAs advising private funds, and new registration of swap dealers. Percentage of system redesign accomplished.	N/A	80%	90%	95%	98%	100%
3.1.1.2 The CFTC will bring claims in due recognition of the broadened enforcement mandate provided by the Dodd Frank Act, and will seek proportionate remedies, including civil monetary penalties, undertakings and restitution, that have the highest impact on and greatest deterrent effect against potential future violations.	N/A	N/A	N/A	N/A	N/A	N/A
4.1.1.2 Regular issuance of outgoing international requests for enforcement assistance and referrals made by the CFTC to foreign regulators pertaining to matters involving their jurisdictions.	N/A	N/A	N/A	N/A	N/A	N/A



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