

[Securities Regulation Daily Wrap Up, CFTC NEWS AND SPEECHES—CFTC submits \\$281.5M budget request for 2018, \(May 23, 2017\)](#)

Securities Regulation Daily Wrap Up

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The CFTC has submitted its FY 2018 budget request for congressional consideration. The Commission is requesting \$281.5 million and 739 full-time equivalents, an increase of \$31.5 million and 36 FTE over FY 2017. According to Acting Chairman J. Christopher Giancarlo, the [budget request](#) reflects the agency's current needs rather than prior year assessments, as well as deliberate efforts to improve the CFTC's overall efficiency. The budget also looks to streamline and modernize the CFTC's regulatory framework, according to the official.

Under the budget request, approximately 78 percent of the requested increase will support advancements in market intelligence, cost-benefit analyses, and resources to assist financial technology innovators with regulatory compliance. The remaining \$7 million is to sustain current information technology resources that support market research, risk surveillance, data collection and analysis, and enforcement efforts.

Increased examinations. The budget request seeks to increase the CFTC's examination capability to enable examiners to keep pace with tremendous growth in both the number and value of swaps cleared by designated clearing organizations. DCO risk management oversight programs and liquidity risk management procedures are becoming increasingly complex, and additional resources will aid the Commission in identifying issues that may affect an organization's ability to control and monitor risks, according to the request.

Fintech. The Commission also seeks additional resources to address Fintech issues and other innovations. In implementing the Fintech initiative, the CFTC seeks to determine how the agency should leverage innovation to enhance regulatory effectiveness and identify regulations that need to be updated in relation to digital markets. The CFTC needs to support FinTech innovation, the request notes.

Cost-benefit analyses. The CFTC also plans to invest in its economic capabilities and increase available analytical expertise and systemic risk monitoring resources in connection with the derivatives markets and with regard to central counterparty clearinghouses. Specifically, the agency seeks to expand econometric and quantitative analyses connected with risk modeling, stress testing, and general stability evaluations. The request notes that these changes will help the CFTC fulfill the mandate of the presidential executive order on financial regulation principles, particularly the principle of fostering growth through more rigorous regulatory impact analyses.

Other budget aspects. The Commission requests \$54.7 million and 153 FTE to support its enforcement function to foster public confidence and deter fraudulent and manipulative conduct, particularly with regard to innovative services and products that will require more time-intensive and complex investigations. Relatedly, the CFTC requests \$52.1 million and 118 FTE for market surveillance to assist in policy development and promote efficient and sound markets. A total of \$15.9 million and 51 FTE will be directed to the agency's registration and compliance function, and a total of nearly \$10 million and 33 FTE will be devoted to product reviews and international support and coordination efforts.

Commissioner comments. CFTC Commissioner Sharon Bowen [noted](#) that, while voting in favor of the budget request for procedural reasons, she does not support it. She expressed concern that the request is inadequate will prevent the agency from fulfilling its responsibilities to investors and consumers. She suggested that user fees would bring the CFTC in line with other financial regulators and establish a more stable source of funding for the Commission.

"I think this is a smart, less burdensome, and more cost-effective solution," she concluded.

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