Commodity Futures Trading Commission

Annual Performance Report

Fiscal Year 2012

COMMODITY FUTURES TRADING COMMISSION

Gary Gensler
Chairman

Tony Thompson
Executive Director

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Chief Planning Officer

February 2013

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IN THE FEDERAL GOVERNMENT 2012

Commodity Futures Trading Commission

Annual Performance Report

Fiscal Year 2012

In the Tradition of Quality Reporting,

the Commodity Futures Trading Commission

Proudly Presents the FY 2012 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 2012. This report measures the agency's performance against the rigorous goals that were included in an agency strategic plan for FY 2011-2015. When the Commission revised the strategic plan in 2011, it incorporated the agency's new responsibilities to oversee the swaps market under the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the goals were intended to make the agency more efficient and to strive for excellence.

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

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

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

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

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

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

Gary Gensler
February 2013

Introduction

Congress established the CFTC as an independent agency in 1974, after its predecessor operated within the U.S. Department of Agriculture (USDA). 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 participants and the public from fraud, manipulation, and other abusive practices in the commodity futures and options 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 CEA brought under Federal regulation futures trading in all goods, articles, services, rights, and interests; commodity options trading; and 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, which 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.

The U.S. futures and swaps markets are estimated at $30 trillion and $250 trillion, respectively. By any measure, the markets under CFTC's regulatory purview are large and economically significant. Given the enormity of these markets and the critical role they play in empowering legitimate, prudential, and non-speculative hedging strategies ensuring that these markets are transparent, open, and competitive is essential to help safeguard the financial stability of the Nation.

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 regulation of swaps has been incorporated into the regulatory structure that has existed for futures and options markets. The CFTC has been working to write the rules Congress mandated 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 five-year period.

The focused rule-writing effort to complete the remaining 20 percent of rules required by the Dodd-Frank Act remains a tactical goal that has an objective, strategy, and performance measure associated with it. Developing and implementing the Dodd-Frank Act rules is one of the most important and difficult efforts the Commission 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 Commission was unable to comply with this for several reasons:

- Commission's continued budget constraints;
- Commitment to significant and open interaction with Congress; market participants; the public; and other regulators, both domestic and international; and
- Expanded rule complexity.

The comment and consideration aspects of the rulemaking process take an enormous amount of time. The Commission has and will continue to ensure all appropriate thought is given to rule development.

The Commission is committed to transparency in the rulemaking 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 2012 APR provides an overview of the CFTC's performance results relative to its mission in order to help Congress, the President, and the public assess the CFTC's stewardship over the financial resources entrusted to it. 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 the Commission's performance as an organization, its achievements, and its challenges.

The FY 2012 APR meets a variety of reporting requirements stemming from numerous laws focusing on improved accountability among Federal agencies and guidance described in Office of Management and Budget (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 2012. A report on Commission 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)

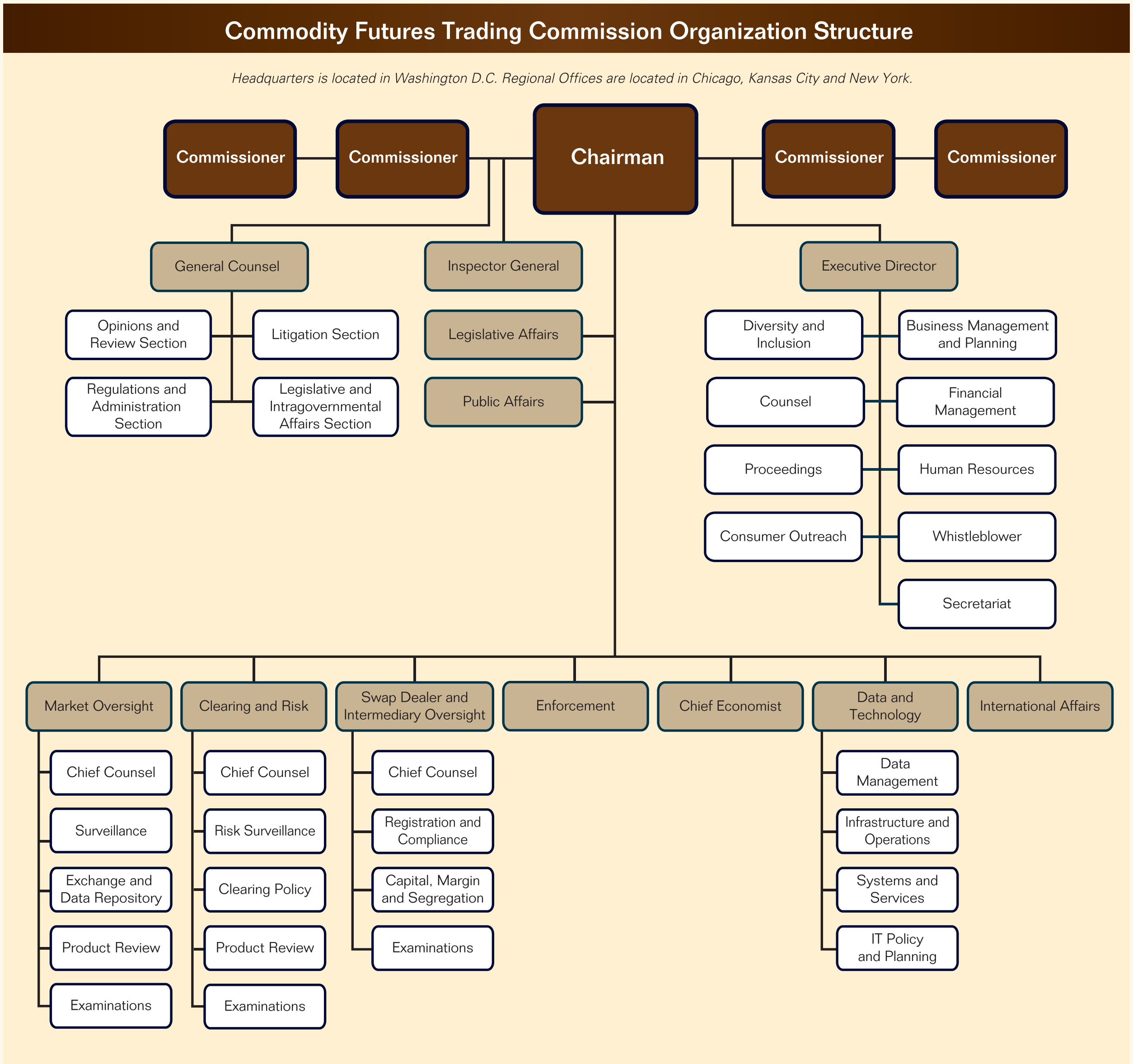
Available February 2013. The APR is a report on Commission performance that is delivered to Congress with the Congressional Budget Justification in February. The APR contains information on the CFTC's progress to achieve goals during the previous year.

Summary of Performance and Financial Information (SPFI)

Available February 2013. This document provides an integrated overview of performance and financial information that integrates 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, Financial Management, Human Resources, Secretariat, Diversity and Inclusion, 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 oversee trade execution facilities, perform market and trade practice surveillance, review new exchange applications, and examine 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 (FCMs), SDs, major swap participants (MSPs), 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 systemically important DCOs (SIDCOs) 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 develop regulations concerning registration, fitness, financial adequacy, sales practices, protection of customer funds, cross-border transactions, and anti-money 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 SDs and MSPs.

Division of Enforcement (DOE)

The DOE program investigates and prosecutes alleged violations of the CEA and Commission regulations. For example, the Division brings enforcement actions against individuals and firms registered with the Commission; those who violate these laws in connection with their trading commodity futures and options, and swaps, on designated domestic exchanges and other registered entities; those who improperly market futures and options contracts to retail investors or perpetrate Ponzi schemes; those who use manipulative or deceptive schemes in connection with commodities, futures or swaps; and those who engage in disruptive trading practices.

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 provides technology and data management support for Commission market and financial oversight, surveillance, enforcement, legal support, and public transparency activities. The Commission's over-arching information technology (IT) strategy is to increase the integration of IT into the Commission's operating model. That strategy is followed by giving priority to services that provide the greatest mission benefit; architecting services using small components that can be assembled and reassembled with agility; and delivering solutions in short, iterative phases. ODT ensures that data is managed as an enterprise asset and aggressively promotes and adopts industry data standards. ODT also provides secure and stable network, communication, storage, computing, and information management infrastructure and services.

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 International Organization of Securities Commissions (IOSCO); coordinates Commission policy as it relates to policies and initiatives of major foreign jurisdictions, the G-20, the Financial Stability Board (FSB), and the U.S. Treasury Department; and provides technical assistance to foreign market authorities.

Strategic Framework

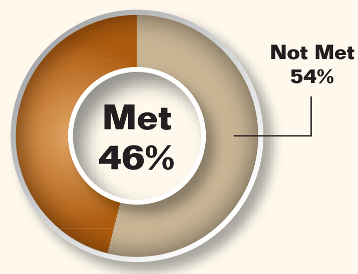
The following table is an overview of the Commission's mission statement, strategic goals and objectives under the FY 2011–2015 strategic framework:

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 One **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 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.**
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 Three **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 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.**
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 Five **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 Act rulemaking, as well as a detailed analysis and review of each performance measure (shortfalls and successes). The accomplishments demonstrate significant progress made in FY 2012 toward the achievement of the Commission's mission and strategic goals. However, in many areas progress was hampered by significant resource defiencies and reallocations in an attempt to maintain progress toward writing the new rules required under the Dodd-Frank Act. The law gave the CFTC and the U.S. Securities and Exchange Commission (SEC) oversight of the more than $250 trillion swaps market. The Commission and SEC are working hard to write these rules to make the swaps market more transparent and safer for the American public and market participants.

FY 2012 Performance Summary



Budget constraints arising from a continuing resolution in FY 2011 and continued under-funding of the Commission in FY 2012 only added to the performance challenges faced by the Commission with its expanded role. It is expected that with continued budget constraints that Commission performance will not only diminish, but do so exponentially. These constraints on the CFTC over a time of expanding responsibility has resulted in having to reallocate staff resources to new and high risk areas only, preventing the Commission from fulfilling its mission and achieving a number of performance targets related to existing authorities. The Commission's APR reflects this resource challenge as staff diligently work toward finalizing each Dodd-Frank Act rule and attempting to maintain legacy operations.

Some performance measures described in the Strategic Plan are dependent upon the completion of rule writing. As a result, two of the 54 performance measures were considered "Not Applicable" during the FY 2012 reporting period. An additional four measures were also categorized as "Not Applicable", either remaining in development from the onset of the Strategic Plan newly implemented in FY 2011 or lacking activity to report. As the Commission completes work on rulemaking and data becomes available for the remaining two rule-dependent measures, they will be published along with relevant analysis and review narrative in subsequent APRs.

The following identifies the specific performance measures considered "Not Applicable":

1.1.3.1 Transmit information and consult with the Office of Information Technology Services (OITS) [Now recognized as the Office of Data and Technology—ODT] to implement electronic filing of forms. Fully deploy electronic filing of trader reporting forms. Percent complete.

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.

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]	Met	Not Met
All Goals	**48**	**22**	**26**
% of Total		46%	54%

[1] *Excludes six performance measures categorized as "Not Applicable" for FY 2012.*

Looking Ahead

Approaching the mid-year point of FY 2013, the CFTC is shifting toward implementation of rules, as well as the direct oversight of the swaps market. The Commission is closing in on remaining rules to be completed, including capital and margin, trade execution requirements and cross-border guidance.

Clearing, Transparency, Swap Dealer Oversight, Cross-Border Application of Swaps Market Reform

In the first quarter of FY 2013, the Commission finalized the initial set of clearing determinations regarding which interest rate swaps and credit default swap (CDS) indices will be required to be cleared. Clearing by SDs and private funds active in the swaps market will be required in the second quarter of FY 2013. Compliance will be phased in for other market participants through the remainder of FY 2013. The CFTC is also considering clearing determinations for other classes of swaps, including agricultural, energy, and equity indices.

Based on completed real-time reporting rules, the public began on December 31 to benefit from seeing the price and volume of each Interest Rate (IRS) and Credit Default (CDS) swap transaction. Additional reporting will be phased in over the next several months.

The CFTC is also working to finalize reforms that promote pre-trade transparency, including rules on minimum block sizes and trading platforms called swap execution facilities (SEFs). Market participant compliance for these rules also will be phased in throughout the year.

As of the first week of January 2013, 66 SDs had registered with the CFTC and will come under comprehensive oversight, including standards for sales practices, record-keeping, and business conduct.

The CFTC is collaborating on a global approach to margin requirements for uncleared swaps through the Basel Committee on Banking Supervision and IOSCO. In coordination with domestic prudential regulators and international regulators, the CFTC is looking to take up final rules on margin and related rules on capital in 2013.

In consultation with international regulators, the Commission will move to finalize guidance on the cross-border application of swaps market reform and an accompanying release on phased-compliance for foreign SDs.

Customer Protection

Measures taken so far on customer protection have been significant, but market events this year have further highlighted that the Commission must do everything within its authorities and resources to strengthen oversight programs and the protection of customers and their funds. In the fall of 2012, the Commission sought public comment on further enhancements to protect customer funds. This proposal is about ensuring customers have confidence that the funds they post as margin or collateral are fully segregated and protected. The proposal, which the CFTC looks forward to finalizing in the coming months, would strengthen the controls around customer funds at FCMs. It also would set new regulatory accounting requirements that would provide stronger protections for customer money held by FCMs and would raise minimum standards for independent public accountants who audit FCMs.

Benchmark Interest Rates

One of the most critical challenges for the markets, international regulators, and the CFTC is how best to ensure benchmark rates, such as the London Interbank Offered Rate (LIBOR), are honest and reliable. As they are a key component of financial markets, they must work for the rest

of the economy. LIBOR is the reference rate for nearly half of U.S. adjustable-rate mortgages; for about 70 percent of the U.S. futures market; and for a majority of U.S. swaps market.

The CFTC is consulting with a number of international organizations with regard to next steps for benchmark rates. In particular, the UK Financial Services Authority (FSA) and the CFTC are co-chairing the IOSCO task force. This will include seeking public consultation, a public roundtable, and a report and recommendations in the spring.

The IOSCO task force is seeking public input on best practices that should apply to the benchmark process and entities that produce benchmarks, as well as possible mechanisms and protocols that would best ensure for a smooth transition to new benchmarks when and if needed.

Performance Analysis & Review

The remaining portion of this report details the Commission's efforts to meet its rulemaking objectives, 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 and Results", provides a summary of performance measure information in table format for FY 2011 Actual, FY 2012 Actual and Planned, and future year performance targets. Performance measures which were rule-dependent (Dodd-Frank Act) and/or others considered "Not Applicable" during FY 2012 have been placed at the bottom of the table in a section titled "Performance Measures Considered Not Applicable in FY 2012."

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 remained a significant priority and critical focus of the Commission during the second year of this Strategic Plan. Congress required the Commission to complete approximately 60 rules within 360 days; some having deadlines of 90, 180, or 270 days. The workload attendant to the rulemaking process, together with studies, comment review, 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. The Commission first identified 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*). While some areas only required one rule, others required multiple rules. 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 has and will fully consider the comments and continue to offer this opportunity as the 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.

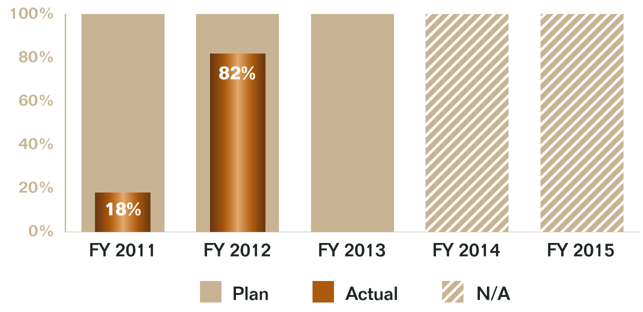
PERFORMANCE MEASURE 0.1.1.1 Complete all Dodd-Frank Act rules within statutory time frames. Percentage of rules complete.

FY 2012 Performance Results 82%

Lead Program Office:
Chairman's Office

Data Source:
Unified Calendar

Verification:
Federal Register, Volume 76 (2011)



Performance Analysis & Review

The performance target was not met for FY 2012. The Dodd-Frank Act set a timeframe of 360 days (or less in a few instances) for completion of the rules. The Commission has been unable to accomplish this for several reasons. Primarily, the continued delay is a matter of capacity for rule consideration. With all rules, the CFTC has taken and will continue to take a thoughtful and balanced approach. The Commission actively seeks and takes into full consideration public comments regarding the costs, benefits, and economic effects of proposed rules. Given the significance of the rules and consequent public interest, it has taken substantial time and resources to accomplish this. Other variables contributing to the delay include:

- Due to funding constraints, the Commission was unable to acquire sufficient 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 were necessary and appropriate; and
- While some rules are fairly straight forward, many are intricate and raise interrelated and complex issues. Staff members require the 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 placed on the Commission since the onset of the massive undertaking, it was able to accomplish the following Dodd-Frank Act related rulemaking tasks through September 30, 2011:

- Issued 58 proposed rules and issued 16 final rules;
- Received, reviewed, and analyzed approximately 28,000 comments; and
- Held 14 technical conferences / roundtables.

Continuing to operate under resource constraints, the CFTC was able to make the following significant steps toward the completion of the Dodd-Frank Act rule requirements during FY 2012:

- Issued 18 proposed rules and orders, as well as 24 final rules; and
- Held five technical conferences / roundtables.

Remaining rules to be finalized by the Commission as mandated by the Dodd-Frank Act are as follows:

- Capital Requirements of Swap Dealers and Major Swap Participants (76 FR 27802);
- Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants (76 FR 23732);

- Treatment of Securities in a Portfolio Margining Account in a Commodity Broker Bankruptcy (75 FR 75432);
- Governance Requirements for Derivatives Clearing Organizations, Designated Contract Markets, and Swap Execution Facilities; Additional Requirements Regarding the Mitigation of Conflicts of Interest (76 FR 722);
- Requirements for Derivatives Clearing Organizations, Designated Contract Markets, and Swap Execution Facilities Regarding the Mitigation of Conflicts of Interest (75 FR 63732);
- Core Principles and Other Requirements for Swap Execution Facilities (76 FR 1214);
- Position Limits for Futures and Swaps (76 FR 71626)[2];
- Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Covered Funds (77 FR 8332); and
- Stress Testing (§ 165(i); this rule has not been proposed).

[2] *Vacated by U.S. District Court for the District of Columbia, September 28, 2012.*

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

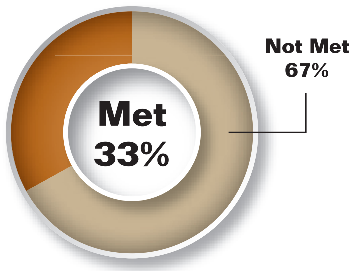
Derivatives markets are designed to provide a means for market users to offset price risks inherent in their businesses and to act as a public price discovery platform from which prices are broadly disseminated for public use. For derivatives markets to fulfill their role in the national and global economy, 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 amendments to existing contracts and rules; 2) surveillance of trading activity in the futures and swaps markets; 3) review of regulated exchanges designated contract markets (DCMs), SEFs and swap data repositories (SDRs) 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 Foreign Board of Trade (FBOT) no-action request.
- Drafted two significant IOSCO reports: the *Report on Over-the-Counter (OTC) Derivatives Data Reporting and Aggregation Requirements*, and the *Report on Trading of OTC Derivatives*.
- Created three new automated alerts and three new reports, and enhanced four trade practice alerts, providing for a more effective market and trade surveillance program.

Goal One Performance Summary



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

	# of Measures[3]	Met	Not Met
Goal One	12	4	8
% of Total		33%	67%

[3] *Excludes one performance measure categorized as "Not Applicable" for FY 2012.*

Goal One performance measures, analysis and review

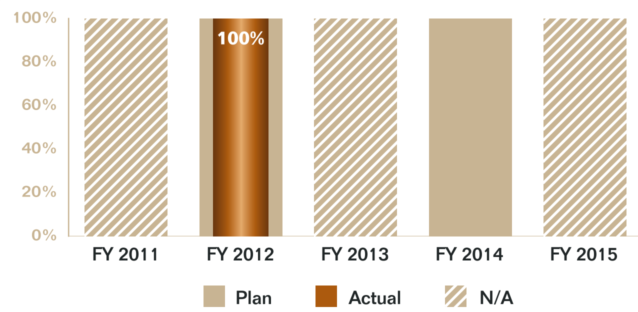
PERFORMANCE MEASURE 1.1.1.1 Implement automated position limit alerts for futures, option and swaps markets. FY 2012 – Implement automated position limit monitoring for all commodities under CFTC position limits for the swap market using large trader reporting data.

FY 2012 Performance Results 100%

Lead Program Office:
Division of Market Oversight (DMO)

Data Source:
Integrated Surveillance System (ISS)

Verification:
Internal Review of Output & Beta Testing



Performance Analysis & Review

The performance target was met for FY 2012. Position violation detection engines have been built and are in beta testing for the nine commodities with Federal limits. However, the complexities of granted hedge exemptions, many requiring manual adjustments, make a pure automated violation detection engine close to impossible. The court vacating the imposition of position limits on other commodities has compromised the work product by introducing significant uncertainty into the programming efforts, delaying the final product. Surveillance staff across regions and headquarters, along with the ODT are working together to develop a robust new framework for detection of violations incorporating the existing detection computer code developed by each group. This work is not duplicative but addressed different aspects of problems of limit violation detection. This effort has already been successful in uncovering potential violations.

It is expected that a Federal limit detection engine will be rolled out in production by FY 2013. It will automate the analysis and monitoring of futures-equivalent positions in the various derivative products that are linked to the Core Referenced Futures Contracts (CRFCs) to report overages and potential violations. Using futures-equivalent positions, the solution will process the defined CRFCs and associated position limits, incorporate the trader relationships as defined by the Trader Group reportable entities, and aggregate the positions across entities, apply exemptions, and generate a violations data set. The system will allow users to produce customized reports based on the violations data. It is one of a suite of analytical tools to be used by Commission staff.

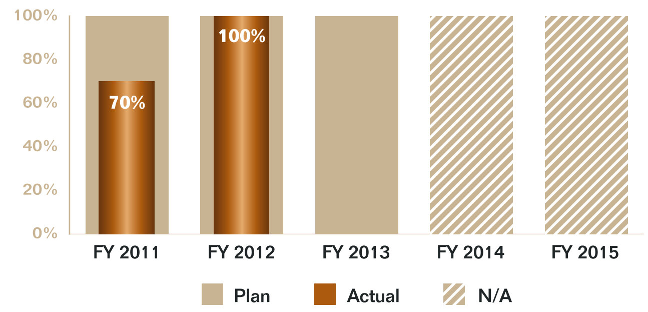
PERFORMANCE MEASURE 1.1.1.2 Implement automated surveillance alerts and a case management system. FY 2012 – Implement automated market profile alerts. Integrate swaps market data into two automated market alerts.

FY 2012 Performance Results 100%

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 met for FY 2012. The Commission implemented several new automated trading violation detection and referral systems constructed within the SAS environment and utilizing JMP software. Automated surveillance for compliance violations was revitalized and better engineered, leading to a large number of closed case based referrals to DOE. Existing models for alerts have still been maintained or enhanced during the year. It is expected that many of the current Actimize models will be ultimately replaced with more flexible detection engines. For instance, the enhancement, the newly developed basic Profiling (data) Cube completed in FY 2012, is expected to be redeployed within the SAS JMP application by the second quarter of FY 2013.

The planned outcomes for the past period covered by the Strategic Plan were based on an assumption that the Commission would make significant progress in the ownership and control of data. In large part because of staff creativity and resourcefulness, the Commission was able to acquire new datasets enabling refined and substantive surveillance. It must be recognized that alerts and automated surveillance truly can never be completed as markets evolve; however, the initial objectives, alerts, and automated surveillance leading to referrals for compliance violations have been met.

With previous and continuing budget constraints and added surveillance burdens stemming from implementation of new requirements, progress going forward is expected to be extremely curtailed. Yet, the Commission continues to make progress in spite of this resource shortfall, by working with data that currently is available—transactional data and newly acquired source data combined with position data organized within new analytic tools.

The Commission's technology, hardware, software, and intellectual property must keep pace with that of the market. The Commission faces challenges in training and mentoring new and existing staff along with hardware limitations, especially limitations in raw computing power.

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 toward success going into FY 2013 and likely into FY 2014.

PERFORMANCE MEASURE 1.1.1.3 Implement automated trading violation alerts and a case management system. FY 2012 – Implement five automated trading violation alerts.

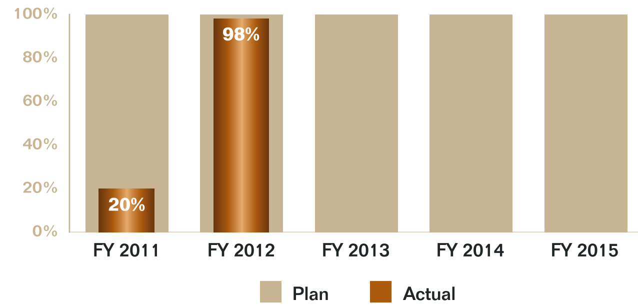
FY 2012 Performance Results

98%

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 2012. All staff members are being trained in computer programming and use of new sophisticated software applications. INew analytic methods developed by staff, linked with new source data acquisitions and regular calls for account identification to FCMs and exchanges, have enabled the development of several new means of automated detection. All of the Commission's surveillance staff members have access to detection engines. When the engines are run the results are shared by commodity specialists for evaluation prior to drafting referrals to DOE. The engines are modified by analysts as required by the changing landscape of increasing data quality The automated processes have led to a large number of referrals to DOE for compliance violations and increased efficiencies. It is expected that the single largest compliance and violation issue—wash trade detection—will be automated within the first quarter of FY 2013, freeing up resources to be moved to other surveillance activities. Prior automation initiatives were either incorporated into new processes or abandoned. Surveillance tools were constructed for detection of pre-arranged, wash trading, block trading violations, Federal position limit violations, and general surveillance. The general surveillance tool allows for a thorough and rapid event driven analysis of transactions at the millisecond level. The tool enables the analysis of reportable positions in our large trader system over various time frames for all tenors held by participants.

A case management system was neither evaluated nor implemented during this performance period, but is expected to be evaluated and implemented in the second half of FY 2013.

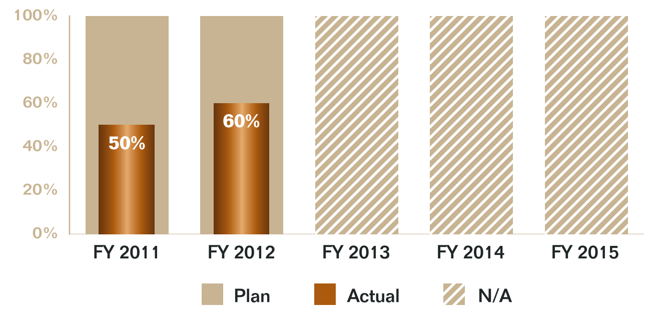
PERFORMANCE MEASURE 1.1.2.1 Review information requirements of current and proposed forms. FY 2012 – Implement ownership and control reporting standards for futures and option markets. Implement reportable trader standards for swaps traders.

FY 2012 Performance Results 60%

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 2012. The Commission completed the notice of proposed rulemaking to implement this objective and as of mid-November, the rulemaking team had: 1) closed the comment period on the proposed rules; 2) completed a summary of all comments received; 3) neared completion of a term sheet; and 4) started consultations with groups within the DMO and other offices and divisions of the Commission for policy, legal, and technology guidance that will be used in drafting the final rules.

Delays in completing the final rules have arisen from a number of sources, including consultation with Commission offices and divisions to improve the cost-benefit analysis in the proposed rules; extensions of the original comment period for the notice of proposed rulemaking; and addressing public comments critical of the proposed rules.

Those assigned to the rule writing team have been instructed to prioritize the project in their CFTC work.

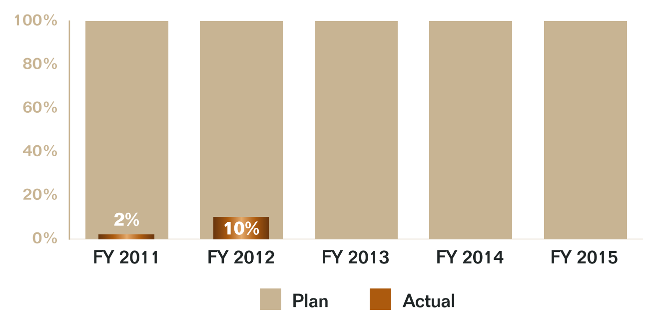
PERFORMANCE MEASURE 1.1.4.1 Percentage of contracts that are reviewed, in a timely manner, following a finding of market significance, and determined to be in compliance with core principles or referred back to exchange for modification.

FY 2012 Performance Results 10%

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 2012. During this fiscal year, the Commission completed reviews of 29 certified contracts, three of which were completed within 90 days of the contract meeting specific volume and open interest thresholds for market significance, and thus were considered timely for this performance measure. At the end of FY 2012, there remained 20 contracts that met the volume and open interest thresholds for market significance. These contracts are under review and will be assessed during the FY 2013 performance cycle. In total, Commission staff completed or suspended reviews of 200 other certified futures and option contracts, several of which had been delisted due to a lack of market trading activity and thus required no review. Staff and resource limitations leave the Commission with nearly 3,000 contracts to be reviewed leading into FY 2013. However, the vast majority of the contracts in the backlog may not meet the volume and open interest thresholds for market significance.

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 that the position limits or accountability standards are appropriate. Often, a review includes an analysis of the exchange's assumptions regarding supply and demand of the underlying commodity as well as a survey of prevailing cash market practice. In the absence of Commission due diligence, undetected contract flaws or faulty assumptions could lead the contract to be readily susceptible to manipulation, cause disruptions in the cash market, or encourage excessive speculation.

As staff members are released from rule-writing responsibilities, review of contracts that exhibit market significance resumes. The Dodd-Frank Act rulemaking effort continued through FY 2012, and implementation of those rules is expected to impact future targets set in the current Strategic Plan. In response to these external conditions, the Commission modified its targets to more accurately reflect the Commission's capabilities given the existing staffing levels and continued budget constraints. It should be noted, however, that for the contracts currently exhibiting market significance, as reflected in volume and open interest statistics, more than 90 days has elapsed since meeting those thresholds. Thus, clearing the backlog will be a challenge in meeting the goal.

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.

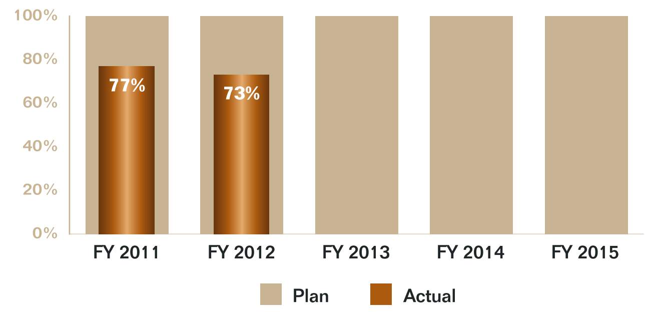
FY 2012 Performance Results

73%

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 2012. The Commission was able to complete reviews of 429 submissions for certification or approval of substantive trading rules, 93 percent of the total submitted throughout the year. In addition, the Commission was also able to complete 36 submissions for certification or approval of substantive product rules, approximately 21 percent of the total on the year. Combining trading and product rule reviews, this is an estimated 73 percent performance rate 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 should be noted, however, that Commission staff routinely examine rule amendment filings to ensure compliance with the relevant core principles within the appropriate timeframes. Nevertheless, the completion statistics described above include only those filings for which a formal review has been completed and documented.

It is significant to note, that the backlog of rule amendment certification reviews has grown so much that this goal, as written, may not be met with the existing staff levels. To date, there are 46 submissions for trading rule amendments and 135 submissions for product 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 2013.

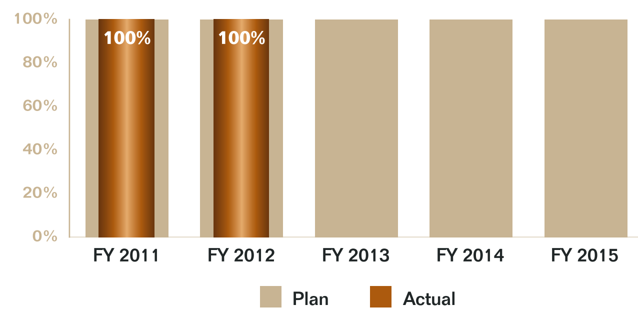
PERFORMANCE MEASURE 1.1.6.1 DCM and SEF applications are reviewed and a determination is made regarding compliance with core principles within statutory time frames.

FY 2012 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 2012. The Commission received one DCM application on January 31, 2012, and it was designated on September 25, 2012. SEF rules are not final and thus there were no SEF registrations to review.

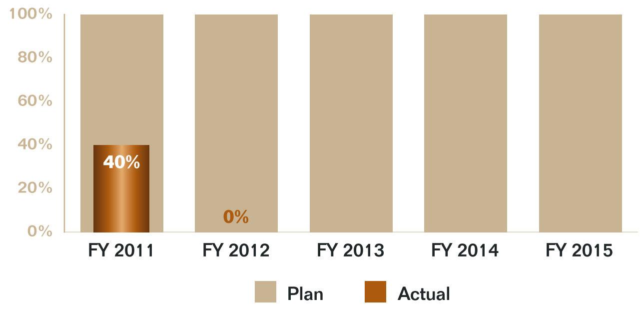
PERFORMANCE MEASURE 1.2.1.1 Percentage of major DCMs and SEFs reviewed, during the year. (Structural Sufficiency)

FY 2012 Performance Results 0%

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 2012. During this performance cycle, the CFTC completed the vast majority of work in its rule enforcement review (RER) of the disciplinary program at ICE Futures U.S. This RER was completed during the first quarter of FY 2013. Additionally, the Commission initiated a joint RER of the Chicago Board of Trade's (CBOT) and Chicago Mercantile Exchange's (CME) market surveillance program, as well as a market-surveillance RER at ICE Futures U.S. Those reviews are expected to be completed in FY 2013. Although it is expected that there will be significantly more RERs completed in FY 2013 than were completed in the current fiscal year, the ability to meet the performance goal will be limited by SDR and anticipated SEF registration responsibilities.

Due to insufficient resources, the Commission continues to face challenges in prioritizing amongst its rulemaking, SDR registration, DCM oversight, and product review responsibilities. Due to the priority placed on rulemaking and SDR registration, functions outside those activities, including the review of major DCMs, were extremely limited during the fiscal year. As the Commission continues to place a high priority on completing its rulemaking during FY 2013 and the registration of SDRs and SEFs (once the SEF rules are completed as expected in the first or second quarter of FY 2013), challenges in meeting program goals will continue. For example, in an effort to maintain RER examinations, the RER program has been modified so that each examination will on average address a more focused set of DCM program areas (*e.g.*, market surveillance, trade practice surveillance, audit trail, disciplinary, *etc.*). In this manner, the Commission will attempt to maintain an RER presence at DCMs while working within its limited resources and competing demands.

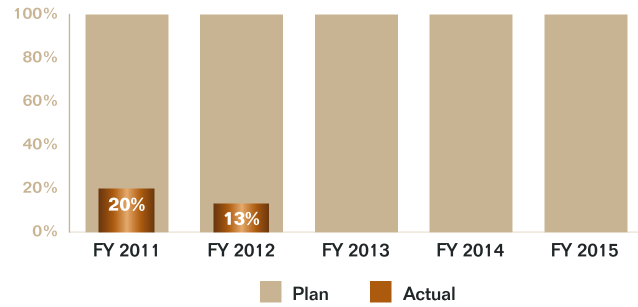
PERFORMANCE MEASURE 1.2.1.2 Percentage of non-major DCMs and SEFs reviewed, during the year. (Structural Sufficiency)

FY 2012 Performance Results 13%

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 2012. Due to significant rulemaking and SDR registration responsibilities, the CFTC was unable to review the appropriate level of non-major DCMs and SEFs during the performance cycle. The Commission notes, however, of the 13 non-major, non-dormant DCMs during FY 2012, three had no trading activity and two were newly designated. During FY 2012, the Commission completed an RER of NYSE Liffe's trade practice surveillance program. In addition, staff initiated RERs at five non-major DCMs, all of which are expected to be completed in FY 2013. These current RERs include examination of the trade practice surveillance, disciplinary, and audit trail programs at the Minneapolis Grain Exchange; the trade practice surveillance programs at NADEX and OneChicago; the market surveillance program at ELX; and the audit trail program at CBOE Futures Exchange. The Commission is actively pursuing opportunities to improve performance in this area. Although the CFTC expects to complete significantly more RERs of non-major DCMs in FY 2013 than were completed in FY 2012, its ability to meet the performance goal will be limited by SDR and expected SEF registration responsibilities.

The Commission continues to face a challenge of insufficient resources, in addition to rulemaking and SDR registration responsibilities. As a result, functions outside of rulemaking and SDR registration, including the review of non-major DCMs, were extremely limited during the fiscal year. As the Commission remains determined to complete its rulemaking during FY 2013 and is committed to the registration of SDRs and SEFs (once the SEF rules are completed as expected in the first or second quarter of FY 2013), challenges will continue. However, in an effort to complete more RER examinations, the RER program has been modified to focus on a specific area of a DCM's self-regulatory responsibilities, *e.g.*, trade practice surveillance or audit trail, rather than reviewing all or most of a DCM's self-regulatory programs.

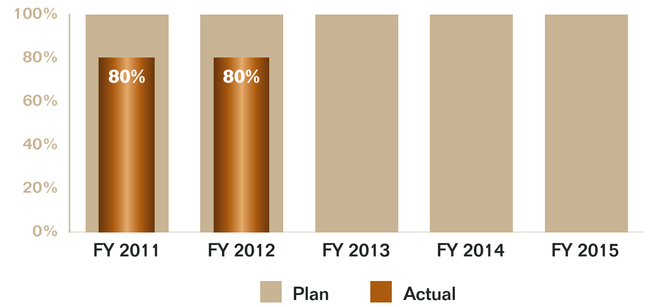
PERFORMANCE MEASURE 1.2.2.1 Percentage of major DCMs and SEFs reviewed, during the year. (Automated Systems and Business Continuity)

FY 2012 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 2012. The CFTC conducts system safeguard examinations (SSEs) relying on the expertise of systems risk analysts The Commission completed one SSE for CME Group, which includes four major DCMs (CME, CBOT, NYMEX, and COMEX) during FY 2012. An SSE was not conducted for ICE during FY 2012 due to limited staff resources. The Commission's Market Continuity Program does not have enough systems risk analysts to conduct the targeted level of SSEs for DCMs in addition to other activities: reviewing DCM and SDR applications for designation and registration; assisting with Dodd-Frank Act rulemakings, other automated system-related Commission rulemakings, and policy development; and responding to system disruptions and cyber threats affecting regulated entities.

SSEs involve an assessment of a DCM's compliance with Section 5(d) of the CEA and Core Principle 20, System Safeguards. Each SSE includes a review of some or all of the six principal categories of risk management controls: 1) information security, 2) business continuity and disaster recovery (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.

An examination of CME Group was initiated and an onsite visit was conducted in the fourth quarter FY 2012. Due to examination follow-up activities, the final examination report will be completed during the third quarter of FY 2013. The final report for the examination of ICE, initiated at the end of the fourth quarter of FY 2011 and extended into FY 2012, will be completed in the first quarter of FY 2013.

Regulations for SDR registration were finalized and published in FY 2012, and thus, there were no major SDRs to be reviewed as part of the performance measure. The Commission initiated designation reviews for five SDRs and provisionally designated two SDRs in FY 2012. As part of the designation review process, the Market Continuity Program conducted reviews of SDR applicant compliance with 17 CFR Part 49.24, System Safeguards, on a continuous basis throughout the fiscal year.

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

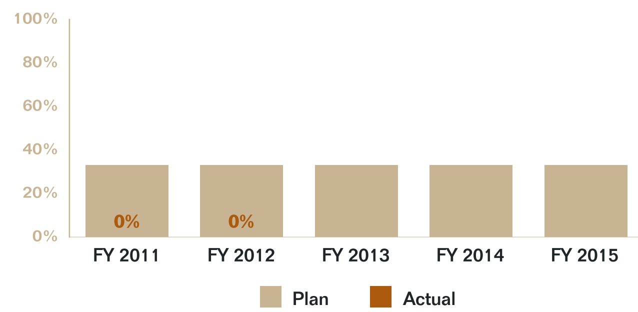
PERFORMANCE MEASURE 1.2.2.2 Percentage of non-major DCMs and SEFs reviewed, during the year. (Automated Systems and Business Continuity)

FY 2012 Performance Results 0%

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 2012. SSEs were not completed for non-major (Tier 2) DCMs during FY 2012 due to limited staff resources. The Commission notes, however, of the 13 non-major, non-dormant DCMs during FY 2012, three had no trading activity and two were newly designated. The Commission's Market Continuity Program does not have enough systems risk analysts to conduct the targeted level of SSEs for DCMs in addition to other activities: reviewing DCM and SDR applications for designation and registration; assisting with Dodd-Frank Act rulemakings, other automated system-related Commission rulemakings, and policy development; and responding to system disruptions and cyber threats affecting regulated entities.

Examinations of two non-major DCMs , ELX and NYSE Liffe, were initiated and onsite visits were conducted during this performance cycle. Due to follow-up activities, the final examination reports will be completed during the second quarter of FY 2013.

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 comprehensive 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.

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

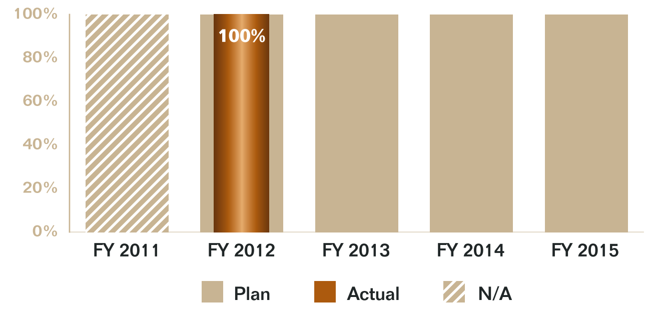
PERFORMANCE MEASURE 1.3.1.1 Publish reports for swaps markets activity. FY 2012 – Develop and test aggregation methods to group interest rate swap products.

FY 2012 Performance Results 100%

Lead Program Office:
Office of the Chief Economist (OCE)

Data Source:
Internal Schedule

Verification:
CFTC External Website



Performance Analysis & Review

The performance target was met for FY 2012. The proposal version of the CFTC Swaps Report has been completed, and launched on the Commission's website on Wednesday, November 14, 2012. The report provides for the general public information about previously opaque OTC swaps similar to that published in the Commitment of Traders Report. The Swaps Report covers multiple asset classes, including interest rates, credit, and commodities. This version of the report will be updated on a weekly basis. The Commission has requested public comment on the proposal, and will accept comments for a period of 30 days following the initial publication. The feedback will help inform the final version of the Swaps Report, which will be published at such time as the data being submitted to SDRs becomes more complete (in terms of both asset classes and entities).

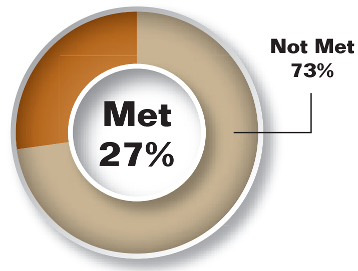
GOAL TWO—PROTECT THE PUBLIC AND MARKET PARTICIPANTS BY ENSURING THE FINANCIAL INTEGRITY OF DERIVATIVES TRANSACTIONS, MITIGATION OF SYSTEMIC RISK, AND THE FITNESS AND SOUNDNESS OF INTERMEDIARIES AND OTHER REGISTRANTS.

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:

- The Commission adopted regulations concerning the registration process for SDs and MSPs.
- The Commission adopted final rules: 1) establishing reporting, record-keeping, and daily trading records requirements for SDs and MSPs; 2) establishing and governing the duties of SDs and MSPs; 3) establishing conflicts of interest requirements for SDs, MSPs, FCMs, and introducing brokers (IBs); 4) concerning the designation, qualifications, and duties of the chief compliance officers of FCMs, SDs, and MSPs; and 5) establishing requirements for swap trading relationship documentation, swap confirmation, portfolio reconciliation, and portfolio compression for SDs and MSPs.
- The Commission adopted business conduct standards rules for SDs and MSPs governing their dealings with counterparties generally, and additional requirements when they deal with "Special Entities".

Goal Two Performance Summary



- The Commission proposed new regulations, and amendments to existing regulations, to enhance protections for customers and to strengthen the safeguards surrounding the holding of money, securities, and other property deposited by customers with FCMs and DCOs. The proposals expand upon previous Commission actions to enhance customer protections, including rolling back certain exemptions from investment standards for customer funds under Regulation 1.25 and the adoption of the Legal Segregation with Operational Commingling (LSOC) model for cleared swap transactions.
- The Commission finalized rules that implement the statutory core principles for DCOs, and are found in Part 39 of the Commission's regulations. Taken together, the statutory core principles and these rules are designed to be consistent with international standards for central counterparties as reflected in the "Principles for Financial Market infrastructures" issued by the Committee on Payment and Settlement Systems (CPSS) of the Bank for International Settlements and IOSCO.
- The Commission met its target to perform risk analysis and stress-testing on 550,000 large trader and clearing member positions to ascertain those with significant risk and confirm that such risks are being appropriately managed.

- The Commission made progress in updating systems to support expanded financial and risk surveillance activity. Existing systems were updated to support increased financial reporting. At the same time, automated services were implemented for retrieving market data and reference data. This allows staff more time to focus their surveillance on high risk areas.

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

	# of Measures[4]	Met	Not Met
Goal Two	**15**	**4**	**11**
% of Total		27%	73%

[4] *Excludes three performance measures categorized as "Not Applicable" for FY 2012.*

Goal Two performance measures, analysis and review

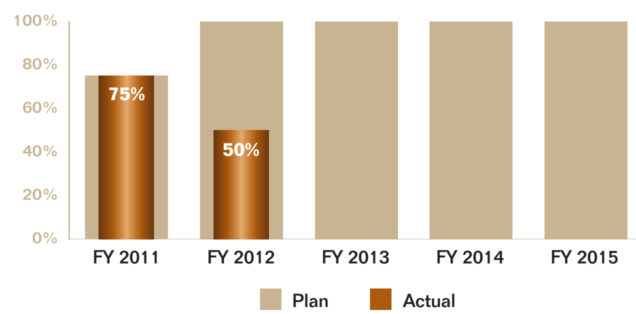
PERFORMANCE MEASURE 2.1.1.1 Review systemically important DCOs annually. Percentage of SIDCOs reviewed.

FY 2012 Performance Results 50%

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 2012. Title VIII of the Dodd-Frank Act created a new category of DCOs. The new category is defined as designated clearing entities (DCEs) and these entities could be DCOs that are considered to be systemically important to the marketplace where the failure of or disruption to the functioning of the DCE could create, or increase, the risk of significant liquidity or credit problems spreading among financial institutions and thereby threatening the stability of the financial system of the United States. These entities are required to comply with heightened risk management and prudential standards concerning payment, clearing, and settlement activities and the supervision of those activities, and provide advance notice of changes to their rules, procedures, or operations. The Commission is required to review annually, evaluate, and make a determination as to whether or not a SIDCO is in compliance with these heightened standards, as well as with the CEA and Commission regulations.

In July 2012, the Financial Stability Oversight Council (FSOC) designated three CFTC-registered DCOs as DCEs. The CFTC was assigned as primary regulator for two of the three DCEs; ICE Clear Credit LLC and Chicago Mercantile Exchange, Inc. The Commission will execute and perform examinations where the CFTC has been declared as the supervisory agency on an annual basis as required under Title VIII.

Title VIII of the Dodd-Frank Act mandated that the primary regulator shall consult with the Board of Governors of the Federal Reserve System (FRB) regarding the scope and methodology of all examinations for DCEs. FRB may, in its discretion, participate in any examination led by a supervisory agency. FRB has communicated to CFTC staff and to staff of the DCEs of its intention to participate on all examinations.

The CFTC did complete an examination for one of the two entities that have been designated as a DCE and of which the CFTC is the primary regulator. Eight core principles were selected for this review. The core principles selected were based on a risk evaluation and consisted of financial resources, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, systems safeguards, and reporting. This was the first review of this entity and the core principles selected are those that are most important to the clearing operation and the risk management of that operation. During this examination two other Federal agencies participated and the CFTC led the efforts to coordinate fieldwork and post-fieldwork activities.

The Commission did not complete an examination for the second entity because FRB requested a delay in starting the examination until after designation occurred. The CFTC consented to this request and has completed plans for the first Title VIII examination. In August 2012, a risk assessment was performed to determine the core principles to be evaluated during the examination. Commission staff coordinated with FRB and completed the consultation regarding the scope and methodology of the examination in September 2012.

Due to the delay in designation of DCEs, Commission staff participated in quarterly meetings with DCOs that the Commission considered to be systemically important. Those meetings covered topics such as clearing activity highlights, clearing member surveillance, corporate governance, margin model changes, model governance, and overall liquidity of the DCO. These meetings highlighted changes at the DCO and allowed staff the opportunity to continue to monitor the DCOs.

The CFTC has also completed building systems tools to aid examiners when performing their work. Staff members were involved in the writing of the business requirements, the building of the tools, and the user acceptance testing of the tools. The tools help measure liquidity risk and credit risks.

DCEs are complex organizations that require annual examinations and adequate staffing resources to complete examinations in a comprehensive and efficient manner. Staff must meet the statutory mandate beginning October 2012 to review all DCEs on an annual basis if the CFTC has been designated as the primary regulator. Current staffing levels make achieving this goal difficult. In order to meet the statutory mandate, the Commission will primarily perform examinations of only DCEs. Examinations of DCOs that have not been declared systemically important will not be completed unless time permits.

The outlook for FY 2013 remains uncertain, as budgetary constraints and workforce continue. New tools delivered in FY 2012 will support an improvement in efficiency and effectiveness. The core principles require staff to undertake complex analysis and make assessments as to whether or not the DCO's procedures are adequate to identify areas of risk. Staff should be supported with proper equipment and configuration to connect to CFTC programs in a fast and efficient manner and have the appropriate software to aid in the analysis. From the management perspective, computer hardware and software are also essential for improved collaboration, a requirement to efficiently completing fieldwork.

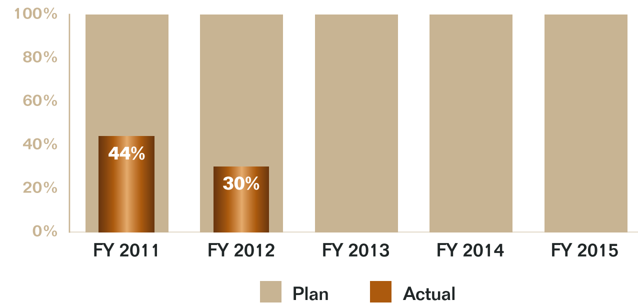
PERFORMANCE MEASURE 2.1.1.2 On a risk-based basis, review all other DCOs annually to assess compliance with DCO core principles and Commission requirements.

FY 2012 Performance Results 30%

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 2012. During this performance cycle, the team responsible for DCO reviews had only 14 staff to review 13 DCOs plus two DCEs. Not having enough staff to perform the reviews required the team to make a risk assessment of all 13 DCOs, and based on the results of the assessment, decided to review only a subset of the entire DCO community. It was determined that three DCOs would not be considered for an examination as they were inactive and had not cleared a trade in 2011 or 2012. Of the remaining 10 DCOs, three were selected for a review.

During FY 2012, eight core principles were selected for review purposes. The core principles selected were based on a risk evaluation and consisted of financial resources, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, reporting, and record-keeping. This approach allowed staff to compare policies and procedures consistently across all DCOs that were examined.

The Commission implemented regulations that further defined the requirements DCOs must adhere to in order to be deemed in compliance with the core principles. As a result, staff updated existing procedures to meet the new requirements and developed new procedures for nine of the core principles. The Commission was also charged with the responsibility of assessing compliance with Regulation 39.11 regarding DCOs' financial resources. Under Regulation 39.11 all DCOs must submit quarterly filings to demonstrate compliance with the regulation. This regulation was effective May 7, 2012.

Staff members performing the reviews have continued to identify tools needed to complete examinations and have submitted such a list to ODT. While ODT has been able to dedicate some resources to develop two tools during FY 2012, others remain as outstanding. ODT continues to maintain these outstanding requests and assess the capacity to build some of them during FY 2013. Participants contribute throughout the software development life cycle, including user acceptance testing of each new tool. These tools help measure liquidity and credit risk.

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

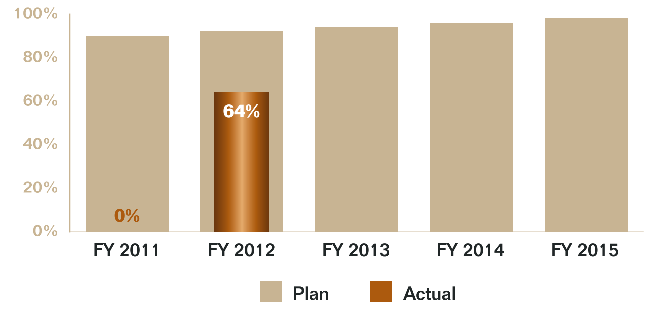
FY 2012 Performance Results

64%

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 2012. The Commission issued orders in response to seven requests from DCOs during the fiscal year. These include orders vacating the DCO registration of CME Clearing Europe, NYMEX, and CBOT; orders amending cross-margining programs for OCC and NYPC; and 4(d) orders permitting ICE Clear Europe to commingle swaps and foreign futures, and futures and foreign futures. Of four requests that were filed and remain pending, two are for 4d orders to permit ICE Clear Credit and ICE Clear Europe, respectively, to commingle security-based swaps and swaps (these requests require coordination with the SEC); one is for a Regulation 39.14(b) order permitting the Natural Gas Exchange to use the accrual method of accounting for daily money settlement, for which an extension for compliance has been issued; and one is a request from certain independent system operators and regional transmission organizations for a 4(c) order exempting certain transactions that are authorized by a tariff or protocol approved by the Federal Energy Commission or the Public Utility Commission of Texas, for which a proposed order was published in August 2012.

Due to staff limitations and the resulting ongoing need to prioritize tasks based on their importance to the financial markets and/or their time sensitivity, it is anticipated that the CFTC will continue to be limited in its 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).

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.

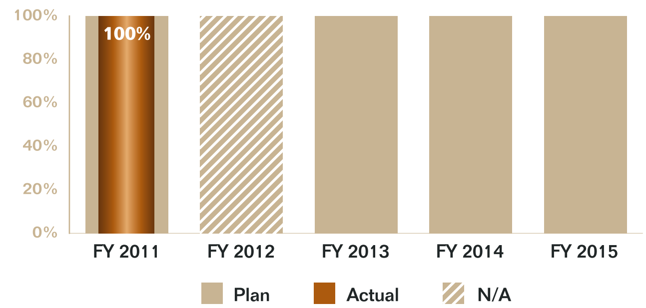
FY 2012 Performance Results

N/A

Lead Program Office:
Division of Clearing and Risk (DCR)

Data Source:
N/A

Verification:
N/A



Performance Analysis & Review

The performance target was not applicable for FY 2012. The only DCM application reviewed by the Commission during FY 2012 was the Eris Exchange, LLC. The exempt board of trade received an approved designation on October 28, 2011. Since the majority of this application review took place in the prior fiscal year, it was included in the FY 2011 APR and thus is not being recorded in this year's report. There were no other DCM applications during the performance cycle.

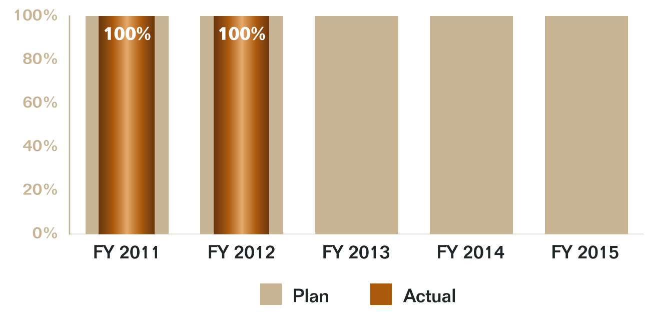
PERFORMANCE MEASURE 2.1.3.1 All material exceptions in monthly and annual financial filings by FCMs and RFEDs and notices of noncompliance with respect to minimum capital and segregation are reviewed and assessed within one business day. Percent completed within one business day.

FY 2012 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 2012. The Commission received 24 notifications and reviewed all of them within the targeted time of one business day. As appropriate, 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 maintain 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.

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.

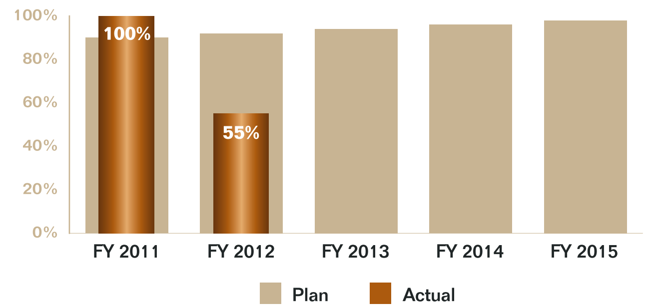
FY 2012 Performance Results

55%

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 2012. Although the Commission had planned to conduct limited-scope, risk-based examinations comparable in number to what was performed in FY 2011, only 17 FCMs or retail foreign exchange dealers (RFEDs) were examined during this performance period because of the need to divert staff resources to major examination and compliance requirements generated by several distressed FCMs. However, of the 17 examinations performed during FY 2012, all deficiencies identified were corrected within the specified time period.

PERFORMANCE MEASURE 2.1.4.1 Reviews of swaps submitted to the Commission are completed within statutory and regulatory deadlines.

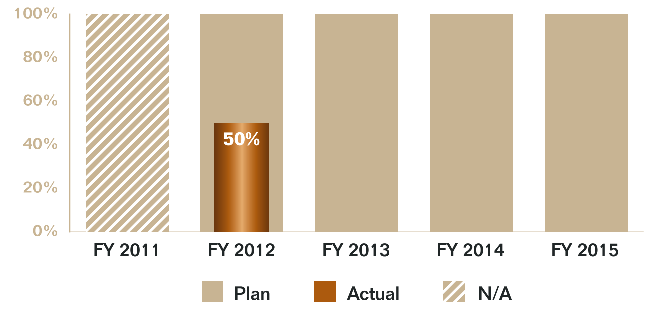
FY 2012 Performance Results

50%

Lead Program Office:
Division of Clearing and Risk (DCR)

Data Source:
Clearinghouse Submissions

Verification:
Federal Register



Performance Analysis & Review

The performance target was not met for FY 2012. Eight DCOs submitted all swaps being cleared as of February 1, 2012, to the Commission for review in FY 2012. These submissions include those swaps cleared prior to the enactment of the Dodd-Frank Act. The CFTC reviewed these submissions and recommended that certain classes of interest rate swaps and CDSs be required to be cleared. On August 7, 2012, the Commission issued a notice of proposed rulemaking based on this recommendation. The CFTC reviewed the comments received on the proposal and prepared a final clearing determination that implements the clearing requirement for certain classes of interest rate swaps and CDSs. In addition, the Commission finalized a compliance schedule for implementing the clearing requirement that provides additional time for market participants to come into compliance with mandatory clearing. The Commission continues to review DCO submissions related to other classes of swaps, including commodity swaps, and will prepare recommendations for the Commission as reviews are completed. Given budget and resource limitations, these reviews could take longer than expected.

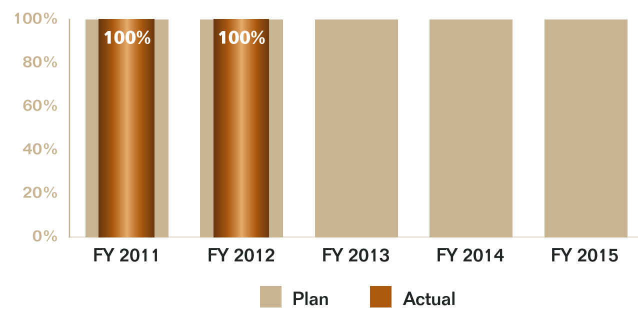
PERFORMANCE MEASURE 2.1.5.1 Reviews of DCO rules submitted to the Commission are completed within statutory and regulatory deadlines.

FY 2012 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 2012. CFTC staff review every DCO rule submission for compliance with the CEA and Commission regulations. Rules include not only provisions contained in a DCO's rulebook, but also issuances such as interpretations, policies, and clearing member advisories. During this performance period, 237 DCO rules were filed as self-certifications under Regulation 40.6, five rules were filed for approval under Regulation 40.5, and one rule was filed under Regulation 40.10, which requires that a SIDCO provide notice to the Commission not less than 60 days in advance of any proposed change to its rules, procedures, or operations that could materially affect the nature or level of risks presented by the SIDCO.

The number of rules filed and reviewed increased significantly—by 120 percent—from 110 in FY 2011 to 242 in FY 2012. This increase is largely due to DCOs adopting rules to facilitate compliance with the Dodd-Frank Act and the Commission's implementing regulations.

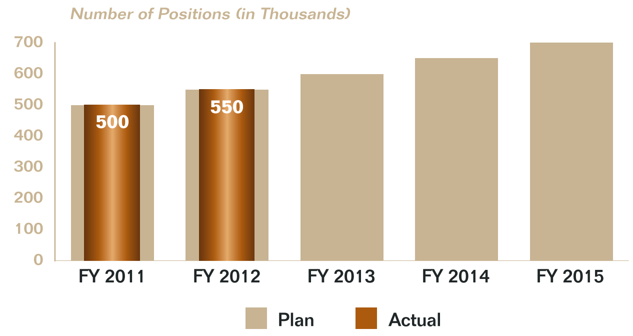
PERFORMANCE MEASURE 2.1.6.1 Perform risk analysis and stress-testing on large trader and clearing member positions to ascertain those with significant risk and confirm that such risks are being appropriately managed. Number of positions analyzed.

FY 2012 Performance Results 550,000

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 2012. The Commission's risk analysis and stress testing responsibilities are divided among commodity futures groups in the Risk Surveillance Section of the DCR. Staff members conduct 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 (*e.g.*, all time move and 150 percent of product margin requirements) and results are compared to a variety of metrics (*e.g.*, excess net capital and margin on deposit). Stress tests are also performed across multiple commodity groups.

The CFTC conducted a wide variety of risk analysis on large trader and clearing member positions, relying primarily on the Integrated Surveillance System (ISS) and SPARK databases in conjunction with SPAN® software. In addition, staff conducted financial analysis of clearing members using RSR Express. Through the use of these and other systems Commission staff members identify traders with the greatest overall market risk and those that pose a material risk to their clearing members.

The CFTC continued to be challenged with the establishment and integration of a program to analyze the risks associated with the clearing of CDSs and interest rate swaps. Interest rate swaps and CDS 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. The Commission currently receives daily approximately 50,000 firm level index and single name credit default positions. In FY 2012, staff explored multiple possibilities to obtain analytics to be able to stress test and margin CDSs and interest rate swaps. Currently, there are insufficient financial resources to obtain any of the necessary analytical support.

The Commission however, did successfully complete all futures related performance goals. Staff conducted all of the futures planned stress tests and risk analysis. In addition, staff identified the traders holding the greatest risk on an absolute basis and relative basis (relative to the clearing member). Obtaining CDS and interest rate swap stress testing goals for future years remains an uncertainty.

FY 2012 saw a high level of market volatility in agricultural products. Staff performed heightened surveillance during the periods of increased market volatility. Many enhancements to the risk surveillance program have been made during the performance cycle. These enhancements developed better analysis to evaluate risk across multiple DCOs and evaluate clearing members' ability to pay unusually large variation payments. The CFTC also established a margin model team. The team is responsible for evaluating DCO margin models and developing a key metric in determining margin adequacy compliance.

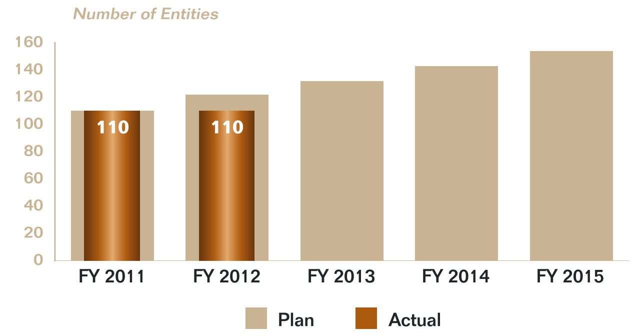
PERFORMANCE MEASURE 2.1.6.2 On a risk-based basis, meet with large traders, FCMs, SDs, and other industry participants to discuss risk management issues. Number of entities met with and risk issues reviewed.

FY 2012 Performance Results 110

Lead Program Office:
Division of Clearing and Risk (DCR)

Data Source:
Internal Memoranda

Verification:
Memoranda Filings



Performance Analysis & Review

The performance target was not met for FY 2012. The CFTC conducted risk reviews of a variety of market participants, including traders (hedgers/speculators), FCMs, commodity pool operators (CPOs), and commodity trading advisors (CTAs). The risk reviews were conducted both on-site and telephonically. Staff managed to carry out all their reviews on a voluntary basis, targeting traders with large overall risk positions with a special emphasis on sellers of option premium. Through its internal analysis, staff members were able to target several risk reviews of large traders that suffered material losses during the periods of extreme market volatility.

The Commission conducted trader risk reviews on a large variety of market participants. Most notably, staff met with several firms to discuss CDS risk surveillance procedures. The meetings were very instructive for the risk surveillance group, particularly in understanding the limitations of analyzing only the cleared portion of a CDS portfolio. The CDS risk surveillance team also spent a considerable amount of time with SDRs to better understand bilateral positions.

While mostly successful in scheduling reviews with traders and clearing members on a voluntary basis, resource constraints restricted the execution of some risk reviews at year end.

PERFORMANCE MEASURE 2.2.2.1 Under a risk-based approach, conduct reviews of selected programs of all registered futures associations (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.

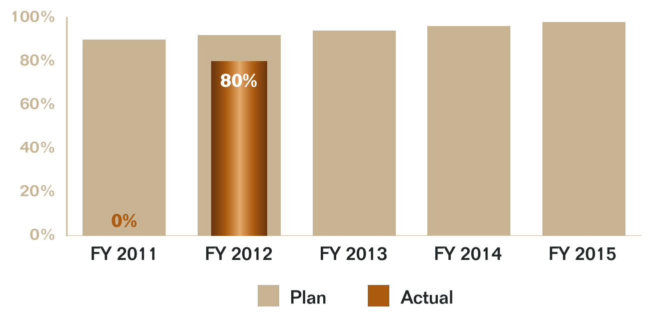
FY 2012 Performance Results

80%

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 2012. Though the examination work of our review of the NFA was completed, the completion of the report had to be deferred as a consequence of insufficient staff resources and the need to divert staff resources to major examination and compliance requirements generated by several distressed FCMs.

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

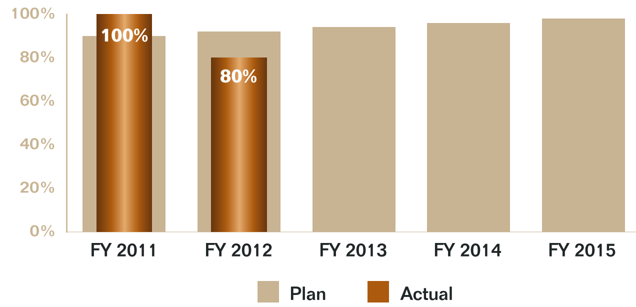
FY 2012 Performance Results

80%

Lead Program Office:
Division of Swap Dealer and Intermediary Oversight (DSIO)

Data Source:
Rule Submissions

Verification:
Internal Review compared to Logged Submissions



Performance Analysis & Review

The performance target was not met for FY 2012. Resource constraints and the need to divert staff resources to major examination and compliance requirements generated by several distressed FCMs impacted the Commission's ability to make RFA determinations filed by the NFA on a timely basis.

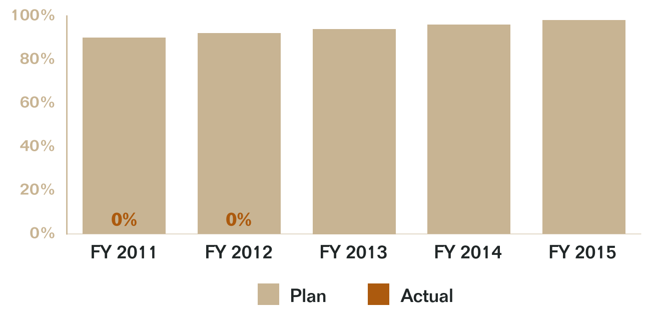
PERFORMANCE MEASURE 2.2.3.1 On a risk-based basis, conduct direct examinations of non-FCM intermediaries, identify deficiencies, and confirm that any deficiencies identified are corrected within the specified period of time. Percent of time that deficiencies are corrected within specified time period.

FY 2012 Performance Results 0%

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 2012. The Commission chose not to review any non-FCM intermediaries. Rather, CFTC relied on NFA to perform such reviews due to staff limitations and the ongoing need to prioritize tasks based on importance to the financial markets and/or time sensitivity. The Commission allocated scarce resources to FCM intermediaries because such are the principal repository for funds used to margin commodity trading and are a primary focal point for maintaining the financial integrity of the marketplace.

Due to current staff constraints and the ongoing need to prioritize tasks based on importance to the financial markets and/or time sensitivity, it is anticipated that the CFTC will continue to be limited in its ability to review intermediaries. With the registration of swap dealers commencing, there will be even a greater need to balance and prioritize the allocation of staff resources moving forward.

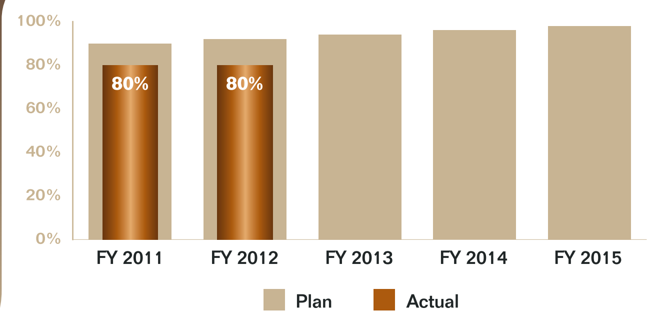
PERFORMANCE MEASURE 2.3.1.1 On a risk-based basis, review all SROs annually to assess compliance with CEA and Commission requirements, identify deficiencies, and confirm that any deficiencies identified are corrected within the specified period of time. Percent of time in which deficiencies are corrected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

FY 2012 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 nearly met for FY 2012. While the relevant reviews for this performance measure were completed in a thorough and timely manner, and any significant issues were communicated to the SROs (CME, NFA, Minneapolis Grain Exchange, and the Kansas City Board of Trade) in a timely manner, completion of the final report was deferred as a consequence of insufficient staff resources and the need to divert staff resources to major examination and compliance requirements generated by several distressed FCMs.

Due to constraints on hiring additional staff, it is anticipated that the CFTC will continue to need to prioritize tasks based on their importance to the financial markets and/or their time sensitivity resulting in instances where certain important goals are compromised.

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

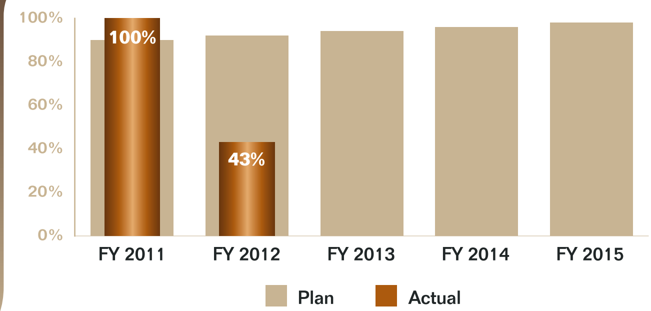
FY 2012 Performance Results

43%

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 2012. Although the Commission had planned to conduct a series of limited-scope (directed or "for cause") SRO audits comparable in number to what was performed in FY 2011, only nine such audits were conducted during this performance period because of the need to divert staff resources to major examination and compliance requirements generated by several distressed FCMs.

Due to limitations on hiring additional staff, it is anticipated that the CFTC will continue to need to prioritize tasks based on their importance to the financial markets and/or their time sensitivity resulting in instances where certain important goals are compromised. A majority of the reviews that did not occur were of FCMs—entities which function as the principal repository for funds used to margin commodity trading by both customers and proprietary accounts and are a primary focal point for maintaining the financial integrity of the marketplace.

PERFORMANCE MEASURE 2.4.1.1 Program redesign to cover new registrants monitored by the RSR and SPARK systems. Percentage of system redesign accomplished.

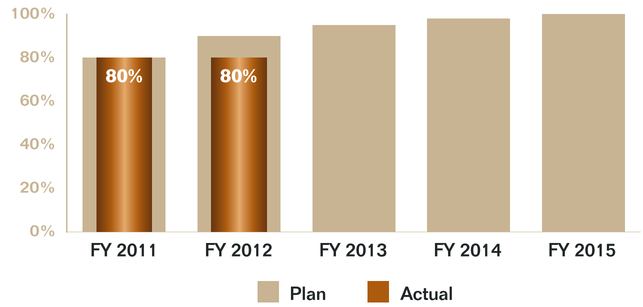
FY 2012 Performance Results

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 not met for FY 2012. The Commission conducts risk surveillance activities through the use of automated financial and risk surveillance systems and applications such as RSR Express and SPARK. Staff members use RSR Express to receive and review monthly FCM financial statements, and SPARK to identify volatile markets, firms that have positions on the losing side of the market, and customers at the identified firms. Large trader positions are downloaded into an application that allows for the margining and stress testing of positions. Both RSR Express and SPARK applications were developed in-house.

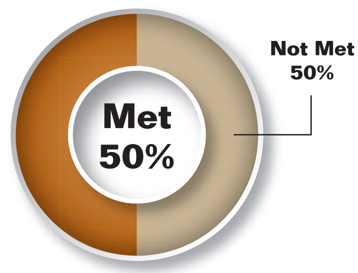
During FY 2012, an enhancement related to the evaluation was made. The enhancement gives the user a large amount of flexibility in creating/designing risk surveillance reports. The necessary programming regarding the receipt and review of Part 39 data was not completed because of lack of resources. Part 39 data includes extensive daily DCO variation, margin, and position reporting.

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

The Commission is committed to prosecuting violations of the CEA and Commission regulations to protect market participants and promote market integrity. The Commission investigates and litigates cases that have the greatest impact, whether they are against some of the world's largest financial institutions for attempted manipulation, false reporting, customer fund violations, wash trading, or supervision failures, or against a Ponzi schemer who perpetrates a multi-million dollar scam on the unsuspecting public. As a result of these efforts, the Commission filed 102 enforcement actions in FY 2012. The Commission also opened more than 350 new investigations in FY 2012, among the highest annual count of new investigations in program history. In addition, DOE obtained orders imposing more than $900 million in sanctions, including orders imposing more than $450 million in civil monetary penalties and directing the payment of more than $450 million in restitution and disgorgement. Other accomplishments include:

- Actively working with Federal and state criminal and civil law enforcement authorities by assisting them in more than 200 investigations and prosecutions, 50 of which were related to separate actions commenced by the CFTC.
- The Commission's Whistleblower Office (WBO) developed and implemented internal policies and procedures, and helped design and open a new web portal where individuals can file tips and complaints electronically (*http://www.cftc.gov/TipOrComplaint*). WBO is also raising awareness of the program among interested stakeholders—including whistleblowers and their attorneys, industry and professional groups, other government agencies, SROs, and academia—through panel and seminar appearances, webinars, speeches, articles, web postings, and by answering questions posed directly to WBO about the program.

Goal Three Performance Summary



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

	# of Measures[5]	Met	Not Met
Goal Three	2	1	1
% of Total		50%	50%

[5] *Excludes one performance measure categorized as "Not Applicable" for FY 2012.*

Goal Three performance measures, analysis and review

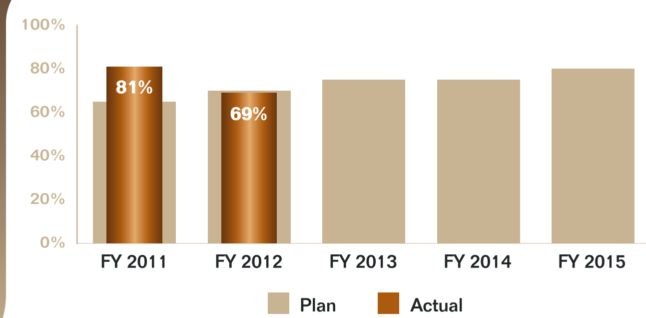
PERFORMANCE MEASURE 3.1.1.1 Percentage of enforcement investigations concluded within one year of opening.

FY 2012 Performance Results 69%

Lead Program Office:
Division of Enforcement (DOE)

Data Source:
eLaw System

Verification:
Internal Review



Performance Analysis & Review

The performance target was nearly met for FY 2012. Of the 325 investigations closed during FY 2012, including those of fraud, abusive trading practices, and manipulation, the CFTC concluded 223 within one year of opening. A further breakdown of the investigations completed under a year finds that 133 closed in six months or less (60 percent), and the remaining 90 investigations took between six months and one year (40 percent) to conclude.

The number of CFTC enforcement investigations opened has risen sharply in recent years—from 99 in FY 2007 to over 350 in FY 2012—due to a combination of factors, including the clarification of the Commission's authority over off-exchange traded forex (foreign exchange currency), 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, which are complex and resource intensive.

The Commission's FY 2012 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 approached 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.

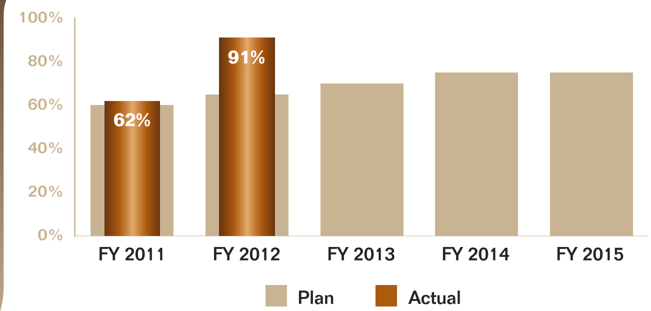
FY 2012 Performance Results

91%

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 met for FY 2012. The CFTC filed a record number of enforcement cases during the performance cycle, however many of those cases did not merit referral to other agencies because they were purely administrative proceedings. Of the 103 matters filed, 45 were administrative and not referred because they did not involve substantive violations of other criminal or civil government agency laws. Relevant to this performance measure, 53 of the remaining 58 matters did involve referrals, translating to the 91 percent referral rate.

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. On the basis of feedback from outside agencies, the Commission focused its cooperative enforcement efforts on partnering with other agencies on major fraud cases. During the year, 94 percent of the major injunctive fraud cases involved related criminal investigations. Over 50 criminal indictments and judgments were filed that were related to CFTC enforcement matters. The CFTC also engaged in cooperative enforcement efforts with civil regulatory agencies, and approximately 50 percent of the major fraud actions involving related criminal investigations also involved parallel investigations with Federal civil authorities. The Commission also engaged in cooperative enforcement with international authorities in a wide range of matters involving fraud and/or market manipulation.

The CFTC worked to promote coordination of enforcement efforts with other law enforcement agencies to address commodities violations and other related financial wrongdoing. The CFTC entered into an agreement with the Federal Bureau of Investigation to provide the CFTC with special agents and intelligence analysts to enhance communication and information sharing. The CFTC also participated in national and international financial fraud enforcement working groups, and partnered with 10 regional groups comprised of Federal, state, and local civil and criminal authorities.

The CFTC 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 U.S. Department of Justice and the SEC to conduct cross-agency training, especially training involving the new enforcement powers under the Dodd-Frank Act.

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.

The implementation of comprehensive regulations under the Dodd-Frank Act legislation marks a new era in the swaps marketplace by mandating, among other things, the regulation of SDs, clearing of swaps, and transparency with respect to those transactions. However, regulation in the United States alone will not be sufficient to protect the financial system. Because the swaps market is conducted on a global basis, it is possible for swaps executed offshore by U.S. financial institutions to transmit the risk of those transactions back to the United States. This happened with the offshore affiliates of AIG, Lehman Brothers, Citigroup, Bear Stearns, and Long Term Capital Management, and most recently when JPMorgan Chase executed swaps through its London branch.

Recognizing this risk, the United States joined with other G-20 leaders in 2009 to require that all major market jurisdictions bring swaps under regulation. Since that date, the Commission has been engaged in an unprecedented outreach to major market jurisdictions and expanded involvement in numerous international working groups to encourage the adoption of robust swaps regulation.

This added emphasis is in addition to the Commission's long-standing engagement with foreign regulators to establish customer and market protection arrangements in futures trading. It is also in addition to the Commission's strong role in international standard setting organizations such as IOSCO, which recently recognized the Commission's long history of contributions by voting to make the Commission a full member.

Goal Four Performance Summary

Finally, 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. The Commission's international training symposium has consistently attracted wide attendance by foreign regulators who look to the Commission as a global standard setter in derivatives regulation.

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

	# of Measures[6]	Met	Not Met
Goal Four	**3**	**3**	**0**
% of Total		100%	0%

[6] *Excludes one performance measure categorized as "Not Applicable" for FY 2012.*

GOAL FOUR PERFORMANCE MEASURES, ANALYSIS AND REVIEW

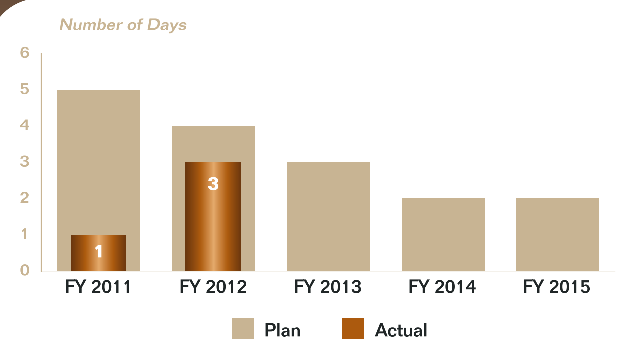
PERFORMANCE MEASURE 4.1.1.1 Days allotted for acknowledgment of incoming requests for enforcement assistance from our international counterparts pursuant to our information sharing arrangements.

FY 2012 Performance Results 3

Lead Program Office:
Division of Enforcement (DOE)

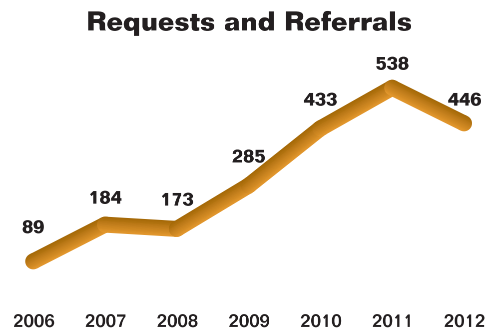
Data Source:
Office of Chief Counsel Database

Verification:
Dated correspondence to international counterparts



Performance Analysis & Review

The performance target was met for FY 2012. The Commission handled 446 international requests and referrals. The Commission also entered into bilateral cooperative enforcement/information sharing arrangements with more than 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). Eighty-nine IOSCO members have signed the MOU. In addition, the Commission is authorized to cooperate and exchange information with foreign authorities worldwide (both with MOU partners and with other, non-MOU authorities) on a case-by-case basis.



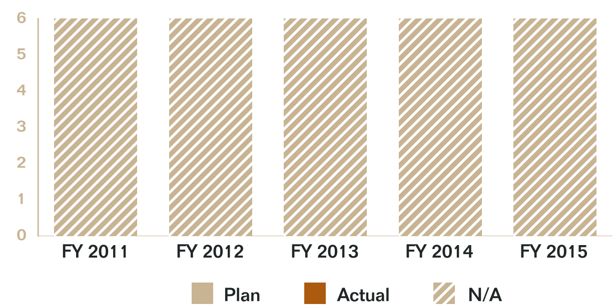
PERFORMANCE MEASURE 4.1.1.2 Regular issuance of outgoing international requests for enforcement assistance and referrals made by the CFTC to foreign regulators pertaining to matters involving their jurisdictions.

FY 2012 Performance Results N/A

Lead Program Office:
Division of Enforcement (DOE)

Data Source:
TBD

Verification:
TBD



Performance Analysis & Review

The performance target was not applicable for FY 2012. While the performance measure and target baseline continue to develop, outgoing international requests and referrals equaled 390 in FY 2012 and new investigations exceeded 350 in the same period. This performance 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 102 cases in FY 2012. The Office of Chief Counsel obtained international assistance in 30 of the cases. In the matters where international assistance was obtained, 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

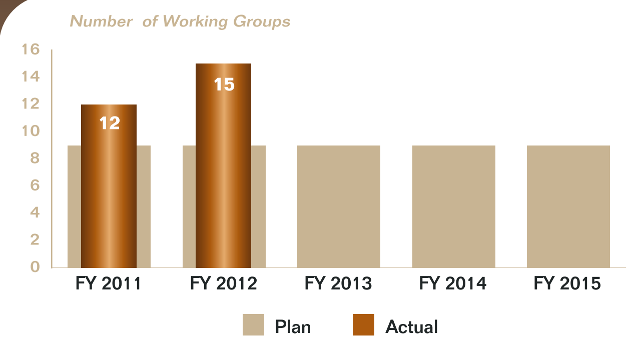
PERFORMANCE MEASURE 4.2.1.1 Number of international regulatory and standard-setting working groups in which the Commission participates.

FY 2012 Performance Results 15

Lead Program Office:
Office of International Affairs (OIA)

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

Verification:
Deputy Director Approval



Performance Analysis & Review

The performance target was met for FY 2012. One of the Commission's primary pathways for influencing the development of global international standards is through its participation on the Board of 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 allowed it to influence final reports (as noted below) in the areas of secondary markets, intermediaries, enforcement, and collective investment schemes, as well as in specialized areas such as OTC derivatives and data aggregation, central counterparty standards, and principles of supervision for commodity futures markets.

The Commission continued its engagement in technical level working groups on OTC derivatives with global regulatory authorities, such as the European Commission; European Securities Markets Authority (ESMA); and regulatory authorities in Australia, Canada, Japan, Singapore, and Hong Kong. The Commission, in concert with the SEC, helped organize technical discussions with these authorities to promote harmonization of OTC derivatives reforms and work through cross-border issues relating to such reforms. Commission staff participated in the OTC Derivatives Regulators Forum (ODRF), which has created new subgroups for foreign exchange and commodity derivatives repositories. The Commission also participated in the FSB OTC derivatives working group, which is monitoring progress by countries in implementing the G20's OTC derivatives mandates and the FSB legal identifier task force. The Commission, as co-chair of an IOSCO-CPSS task force on OTC derivatives regulation, authored a report on data reporting and aggregation requirements.

Trends

With the effectiveness of the Dodd-Frank Act swaps regulations, the Commission expects to be further involved in the development of supervisory coordination arrangements with foreign authorities in major jurisdictions where regulated entities will reside, such as the European Union, Canada, and Japan. For example, in the case of the European Union, the Commission contemplates the need to engage not only the European Commission, but also the ESMA and relevant national regulators, such as the UK FSA, French AMF (Autorité des Marchés Financiers), and German BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht), to negotiate coordinating supervisory arrangements for entities that likely will be subject to regulation in both the European Union and the United States. The Commission contemplates that similar arrangement will be needed in major market jurisdictions such as Australia, Canada, and Japan.

The Commission's enforcement action against Barclays PLC brought greater global attention to the need for regulatory scrutiny of benchmarks. The Commission is co-chairing a Task Force on Benchmarks with the UK FSA. The task force expects to develop standards of best practice by spring 2013.

The aftermath of the financial crisis has spawned a multitude of initiatives in IOSCO, which included work in areas such as cooperation and coordination in the areas of OTC regulation, central counterparty clearing standards, the monitoring and control of systemic risk, market supervision implications of technological change, the protection of customer funds, and mechanisms to share systemically important information internationally.

The resource constraints will continue to prevent the Commission from participating fully in the numerous and increasing global forums, task forces, and work groups that are responding to various aspects of the financial crisis.

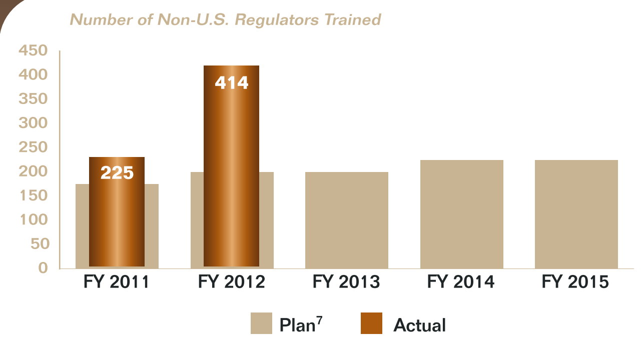
PERFORMANCE MEASURE 4.3.1.1 Number of non-U.S. regulators trained.

FY 2012 Performance Results 414

Lead Program Office:
Office of International Affairs (OIA)

Data Source:
Technical Assistance Internal System

Verification:
Deputy Director Review / Approval



Performance Analysis & Review

The performance target was met for FY 2012. The CFTC coordinates a variety of technical assistance activities: visits by foreign regulators for discussions with Commission staff on a variety of technical regulatory matters, on-site missions by Commission staff to share regulatory approaches with foreign regulators and market authorities, secondments of foreign staff within Commission operating divisions, and the annual symposium and training seminar for foreign regulators.

For example, during FY 2012, the government of Jamaica requested and funded an on-site technical assistance program. Commission staff traveled to Kingston to deliver a one-week program on financial commodity futures regulation to more than 50 staff of the Jamaican Financial Services Commission (JFSC) and the Stock Exchange of Jamaica. Staff also conducted a four-day training program for the Brazilian self-regulatory arm of the BM&FBOVESPA exchange, Bovespa Market Supervision (BSM) in Brazil. The Commission's FY 2012 symposium and training seminar for international regulators attracted 59 participants from 25 countries.

All regulators have been affected by resource constraints. The CFTC anticipates that FY 2013 and perhaps FY 2014 statistics will be impacted by such constraints, with growth (*i.e.*, expanded requests for training) picking up toward the end of FY 2014 and into FY 2015. Nonetheless, global regulators view the Commission as an expert in commodity derivatives regulation and it anticipates that a core level of requests for training will continue.

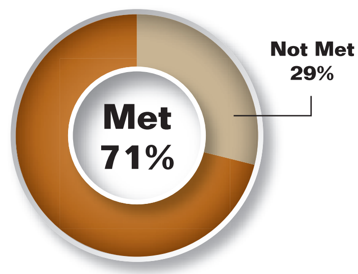
[7] *Targets adjusted to broaden the range of activities that constitute technical assistance (e.g., to include visits by foreign regulators to the Commission for actual technical discussions with staff).*

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

Strategic Goal Five addresses those areas that enable the Commission to execute its mission of protecting market users and the public from fraud, manipulation, and abusive practices. Excellence in this area is reflected in strong and focused planning and governance, top notch IT and infrastructure, superb facilities, efficient execution of resources, and an educated and productive workforce. FY 2012 proved exceptionally challenging as financial resources grew slower than mission need causing the CFTC to carefully prioritize requirements to meet Dodd-Frank Act initiatives while maintaining excellence monitoring the futures market. The key results summarize CFTC's mission support strategy.

- The CFTC implemented a new automated hiring system to replace the labor intensive and slower manual hiring process. The new system will significantly increase hiring efficiency and speed, allow the CFTC to effectively meet projected hiring goals, and remain competitive in the labor market.
- The Commission implemented the Strategic Learning Initiative, which included the development and deployment of a division-specific training needs assessment process. In addition, the Commission designed and implemented instructor-led courses and launched new e-learning campaigns to meet the Commission's regulatory, management, and leadership training and development requirements.
- The CFTC reengineered its Budget Program Activity Codes (BPACs) to provide a method for collecting time, labor, and expense data that is aligned with the Commission's budget and mission-critical activities. During FY 2012, the Commission successfully standardized a structure that reflects the requirements of CFTC programs and functions through a multi-divisional working group; put into place a governance framework and provided for future changes to the structure in accordance with best practices; and implemented a comprehensive training program for supervisors, timekeepers, and each employee to support front-end data integrity.

Goal Five Performance Summary



- To expand CFTC's compliance with the Federal Information Security Management Act, the Commission entered into a contract for a Personally Identifiable Information inventory, a review of NFA's privacy policies, and other privacy support. The Commission also removed social security numbers from all CFTC forms and developed a new privacy threshold analysis that allows the procurement staff to determine which contracts require a privacy impact assessment.
- To help the effective transition of its workforce to the Dodd-Frank Act regulatory environment, the Commission leveraged cloud-based, software-as-a-service (SaaS) solutions to improve the hiring, training, and learning management, and staff time reporting processes. To increase the use and effectiveness of SaaS to support management and administration, the Commission

also consolidated administrative and staff data into a central database supported by web services. In addition to allowing the Commission to streamline vendor management, staff and contractor, and ethics compliance processes, this has also allowed for the consolidation and increased control over sensitive personally identifiable information.

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

	# of Measures	Met	Not Met
Goal Five	**14**	**10**	**4**
% of Total		71%	29%

Goal Five performance measures, analysis and review

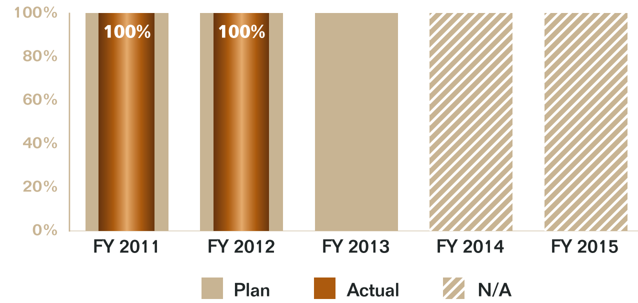
PERFORMANCE MEASURE 5.1.1.1 Executive approval and Commission adoption of efficient and effective organizational design. FY 2012 – Complete implementation of new organizational structure: identify and hire key leadership positions; assign/re-assign staff to new divisions and offices as required; and, draft new career ladder and associated position descriptions as needed.

FY 2012 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 2012. The CFTC reorganization was completed in 2012. The Commission has established key leadership positions and all employees have been assigned or reassigned to the appropriate offices and/or divisions within the CFTC. The Commission has also established mission-critical positions on an as-needed basis.

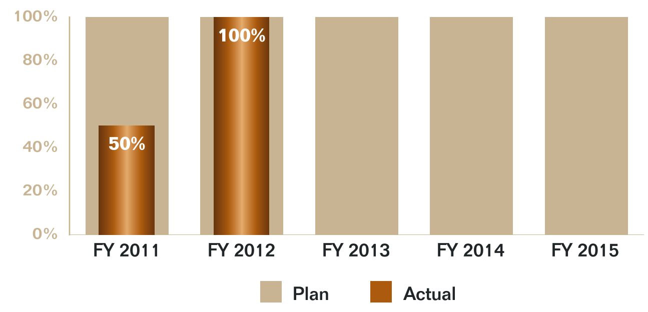
PERFORMANCE MEASURE 5.2.1.1 Develop, adopt, and implement a comprehensive planning process. FY 2012 – Track high-level projects; redefine budget program activity codes (BPAC).

FY 2012 Performance Results 100%

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 met for FY 2012. High-level project tracking/management processes were implemented in OED and ODT, the Commission's primary project management organizations. New BPACs, which are organized by mission activity and linked to the budget and strategic plan, have been established and were implemented at the beginning of FY 2013 as highlighted in the plan. This will greatly enhance the CFTC's cost accounting and budget planning capabilities and continue to enhance the CFTC's stewardship of appropriated funds and overall efficiency.

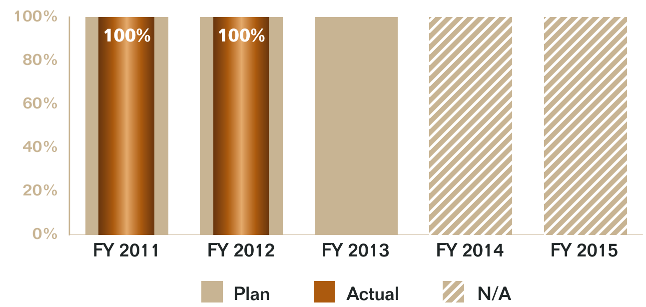
PERFORMANCE MEASURE 5.3.1.1 Assess, develop, and implement automated hiring system.
FY 2012 – Implement automated hiring system and associated business processes.

FY 2012 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 2012. The automated hiring project was completed on budget and implemented for six major occupational groups on September 14, 2012. The Commission assessed and procured the best fit system based on requirements, while improving the recruitment processes to maximize efficiency gains from automation factors. An automated hiring system is designed to streamline the hiring process; improve the Commission's ability to meet the Office of Personnel Management's 80-day hiring timeline; provide electronic notification to the applicants; provide electronic access to certificates by hiring managers; position the Commission to remain competitive in the labor market by enabling online applications; ensure the Commission is able to resume posting its own jobs; and free up human resources specialists from routine work, allowing them to devote more time to the higher level consultative role with hiring managers (*e.g.*, workforce planning and recruitment).

Hiring at the CFTC was primarily a manual process which required significant manpower and time to complete. It required the receipt of hard copy or softcopy applications which were then printed and logged into a database. This manual process was less efficient, more time consuming, and slower than the automated alternative. An assessment of the CFTC's hiring readiness concluded that an automated system was essential to meeting projected hiring goals for Dodd-Frank Act implementation. Failure to implement an automated hiring system would require additional resources to meet those hiring goals because of the labor-intensive nature of the manual process.

This new online application capability is fully functional and is essential for the CFTC to remain competitive in attracting applicants in the current and future labor market.

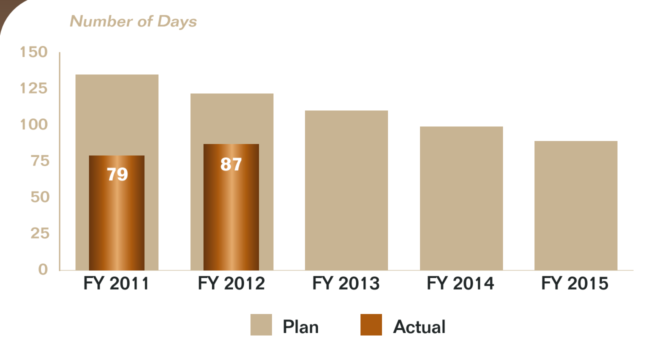
PERFORMANCE MEASURE 5.3.1.2 Improve time to hire from 150 days to 80 days.
FY 2012 – Improve time to hire by 10% in each of the next four years—saving 13.5 days.

FY 2012 Performance Results 87

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)



Performance Analysis & Review

The performance target was met for FY 2012. With the Chairman announcing that timely hiring was essential to stepping up to the CFTC's mission under the Dodd-Frank Act, managers embraced the role of planning for and streamlining the recruitment process. Successful steps taken toward 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. The implementation of the automated staffing system at the end of FY 2012 should further improve the CFTC's average time to hire by improving recruitment business processes.

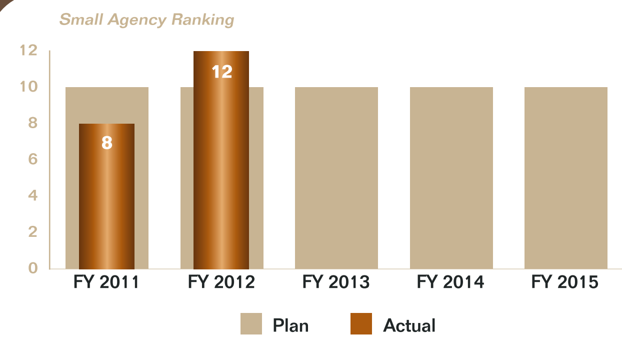
PERFORMANCE MEASURE 5.3.2.1 The CFTC is consistently rated by its employees as a small agency workplace of choice and listed annually as one of the top 10 best places to work in the Federal government (small agency category). The CFTC identifies low scores determined to be of most significance to the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

FY 2012 Performance Results 12

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



Performance Analysis & Review

The performance target was not met for FY 2012. Based on results from the 2011 Employee Viewpoint Survey (EVS), the Commission implemented an action plan during FY 2012 to maintain progress in promoting continuous improvement in the CFTC work environment. A number of seminars and workshops were sponsored to enhance the Commission's wellness programs during the year. As a result, the 2012 EVS reflected strong improvements in satisfaction related to the various work-life programs offered by the CFTC (up 28-66 percent over 2011 results). CFTC employees also continue to remain a source of strength in meeting Commission mission goals and objectives. Survey items 7, 8, and 28 all indicate that CFTC employees are a committed workforce that regularly look for ways to improve work processes, willing to put forward the extra effort to get their job done, and feel that the overall quality of the work performed by their unit is highly favorable. The result illustrated a 1.0-2.6 percent increase in positive responses for 2012 over 2011, with positive response rates between 89.9 percent and 98.6 percent overall.

However, with the implementation of the Dodd-Frank Act, the Commission is in transition. The workforce is taking on expanded responsibilities and the demographics of the workforce are changing as well. The workforce with fewer than three years of service is roughly 28 percent.

CFTC's overall employee satisfaction declined by 5.6 percent which resulted in a drop in the Commission's ranking from 8th to 12th among 29 small agencies as one of the Best Places to Work in 2012. In response, the Commission will implement a new action plan based on these latest survey insights during the FY 2013.

More information on the ratings of the CFTC can be found on The Best Places to Work in the Federal Government website, *http://bestplacestowork.org*.

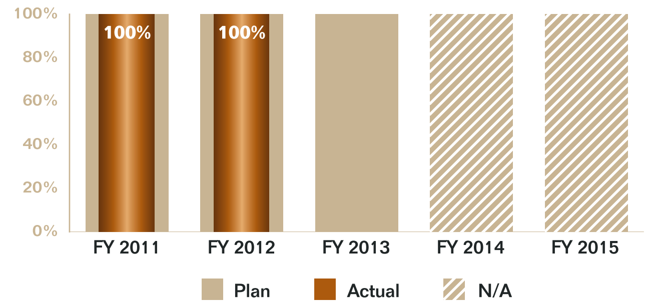
PERFORMANCE MEASURE 5.3.3.1 Develop and implement comprehensive development and education program. FY 2012 – Augment and expand in-house legal and technical training to a comprehensive CFTC regulatory training program. Develop leadership and management training curriculum.

FY 2012 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 2012. By year end, the CFTC expanded its regulatory training vision by procuring and deploying a total of eight regulatory training programs. The programs increased the knowledge profile of the Commission in both current and emerging areas of mission responsibility; more than 50 percent of the Commission participated in formal regulatory training in FY 2012, including employees from every division. The training was particularly focused on enhancing knowledge of the swaps market. In addition to an expanded cadre of classroom courses, the Commission also increased its usage of on-demand computer-based regulatory training, including accessing more than 150 courses from multiple providers that allowed employees to obtain "just-in-time" learning solutions that could be immediately applied in the oversight of the financial marketplace.

The Commission expanded its focus on management and leadership training, providing courses on critical thinking, crucial conversations, project management, generational differences, contracting officer training/refresher training, effective meetings, and situational leadership. The Commission piloted an executive coaching program to further enhance the decision-making capacity of senior leaders. Using enhanced technology, the Commission created a knowledge sharing program where employees in a division can pass along tacit knowledge within their division and throughout the Commission by capturing and making available short video learning modules. In addition to general regulatory, management, and leadership development curriculum, the Commission also completed a specific Business Managers Curriculum that will be deployed, pending funding availability.

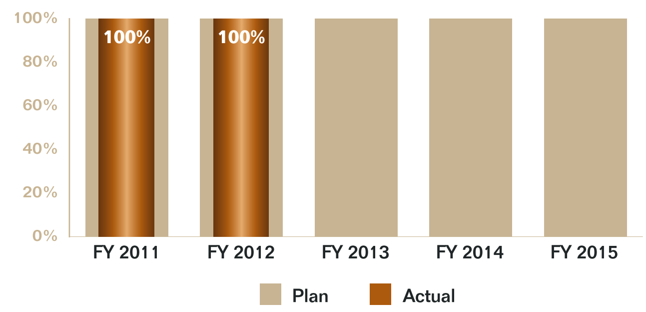
PERFORMANCE MEASURE 5.3.3.2 Assess requirements, design, and implement a comprehensive CFTC-wide mentoring program focused on enhancing the competencies of CFTC's current and future workforce. FY 2012 – Expand mentoring program to other offices and divisions.

FY 2012 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 2012. In July 2012, the CFTC broadened its mentoring effectiveness by deploying an enhanced program within DOE. The program was designed to help employees specifically gain a better understanding of what they need to do to assimilate to their roles, improve in their positions of record, and/or advance in their careers within DOE. The program has helped to create a robust learning culture which actively values ongoing learning and professional development, encourages greater communications, improves cooperation, and promotes collaboration within the division and with external stakeholders. Twenty-six individuals are currently participating in the DOE program. The program has visible senior leadership sponsorship; all participants complete a business strengths assessments/inventory which helps to identify areas of strength and improvement. To better prepare mentors for their important role, the Commission developed a mentor handbook, action planning log, and templates for discussion. The templates were utilized to enrich and provide focus for the mentor/mentee dialogue. The program has been successful, in large measure, because it provides employees with clarity regarding how they can be more effective, and it provides mentors with a forum to exchange and provide knowledge that will ensure the professional growth of participants.

PERFORMANCE MEASURE 5.4.1.1 Transparency and process maturity of IT governance for reinforcing business unit and IT partnership. FY 2012 – Align IT governance with reengineered BPAC structure.

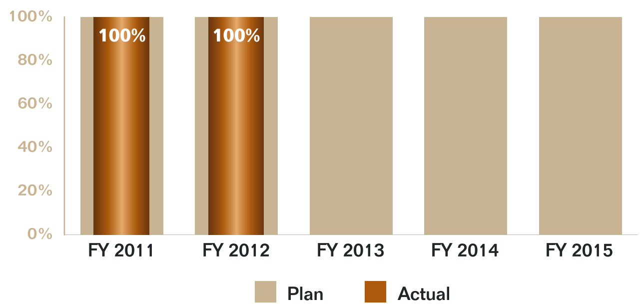
FY 2012 Performance Results

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 2012. IT expenditures and budget estimates are now categorized by BPAC mission activities. IT budget exhibits submitted to the OMB for the FY 2014 President's Budget identified major IT investments by mission activities. The ODT FY 2013 annual IT Operating Plan (ITOP) identifies the primary mission activity for each IT project and is linked to the IT Strategic Plan (ITSP) through IT strategic objectives that are aligned with CFTC Strategic Plan objectives.

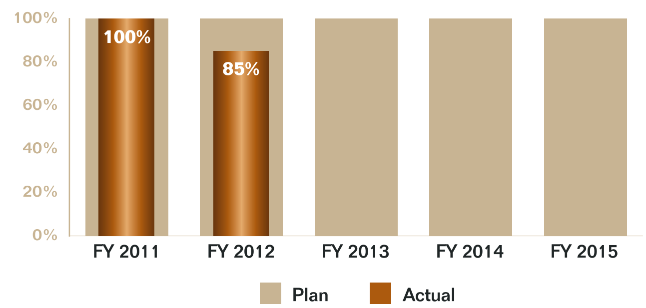
PERFORMANCE MEASURE 5.4.1.2 Implementation of IT strategy and architecture for business continuity. FY 2012 – Establish system service support at the collocation facility for Tiers 1 and 2 applications and datasets.

FY 2012 Performance Results 85%

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 not met for FY 2012. Critical milestones focused on the design and implementation of application restart-ability of Tier 1 (Mission Critical) and Tier 2 (Mission Essential) systems at the Commission's Alternate Computing Facility (ACF). In FY 2012, the Commission designed and implemented the critical storage, servers, virtualization, and telecommunications required to support the service restart-ability at the ACF. In the event of an unplanned or planned data center failure or voluntary shutdown, the Commission's Tier 1 and 2 systems can be available and fully functional at the ACF. The system can be consumed by end-users who reside at Commission headquarters, regional offices, or remote locations. In FY 2013, the final phase of the Business Continuity project will provide restart-ability for the Tier 3 systems.

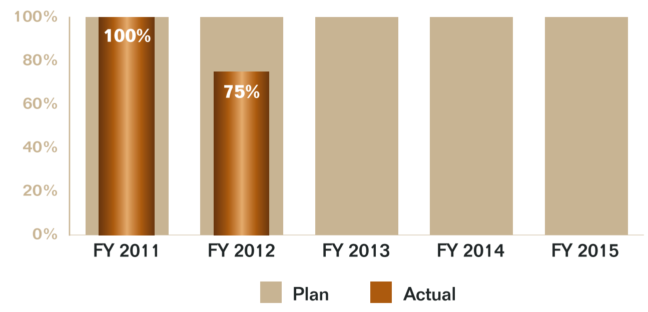
PERFORMANCE MEASURE 5.4.2.1 Implementation of enterprise data management for effective aggregation, correlation with external data, and increased collaboration with other regulators.
FY 2012 – Establish enterprise data warehouse and service oriented architecture for enterprise data management. Communicate enterprise data warehouse and service oriented architecture design to NFA, SEC, OFR, and other regulators. Integrate FILAC system into enterprise data warehouse.

FY 2012 Performance Results 75%

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 not met for FY 2012. The Commission achieved several key milestones during this reporting period. The "enterprise data warehouse" has been established. The system that will replace FILAC (Filings and Actions System) for the CFTC registration, OPERA (Organizations, Products, Events, Rules, and Actions), continues to progress and collects industry submitted data electronically through a newly developed CFTC extranet portal. The portal system feeds data into a central CFTC enterprise data warehouse. There are a number of active projects that leverage the CFTC portal and build upon the enterprise data warehouse (*e.g.*, Ownership Control Reporting (OCR), DMO and DCO financial reporting (Parts 38 and 39); additional data system feeds will be built iteratively as time and budget allow. (50 percent)

The Commission has begun communications with industry participants about new CFTC data collection methods and its enterprise data warehouse. In addition, all system activities are being developed using a service oriented architecture (SOA)—OPERA, CFTC portal, Personnel Clearance System (PCS), Vendor Contact Management System (VCMS), Unified Reporting, and other systems are all being built with 100 percent compliance to the IT SOA standards. Web services and data services supporting automated data interchanges with NFA, the Office of Financial Research (OFR), SEC, and other external regulators will be communicated as capabilities are developed during Dodd-Frank Act implementation. (100 percent)

The OPERA system to replace FILAC is scheduled to be completed in the second quarter of FY 2013. (75 percent)

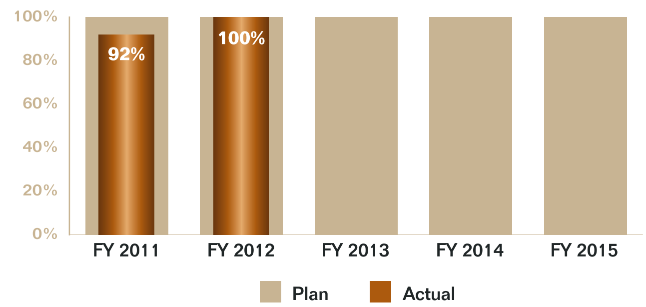
PERFORMANCE MEASURE 5.4.2.2 Direct Access to SROs and SDRs for effective oversight.
FY 2012 – Implement dedicated connections to high volume DCMs and SROs.

FY 2012 Performance Results 100%

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 met for FY 2012. The CFTC has worked closely with the SDRs and SDR applicants to set up the following for SDRs which are either provisionally or finally registered with the Commission:

- Increased Internet bandwidth. The number of dedicated connections will be driven by data interchange volume with each SRO or SDR.
- Developed SDR onboarding plans for SDRs which are provisionally or finally registered and continue developing onboarding plans for SDR applicants which are still under consideration.
- Executed MOU with the SDRs to provide staff with access to SDR data that is reported voluntarily and under Part 45 of the CEA.
- Implemented the process to grant, manage and revoke access to Commission staff to SDR data.
- Developed additional requirements for reporting and analysis of swaps data reported to SDRs.

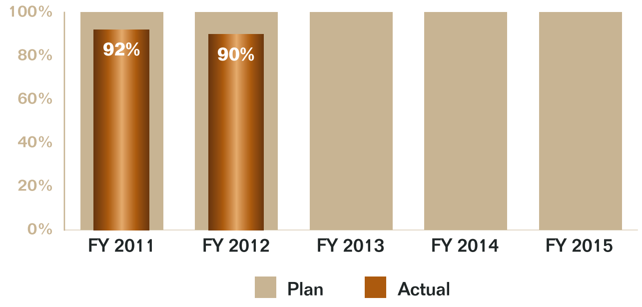
PERFORMANCE MEASURE 5.4.3.1 CFTC-wide document and records management and intranet solutions for improved data security collaboration, retention, sharing, and disposal. FY 2012 – Implement eDiscovery preservation and legal hold. Implement enhancements to document search and retrieval software. Implement ERDM enterprise search and taxonomy and metadata management. Division collaboration sites migrate to/integrate with CFTCnet.

FY 2012 Performance Results 90%

Lead Program Office:
Office of Data and Technology (ODT)

Data Source:
Project Management Documentation

Verification:
Review of Project Schedules and Status Reports



Performance Analysis & Review

The performance target was not met for FY 2012. Critical milestones achieved during this reporting period included:

- eDiscovery preservation and legal hold was implemented earlier this fiscal year with the procurement and implementation of EnCase software within the OGC. (100 percent)
- The original intent for enhancements to document search and retrieval software was to upgrade Concordance with the latest version, which included the Vivisimo integrated search tool. Subsequent decisions have resulted in a procurement to replace Concordance with a different tool and its associated search capabilities. This procurement was completed and a product called Relativity was purchased. A pilot project for Relativity has been initiated with full rollout expect in FY 2013. (80 percent)
- Taxonomy was completed in the third quarter of FY 2012 and an Enterprise Search pilot was initiated. The Enterprise Search pilot is scheduled to be completed in the first quarter of FY 2013 with a full rollout of the Enterprise Search functionality phased in FY 2013. (80 percent)
- All division collaboration sites have migrated to CFTCnet. (100 percent)

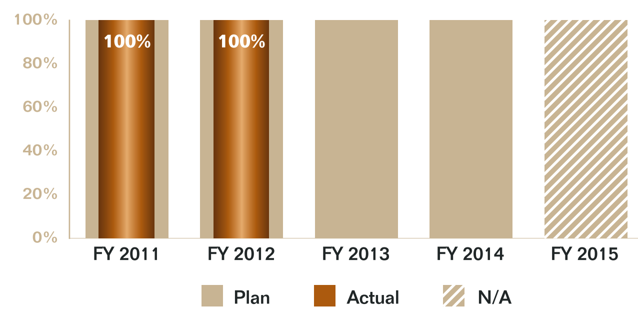
PERFORMANCE MEASURE 5.5.1.1 Reengineer, improve, and implement CFTC's Cost Accounting Codes (BPAC). FY 2012 – Choose best option for BPAC code structure in line with operating and reporting needs and in light of available resources. Implement new codes for use in FY 2013 budget formulation process.

FY 2012 Performance Results 100%

Lead Program Office:
Office of Executive Director (OED)
Financial Management (FM)

Data Source:
BPAC Repository Meta Data

Verification:
Successful mapping of 100% of the BPAC Activities to Budget Mission Activities



Performance Analysis & Review

The performance target was met for FY 2012. During the year the Commission completed the reengineering of the BPACs to enhance cost accounting, reporting, and budget planning; and implemented a repository to create and maintain BPACs. The new BPAC code structure is organized by mission activity and directly links to the budget and strategic plan. These BPACs were used Commission-wide for the first time in the ongoing formulation of the FY 2014 President's Budget.

Training for all CFTC staff was provided on the organization of the new BPACs and use of a Commission-wide time and attendance worksheet, which standardized time-keeping data gathering and entries and replaced a number of other time-keeping tools. The Commission will continue to monitor BPAC usage, enhance division level reporting capabilities, and incorporate the new codes into all budget, procurement, and accounting-related business processes.

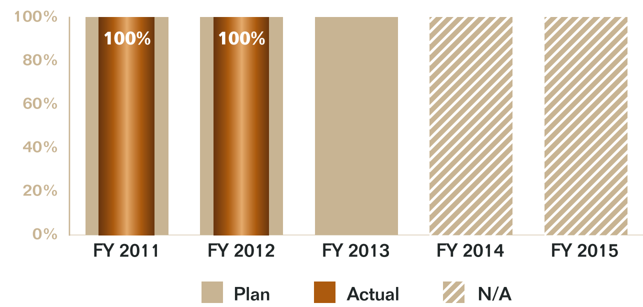
PERFORMANCE MEASURE 5.5.2.1 Management Control Reviews are conducted and documented. Recommendations are implemented. The Chairman and the Chief Financial Officer (CFO) are able to give an unqualified Federal Managers' Financial Integrity Act (FMFIA) management assurances. FY 2012 – Update program and administrative risk assessments and three year plan, continue conducting reviews, developing remediation plans, and taking corrective actions.

FY 2012 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 2012. The CFTC Management Control Reviews were conducted and documented. Recommendations are being implemented. The Chairman and the CFO were able to give unqualified FMFIA management assurance.

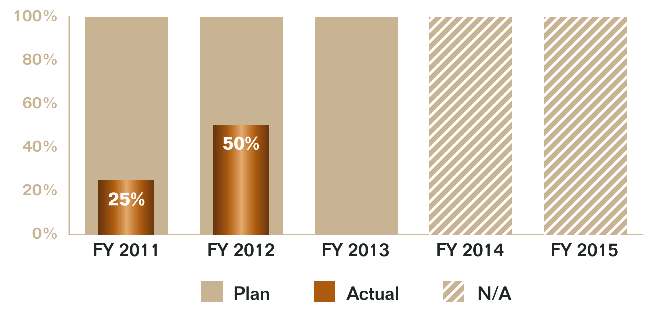
PERFORMANCE MEASURE 5.5.3.1 Implement web-based time and attendance system.
FY 2012 – Pilot WebTA. Percentage complete.

FY 2012 Performance Results 50%

Lead Program Office:
Office of Executive Director (OED)
Human Resources (HR)

Data Source:
Project Schedule and Status Report

Verification:
OED Management Oversight Committee Minutes



Performance Analysis & Review

The performance target was not met for FY 2012. The Commission's timeline was delayed in order to resolve unanticipated system compatibility issues which required the Commission to identify and evaluate alternative hosting services for WebTA. Specifically, a feasibility study was conducted to assess options and, based on this evaluation, the CFTC and USDA's National Finance Center (NFC) entered into an interim interagency agreement on July 31, 2012, to provide WebTA Hosting Plus services. The hosting service will allow the CFTC to efficiently transmit time and attendance data to NFC for processing. The decision to have NFC provide the WebTA Hosting Plus service is important in that NFC will provide assistance not only with implementing WebTA, but also with transitioning from the current time and attendance reporting STAR-web system to the WebTA system. As the host agency, NFC will also provide a WebTA Helpdesk to receive and respond to inquiries regarding functionality and system access.

The CFTC is currently working with NFC and the WebTA contractor to finalize the software development phase of the project. Once this phase is completed, NFC and CFTC will be able to finalize the interagency agreement and prepare a timeline for implementation. One major challenge in completing the software development phase has been programming the WebTA system with the CFTC's BPAC. Incorporating the BPAC structure into WebTA is important to implementation in that it will improve the Commission's ability to monitor labor costs associated with mission activities.

The WebTA implementation is projected to begin in the spring of FY 2013. At that time, the CFTC will conduct user acceptance testing; provide training on the WebTA system to supervisors/managers, timekeepers, and employees; and pilot test the system in two divisions to identify and resolve any issues before Commission-wide implementation.

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. The CFTC views this process as an evolutionary one, with improvements developing as budget, time, and expertise will allow. In recent years, the CFTC developed and put into place a new strategic plan, providing an opportunity for how the Commission approaches the verification and validation of the performance measures within.

During FY 2012, the Strategic and Operational Planning team developed a comprehensive Performance Data Verification and Validation Checklist based on OMB guidance [Circular A-11 (2012)]. The checklist was shared with appropriate division and office staff as a structured method of self-evaluation with regards to the controls to be in place when collecting and reporting performance information. It can be used as a tool for each division and office to assess their level of internal controls as it pertains to performance information. As the Commission's measurement and analysis maturity model progresses over time, especially with a new strategic planning cycle already underway, it will be more important that a culture for robust internal controls around performance information activity be in place at the CFTC.

Program Evaluations

The 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 2012 assessment addressing the Commission's most serious management issues. The OIG's assessment is located in the *Other Accompanying Information* section of the FY 2012 Agency Financial Report (AFR) and on the Commission website at *http://www.cftc.gov/ucm/groups/public/@aboutcftc/documents/file/oigmgmtchall2012.pdf*.

In FY 2012, two external evaluations relating to the mission of the CFTC were conducted by the U.S. Government Accountability Office (GAO), one of them resulting in general recommendations for all financial regulators. They are as follows:

Dodd-Frank Act Regulations: Implementation Could Benefit from Additional Analyses and Coordination, GAO-12-151, November 10, 2011.

The Dodd-Frank Act requires or authorizes various Federal financial regulators to issue hundreds of rules to implement reforms intended to strengthen the financial services industry. Federal financial regulators are required to conduct a variety of regulatory analyses, but the requirements vary and none of the regulators are required to conduct benefit-cost analysis. All financial regulators must analyze the paperwork burden imposed by their rules and consider the impact of their rules on small entities as part of their rulemaking process. The CFTC and SEC are also required under their authorizing statutes to consider certain benefits and costs of their rules.

While the Federal financial regulators have begun to take steps to address challenges associated with promulgating hundreds of new rules required under the Dodd-Frank Act, the CFTC is making four recommendations aimed at improving the efficiency and effectiveness of these efforts.

- To strengthen the rigor and transparency of their regulatory analyses, the CFTC recommends that the Federal financial regulators take steps to better ensure that the specific practices in OMB's regulatory analysis guidance are more fully incorporated into their rulemaking policies and consistently applied.
- To enhance interagency coordination on regulations issued pursuant to the Dodd-Frank Act, the CFTC recommends that FSOC work with the Federal financial regulatory agencies to establish formal coordination policies that clarify issues such as when coordination should occur, the process that will be used to solicit and address comments, and what role FSOC should play in facilitating coordination.
- To maximize the usefulness of the required retrospective reviews, the CFTC recommends that the Federal financial regulatory agencies develop plans that determine how they will measure the impact of Dodd-Frank Act regulations—for example, determining how and when to collect, analyze, and report needed data.
- To effectively carry out its statutory responsibilities, the CFTC recommends that FSOC direct OFR to work with its members to identify and collect the data necessary to assess the impact of the Dodd-Frank Act regulations on, among other things, the stability, efficiency, and competitiveness of the U.S. financial markets.

Financial Literacy: Overlap of Programs Suggests There May Be Opportunities for Consolidation, GAO-12-588, July 23, 2012.

Financial literacy—the ability to use knowledge and skills to manage financial resources effectively—plays an important role in helping to ensure the financial health and stability of individuals and families. Federal agencies promote financial literacy through activities including print and online materials, broadcast media, individual counseling, and classroom instruction.

To help ensure effective and efficient use of Federal financial literacy resources, the CFTC also recommends that the Secretary of the Treasury and the Director of the Consumer Financial Protection Bureau, in their capacity as Chair and Vice Chair of the Financial Literacy and Education Commission, and in concert with other agency representatives of the commission:

- Identify for Federal agencies and Congress options for consolidating Federal financial literacy efforts into the activities and agencies that are best suited or most effective.
- Revise the commission's national strategy to incorporate clear recommendations on the allocation of Federal financial literacy resources across programs and agencies.

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

In FY 2012, two reports relating to the programs supporting the CFTC mission were produced by the CFTC OIG. They are as follows:

A Preliminary Investigation Regarding Position Limits Rulemaking Efforts Undertaken by the Commodity Futures Trading Commission Pursuant to the Dodd-Frank Act, CFTC OIG, February 15, 2012 [Redacted].

The OIG conducted a preliminary investigation of the process by which the CFTC proposed and adopted rules governing position limits under the Dodd-Frank Act. The OIG undertook this preliminary investigation upon the receipt of two anonymous communications alleging misconduct in connection with the rulemaking.

After conducting several interviews, the OIG found no evidence to sustain a preliminary finding of wrongdoing by any individual connected with the position limits and large swaps trader reporting rulemakings. No witness presented evidence of corruption or violations of law in connection with the drafting of the position limits rule by the team lead or any other person who worked on the rule.

Inspection – Division of Enforcement Disposition of Preliminary Investigations Records, CFTC OIG, September 4, 2012.

The OIG initiated an inspection of DOE's policies and practice for handling the disposition of Preliminary Investigation matters. Preliminary Investigation matters are documents and artifacts received by DOE which allege a potential violation of the CEA. The objective of this inspection was to ascertain whether DOE had adhered to the CFTC records disposition schedule approved by the National Archives and Records Administration (NARA).

The OIG was able to confirm with NARA that the CFTC's records retention schedule was approved by NARA and is currently applicable to DOE documents. The OIG was also able to confirm that DOE does inform staff of the NARA-approved records retention policies. The inspection primarily focused on the disposition of matters classified as Preliminary Investigations (covered under Section 405 of the CFTC records retention policies) which must be retained for three years. Consequently, the OIG sought to identify any Preliminary Investigative matters that were closed and disposed prior to the three-year NARA-approved retention deadline. The OIG found none, zero. According to NARA-approved records retention schedule, matters under a full Investigation must be retained for five years and so were beyond the scope (time frame) of this inspection.

Furthermore, DOE utilizes an electronic database for capturing, storing, and managing all matters received by the division from all sources. In the electronic database the team examined a sample of all matters received during the review period by DOE. The inspection team visually inspected 174 randomly selected closed cases out of a total of 1,722 closed cases in Practice Manager (database). In the sample, the OIG team found no evidence of any matter excluded from the database during the review period.

Current management controls in place restrict the ability of staff attorneys to alter and/or purge data captured by the system. The division locked down Practice Manager on September 21, 2011, so that the Inspection team could examine Practice Manager's contents.

During this OIG inspection a communication error at the contracted records storage firm led to the accidental destruction of 58 cartons of material that should have been retained (in case the OIG requested specific information). This accidental destruction did not impact any ongoing or potential investigation. The physical documents in the 58 cartons exceeded their designated retention date. However, to accommodate this inspection the scheduled destruction was delayed by the CFTC Records Officer in case the OIG needed to examine the documents. This accidental destruction did not impact the inspection results.

CFTC OIG reports are available on the CFTC website at http://www.cftc.gov.

A Message from the Chief Planning Officer

I am pleased to present the CFTC's FY 2012 Annual Performance Report. The Commission's organizational performance management activities operate under the guidance of the Government Performance and Results Act (GPRA) Modernization Act of 2010 as an independent agency.

I believe that assessing organizational performance and ensuring the best use of resources can be achieved using a number of different tools and methods, performance reporting being one of them. Equally important is a strategic vision grounded in leadership commitment to performance management.

In 2011, the Commission brought together a new Strategic Plan (FY 2011–2015), supported by a number of performance measures targeting both outputs and outcomes. While the Commission is required to formally communicate the success and challenges related to each measure annually, it has moved to a semi-annual review of performance information and will go to quarterly reviews in 2015.

The CFTC's commitment to performance-based management is also evident in the way we set expectations and hold managers accountable for program improvement and results. We evaluate performance based on the effective use of financial, material, and human resources to accomplish the goals of the Commission, its mission, offices, and programs.

We appreciate the opportunity to report to the American public on the results of FY 2012 performance and look forward to any feedback we may receive on how we can improve our reporting in the future.

George Godding
February 2013

Acknowledgements

This Annual Performance Report was produced by the contributions of dedicated and talented Commission staff. To these individuals, the Business Management and Planning Branch would like to offer a genuine thank you and acknowledge our true appreciation for their effort.

Stephanie Allen
Srini Bangarbale
Rachel Berdansky
Lea-Ann Bigelow
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Mark Bullard
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Robert Wasserman
Ralph White

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 Glossary of Acronyms for this report 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. This 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*.

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

CFR .... Code of Federal Regulations

Dodd-Frank Act .. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

FMFIA .... Federal Managers' Financial Integrity Act

FR .... Federal Register

GPRA .... Government Performance and Results Act

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 the Chief Economist

ODT .... Office of Data and Technology

OED .... Office of the Executive Director

OGC .... Office of the General Counsel

OIA .... Office of International Affairs

OIG .... Office of the Inspector General

OITS .... Office of Information Technology Services

WBO .... Whistleblower Office

U.S. Federal Departments and Agencies

CFTC .... U.S. Commodity Futures Trading Commission

GAO .... U.S. Government Accountability Office

NARA .... National Archives and Records Administration

OFR .... Office of Financial Research

OMB .... Office of Management and Budget

SEC .... U.S. Securities and Exchange Commission

USDA .... U.S. Department of Agriculture

Other Abbreviations

ACF	Alternate Computing Facility
AFR	Agency Financial Report
APR	Annual Performance Report
BC-DR	Business Continuity and Disaster Recovery
BPAC	Budget Program Activity Code
CBOT	Chicago Board of Trade
CDS	Credit Default Swap
CFO	Chief Financial Officer
CME	Chicago Mercantile Exchange
COSRA	Council of Securities Regulators of the Americas
CPO	Commodity Pool Operator
CPSS	Committee on Payment and Settlement Systems
CRFC	Core Referenced Futures Contract
CTA	Commodity Trading Advisor
DCE	Designated Clearing Entity
DCM	Designated Contract Market
DCO	Derivatives Clearing Organization
ESMA	European Securities Markets Authority
EVS	Employee Viewpoint Survey
FBOT	Foreign Board of Trade
FCM	Futures Commission Merchant
FILAC	Filings and Actions
FOREX	Foreign Exchange Currency
FRB	Federal Reserve System
FSA	Financial Services Authority
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FSOC	Financial Stability Oversight Council
FY	Fiscal Year
HR	Human Resources
IB	Introducing Brokers
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
ISS	Integrated Surveillance System
IT	Information Technology
LIBOR	London Interbank Offered Rate
LSOC	Legal Segregation with Operational Commingling
MSP	Major Swap Participant
MOU	Memoranda of Understanding
NFA	National Futures Association
NFC	National Finance Center
OCR	Ownership Control Reporting
ODRF	OTC Derivatives Regulators Forum
OPERA	Organizations, Products, Events, Rules, and Actions
OTC	Over-the-Counter
PCS	Personnel Clearance System
RER	Rule Enforcement Review
RFA	Registered Futures Association
RFED	Retail Foreign Exchange Dealer
RSR	Regulatory Statement Review
SAAS	Software-as-a-Service
SD	Swap Dealer
SDR	Swap Data Repository
SEF	Swap Execution Facility
SIDCO	Systemically Important Derivatives Clearing Organization
SOA	Service Oriented Architecture
SPARK	Stressing Positions at Risk
SPFI	Summary of Performance and Financial Information
SRO	Self-Regulatory Organization
SSE	System Safeguard Examination
UK	United Kingdom
US	United States
VCMS	Vendor Contact Management System

Enforcement Actions

Among the significant and precedent-setting enforcement actions filed by the Commission during FY 2012 are the following:

Cases Involving Manipulation, False Reporting, Wash Trades, and Position Limits

- In a landmark case, the Division filed charges against Barclays PLC and two affiliates for attempted manipulation and false reporting concerning LIBOR and other global benchmark interest rates. The charges were simultaneously settled pursuant to an Order requiring Barclays to pay $200 million, the largest fine ever imposed by the CFTC, and requiring Barclays to implement a number of measures to ensure the integrity of the bank's benchmark submissions.
- The Division settled charges previously filed in Federal court against a global proprietary trading company, Optiver Holding BV, two of its subsidiaries, and three then company officers for manipulating and attempting to manipulate crude oil and other energy futures contracts. The court-approved settlement required the defendants to pay $14 million and included trading limitations for one of the corporate defendants and the three individual defendants.
- The Division filed charges against Joseph F. Welsh, a former broker with MF Global, alleging that Welsh attempted to manipulate prices of palladium and platinum futures contracts, and with aiding and abetting the attempted manipulations of Christopher L. Pia, a former portfolio manager of Moore Capital Management, LLC. Both Pia and Moore Capital settled the separate actions against them prior to FY 2012. The case against Welsh is pending in Federal court in New York.
- The Division filed charges against Royal Bank of Canada (RBC), alleging a multi-hundred million dollar wash trading scheme involving stock futures contracts. The CFTC's complaint, which is pending in Federal court in New York, also alleged that RBC made false statements concerning material aspects of its wash sale scheme to OneChicago, LLC, an electronic futures exchange, and to CME Group.
- The Division filed a number of separate actions against traders who exceeded the limits on the quantity of futures contracts they were lawfully permitted to hold in the cotton, wheat, corn, and soybean markets. The penalties imposed in these cases pursuant to settlement orders ranged from $140,000 to $600,000, and in one case the sanction included disgorgement of $1 million in profits made from the excessively large position.

Cases Involving Customer Funds Safeguards and Supervision Obligations

- The Division filed charges against Peregrine Financial Group Inc., an FCM, and its owner, Russell R. Wasendorf, Sr., alleging misappropriation of customer funds, violations of customer fund segregation laws, and making material false statements to the CFTC. The suit, which is pending in Federal court in Chicago, was filed within 24 hours after the fraud came to light.
- The Division filed charges against JPMorgan Chase Bank for its unlawful handling of Lehman Brothers, Inc.'s customer funds prior to and after Lehman filed for bankruptcy in the midst of the financial crisis of 2008. The charges were simultaneously settled pursuant to an order requiring JPMorgan to pay $20 million, the largest CFTC sanction for a segregated fund violation to date.
- The Division filed charges against MBF Clearing Corp. (MBF), a registered FCM, alleging that MBF violated laws requiring the segregation of customer funds and that the firm failed to adhere to its supervision obligations. The case is pending in Federal court in New York.
- The Division filed charges against Forex Capital Markets LLC (FXCM), a retail forex dealer, for failing to supervise the handling of more than 57,000 customer accounts that were disadvantaged by FXCM's system that allowed

for one-sided "slippage" in forex prices. The charges, which also included a separate violation for FXCM's failure to produce certain records promptly to the Division, were settled simultaneously pursuant to an Order requiring FXCM to pay more than $14 million.

- The Division filed charges against Goldman Sachs Execution & Clearing, L.P. (GSEC), an FCM, for supervision violations arising from GSEC's failure to investigate signs of questionable conduct by a GSEC client. The charges were simultaneously settled pursuant to an Order requiring GSEC to pay $7 million.

- The Division filed charges against Rosenthal Collins Group, LLC (RCG), an FCM, for failing to supervise an RCG account that an RCG client was using to perpetrate a multi-million dollar commodity futures Ponzi scheme. (The Division charged the RCG client, Enrique F. Villalba, and his company for the underlying fraud prior to FY 2012.) The charges against RCG were simultaneously settled pursuant to an Order requiring RCG to pay $2.5 million.

Cases Involving Ponzi and other Fraud Schemes, and False Statements to the CFTC

- The Division filed charges against Ronnie Wilson and Atlantic Bullion & Coin, Inc. alleging that they operated a $90 million Ponzi scheme involving fraudulent contracts for purchases and sales of silver. The complaint, which is pending in a Federal court in South Carolina, uses the Commission's new Dodd-Frank Act authority prohibiting fraud schemes in connection with a contract of sale of a commodity in interstate commerce.

- The Division filed charges against Nikolai S. Battoo and his four companies alleging fraud in connection with commodity pools that allegedly accepted over $140 million from U.S. investors. The case is pending in Federal court in Chicago.

- The Division filed charges against Steven Pousa of Australia; Joel Friant of the United States; and their company, Investment Intelligence Corp alleging they conducted a global fraudulent off-exchange forex scheme, allegedly accepting at least $53 million from at least 960 clients. The case is pending in a Federal court in Texas.

- The Division filed charges against Donald Newell and his company Quiddity LLC, a registered CPO and trading advisor, alleging that they fraudulently allocated more profitable trades to themselves and less profitable trades to their customers. The Division also charged Newell under the Commission's new Dodd-Frank Act authority with making material false statements to the Division during its investigation of this matter. The case is pending in Federal court in Chicago.

CFTC Performance Measures and Results

Performance measures which were rule-dependent (Dodd-Frank Act) and others considered "Not Applicable" during FY 2012 have been placed at the bottom of the table in a section titled "Performance Measures Considered Not Applicable in FY 2012."

CFTC Performance Measures and Results

Goal.Objective.Strategy.Measure Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
0.1.1.1 Complete all Dodd-Frank Act rules within statutory time frames.	18%	82%	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.						
1.1.1.1 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
1.1.1.2 Implement automated surveillance alerts and a case management system.	70%	100%	100%	100%	N/A	N/A
	Implement four automated market alerts.	Implement automated market profile alerts. Integrate swaps market data into two 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%	98%	100%	100%	100%	100%
	Implement five automated trading violation alerts.	Implement five automated trading violation alerts.		Implement four automated trading violation alerts.	Implement two 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%	60%	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

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CFTC Performance Measures and Results *(continued)*

Goal.Objective.Strategy.Measure Performance Measure	FY 2011 Actual	FY 2012 Actual	 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 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%	10%	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%	73%	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%	0%	100%	100%	100%	100%
1.2.1.2 Percentage of non-major DCMs and SEFs reviewed, during the year. (Structural Sufficiency)	20%	13%	100%	100%	100%	100%
1.2.2.1 Percentage of major DCMs and SEFs reviewed, during the year. (Automated Systems and Business Continuity)	80%	80%	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%	0%	33%	33%	33%	33%
1.3.1.1 Publish reports for swaps markets activity.	N/A	100%	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 swaps market report for interest rate swap products. Publish Dodd-Frank Act 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 Act 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 Act required semiannual and annual swaps reports for currency, equity and other commodity swap products.

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CFTC Performance Measures and Results *(continued)*						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
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%	50%	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%	30%	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%	64%	92%	94%	96%	98%
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%	55%	92%	94%	96%	98%
2.1.4.1 Reviews of swaps submitted to the Commission are completed within statutory and regulatory deadlines.	N/A	50%	100%	100%	100%	100%
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	550,000	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

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CFTC Performance Measures and Results *(continued)*

Goal.Objective.Strategy.Measure Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
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%	80%	92%	94%	96%	98%
2.2.2.2 Percentage of RFA rules submitted for which determinations are made within statutory time frames.	100%	80%	92%	94%	96%	98%
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%	0%	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%	80%	92%	94%	96%	98%
2.3.1.2 Percentage of direct examinations of registered intermediaries that confirm proper execution of SRO programs.	100%	43%	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 one year of opening.	81%	69%	70%	75%	75%	80%
3.2.1.1 Percentage of CFTC case filings that include referrals to domestic civil and criminal cooperative authorities.	62%	91%	65%	70%	75%	75%

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CFTC Performance Measures and Results *(continued)*						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
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	3	4	3	2	2
4.2.1.1 Number of international regulatory and standard-setting working groups in which the Commission participates.	12	15	9	9	9	9
4.3.1.1 Number of non-U.S. regulators trained.	225	414	200	200	225	225
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

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CFTC Performance Measures and Results *(continued)*						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
5.3.1.2 Improve time to hire from 150 days to 80 days.	79 Days	87 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.
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	12	$\leq$ 10	$\leq$ 10	$\leq$ 10	$\leq$ 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	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.

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CFTC Performance Measures and Results *(continued)*						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
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.
5.4.1.2 Implementation of IT strategy and architecture for business continuity.	100%	85%	100%	100%	100%	100%
	Establish remote data replication of Tiers 1, 2, and 3 to the Commission's collocation facility.	Establish system service support at the collocation facility for Tiers 1 and 2 applications and datasets.		Establish system service support at the collocation facility for Tier 3 applications and datasets.	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%	75%	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.

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CFTC Performance Measures and Results *(continued)*						
Goal.Objective.Strategy.Measure Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned
5.4.3.1 CFTC-wide document and records management and intranet solutions for improved data security collaboration, retention, sharing, and disposal.	92%	90%	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.
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%	50%	100%	100%	N/A	N/A
	Complete project to modernize Budget Program Activity Code structure and configure WebTA to accommodate.	Pilot WebTA.		Go live with WebTA.	N/A	N/A

Performance Measures Considered Not Applicable in FY 2012							
Goal.Objective.Strategy.Measure Performance Measure	FY 2011 Actual	FY 2012 Actual	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned	
1.1.3.1 Transmit information and consult with the Office of Information Technology Services (OITS) [Now recognized as the Office of Data and Technology—ODT] to implement electronic filing of forms.	50%	N/A	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	
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%	N/A	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	N/A	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	N/A	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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