



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

Gary Gensler
Chairman

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

Chairman's Transmittal Letter

February 13, 2012

The Honorable Daniel K. Inouye
Chairman
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Thad Cochran
Vice Chairman
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

The Honorable Norman D. Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

Dear Senators Inouye and Cochran and Representatives Rogers and Dicks:

I am pleased to transmit the Commodity Futures Trading Commission (CFTC) Budget and Performance Estimate for FY 2013. The CFTC's budget request strikes a balance between important investments in technology and human capital, both of which are essential to carrying out the agency's mandate under the Commodity Exchange Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Congress has mandated that the CFTC oversee both the approximately \$37 trillion U.S. futures markets, as well as the \$300 trillion U.S. swaps market. It is essential that 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 be spread through the economy.

In addition to directing the CFTC to oversee the swaps market, the Dodd-Frank Act also provides the Commission with specific authorities to address areas of need under its traditional mission in the oversight of commodity-based futures markets. Included in the law is specific direction with regard to the protection of the retail investing public in foreign exchange and other commodities.

The CFTC's new responsibilities to oversee both swaps and futures markets necessitated an agency restructuring to ensure the Commission uses its resources as efficiently as possible. The Commission created the Division of Swap Dealer and Intermediary Oversight and the Office of Data and Technology. The reorganization was put in place October 9, 2011.

As we move into FY 2013, the CFTC will need additional resources consistent with the agency's expanded mission and scope. The challenge before the agency is significant, but manageable, provided we are sufficiently resourced.

In FY 2012, the Commission expects to utilize 710 staff-years. At this size, we are but 10 percent larger than our peak in the 1990s. Since then, though, the futures market has grown 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 budget request estimates the need for an appropriation of \$308,000,000 and 1,015 staff-years for the agency. This amount is a \$102,706,000 increase over the \$205,294,000 FY 2012 enacted appropriations level and a 305 staff-years increase over the anticipated staff-years for FY 2012.

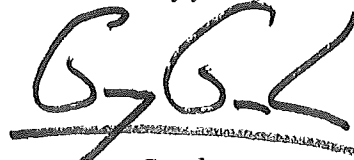
In addition, I am pleased to present the CFTC's Annual Performance Report (APR) for FY 2011, which provides a detailed analysis of the CFTC's performance. The agency's performance measures for 2011 were strengthened and expanded under the CFTC's new strategic plan for fiscal years 2011-2015. As described in the report, the agency's performance is affected by the challenges of limited resources. The Commission has validated the accuracy, completeness, and reliability of the performance data contained in this report.

A well-funded CFTC is a good investment for the American public. 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 oversee the futures market and write new rules of the road for the unregulated swaps market. We anticipate completing these rules this year. In addition, though the agency has already put in place some important enhancements to customer protection, including protection of the investment of customer funds, there is more work to be done. Without sufficient funding, however, the nation cannot be assured that this agency can oversee the futures and swaps markets, that customers are protected, and that the public gets the benefit of transparent markets and lower risk.

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

Sincerely yours,

A handwritten signature in black ink, appearing to read 'GGK', with a horizontal line drawn through it.

Gary Gensler
Chairman

cc:

The Honorable Daniel K. Inouye
Chairman
Committee on Appropriations
U.S. Senate
S-128 Capitol Building
Washington, D. C. 20510

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Vice Chairman
Committee on Appropriations
U.S. Senate
S-128 Capitol Building
Washington, D. C. 20510

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
H-128 Capitol Building
Washington, D. C. 20515

The Honorable Norman D. Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

The Honorable Richard Durbin
Chairman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Jerry Moran
Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. Senate
Washington, D. C. 20510

The Honorable Jack Kingston
Chair
Subcommittee on Agriculture, Rural
Development, Food and Drug Administration,
and Related Agencies
Committee on Agriculture
U.S. House of Representatives
Washington, D. C. 20515

The Honorable Sam Farr
Ranking Member
Subcommittee on Agriculture, Rural
Development, Food and Drug Administration,
and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515