



U.S. Commodity Futures Trading Commission
OFFICE OF INSPECTOR GENERAL

MANAGEMENT AND PERFORMANCE CHALLENGES

Fiscal Year 2026

DECEMBER 3, 2025





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A MESSAGE FROM THE INSPECTOR GENERAL



In accordance with the Reports Consolidation Act of 2000, the Commodity Futures Trading Commission (the “CFTC” or “Commission”) Office of Inspector General (“OIG”) identifies the most serious management and performance challenges facing the Commission and provides a brief assessment of the Commission’s progress in addressing those challenges. By statute, this report is required to be included in the CFTC’s Agency Financial Report.

The Government Performance and Results Modernization Act of 2010 defines major management challenges as programs or management functions that are vulnerable to waste, fraud, abuse, or mismanagement, and where a performance failure could seriously undermine agency mission objectives. Each challenge is related to the agency’s mission and reflects both continuing vulnerabilities and emerging issues. The OIG identified the following top management and performance challenges facing the Commission for FY 2026:

- Pending Legislation: Regulation of Digital Assets
- Expiration of Customer Protection Fund Expense Account (Whistleblower Program)
- CFTC Headquarters Relocation
- Human Capital Management
- Maturing Enterprise Risk Management and Maintaining a Proactive Cybersecurity Posture

We identified the Commission’s major management and performance challenges by recognizing and assessing key themes from OIG audits, evaluations, hotline complaints, investigations, and an internal risk assessment, as well as reports published by external oversight bodies, such as the Office of Personnel Management and the Government Accountability Office. Additionally, we reviewed previous management challenge reports to determine if those challenges remain significant for this submission. Finally, we considered publicly available information and internal Commission records.

In addition to the management challenges, we are providing management’s statements regarding prior and planned actions to address each challenge. The resulting product provides greater transparency to achieve improved agency performance.

The CFTC OIG remains committed to ensuring that CFTC and OIG programs evince high levels of efficiency and integrity. I look forward to continuing to work with the Commission, members of Congress, and my IG colleagues to provide oversight to the CFTC on behalf of the American taxpayers.

Christopher Skinner
Inspector General



CFTC MISSION

The Commodity Futures Trading Commission (CFTC) is the primary regulator of the U.S. futures, swaps, and options markets. CFTC’s stated mission is “to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation.” Through execution of its mission, CFTC supports the economic purpose of the derivatives markets, namely price discovery and risk transfer.

The CFTC maintains offices in Washington, D.C.; New York, NY; Chicago, IL; and Kansas City, MO. The CFTC organization consists of the offices of the Chairman and Commissioners as well as the following 13 operating divisions and offices (not including OIG):

- Division of Clearing and Risk (DCR)
- Division of Enforcement, including the Whistleblower Office (DOE)
- Division of Market Oversight (DMO)
- Market Participants Division (MPD)
- Division of Data (DOD)
- Office of the General Counsel (OGC)
- Division of Administration (DA)
- Office of the Chief Economist (OCE)
- Office of International Affairs (OIA)
- Office of Public Affairs (OPA)
- Office of Technology Innovation (OTI)
- Office of Legislative and Intergovernmental Affairs (OLIA)
- Office of Customer and Education Outreach (OCEO)

The CFTC consists of five Commissioners appointed by the President with the advice and consent of the Senate, to serve staggered five-year terms. The President, with the consent of the Senate, designates one of the Commissioners to serve as Chairman. Currently, the CFTC is led by Acting Chairman Caroline D. Pham and the remaining four commissioner appointments are vacant.



OIG MISSION AND AUTHORITY

The Office of the Inspector General (OIG) mission is to detect fraud, waste, and abuse and to promote integrity, economy, efficiency, and effectiveness in the CFTC's programs and operations. As such it is authorized to review all of the Commission's programs, activities, and records. Specifically, the CFTC OIG was created in 1989 in accordance with the 1988 amendments to the Inspector General Act of 1978. The OIG was established to:

- Promote economy, efficiency, and effectiveness in the administration of CFTC programs and operations, and detect and prevent fraud, waste, and abuse in such programs and operations;
- Conduct and supervise audits, evaluations, and investigations relating to the administration of CFTC programs and operations;
- Review existing and proposed legislation and regulations, and make recommendations concerning their impact on the economy and efficiency of CFTC programs and operations or the prevention and detection of fraud and abuse;
- Recommend policies for, and conduct, supervise, or coordinate other activities carried out or financed by such establishment for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations; and
- Keep the Commission and Congress fully informed about any problems or deficiencies in the administration of CFTC programs and operations and provide recommendations for correction of these problems or deficiencies.

Why Do We Publish This Report?

In accordance with the Reports Consolidation Act of 2000, the CFTC OIG identifies the most serious management and performance challenges facing the Commission and provides a brief assessment of the Commission's progress in addressing those challenges. By statute, this report is required to be included in the CFTC Agency Financial Report.

What Are Management and Performance Challenges?

The Government Performance and Results Modernization Act of 2010 identifies major management and performance challenges as programs or management functions that are vulnerable to waste, fraud, abuse, and mismanagement, and where a failure to perform well could seriously affect the ability of the agency to achieve its mission objectives. Each challenge area is related to the agency's mission and reflects both continuing vulnerabilities and emerging issues.

CFTC Management and Performance Challenges for Fiscal Year (FY) 2026

The CFTC faces several management challenges that potentially impact its ability to fulfill its mission effectively. Each challenge is related to the agency's mission and reflects both continuing vulnerabilities and emerging issues. For FY 2026, we have identified the top five management and performance challenges facing the Commission as the following:

- Pending Legislation: Regulation of Digital Assets
- Expiration of Customer Protection Fund Expense Account (Whistleblower Program)
- CFTC Headquarters Relocation
- Human Capital Management
- Maturing Enterprise Risk Management and Maintaining a Proactive Cybersecurity Posture

How Did We Identify These Challenges?

We identified the CFTC's management and performance challenges by recognizing and assessing key themes from OIG audits, evaluations, special reviews, hotline complaints, investigations, and an internal risk assessment, as well as reports published by external oversight bodies, such as the Office of Personnel Management and the Government Accountability Office.

Additionally, we reviewed previous management challenge reports to determine if those challenges remain significant for this submission. Finally, we considered publicly available information and internal Commission records. As a result, we identified five key management and performance challenges, which are detailed herein.





Challenge

PENDING LEGISLATION: REGULATION OF DIGITAL ASSETS

Legislation pending before Congress would delegate varying degrees of regulation of cryptocurrencies and other digital assets to the CFTC. The Digital Asset Market Clarity Act of 2025 (CLARITY Act or CLARITY)¹ proposes a division of digital asset market jurisdiction between the Securities and Exchange Commission (SEC) and CFTC. It protects the right of Americans to self-custody their digital assets. CLARITY also recognizes decentralized governance systems, which are an innovation in how individuals collectively reach agreement on development and administration of blockchain systems, and impacts banking institutions' treatment of digital assets.

Proposed Title IV under CLARITY sets out a comprehensive regulatory scheme for digital asset markets under CFTC jurisdiction. Under CFTC jurisdiction and responsibility, CLARITY requires (among other things):

- Futures commission merchants to use qualified digital asset custodians, trading certifications and approvals for digital commodities
- Registration of digital commodity exchanges, brokers and dealers, associated persons, commodity pool operators and commodity trading advisers in digital commodities
- Qualified digital asset custodians to be regulated by a federal, state, or foreign authority and subject to adequate supervision and regulation for digital asset custodial activities, and subject to standards set by the CFTC and – for CFTC registrants – subject to CFTC rules to custody digital assets
- Comprehensive customer fund segregation requirements and commingling restrictions

In addition, CLARITY exempts certain decentralized finance activities related to blockchain networks from CFTC regulation, but not from CFTC's anti-fraud or anti-manipulation enforcement authority; and requires the trading of other types of tradable digital assets (which are not digital commodities) on or through a person registered with the CFTC as though the asset was a digital commodity.

With regard to estimated costs to regulate the digital asset industry within CFTC jurisdiction,² CLARITY would authorize CFTC to charge and collect initial and annual filing fees from any entity registered with the CFTC as a digital commodity exchange, a digital commodity broker, or a digital commodity dealer, as authorized in advance through Congressional appropriations.³ Further, CFTC would be permitted

¹ H.R. 3633, 119th Congress. The Senate is considering the bill and has issued a bipartisan discussion draft.

² The agency's FY 2026 President's Budget request does not appear to estimate or include funds necessary to regulate the digital asset marketplace. See, CFTC, FY 2026 President's Budget (May 2025) (https://www.cftc.gov/sites/default/files/CFTC_FY2026_Presidents_Budget.pdf).

³ Last year the Congressional Budget Office estimated that a similar funding mechanism proposed in legislation (H.R. 4763 or FIT21) to regulate digital asset markets would (as appropriated) "roughly offset the costs for the CFTC to implement H.R. 4763." https://www.cbo.gov/system/files/2024-05/hr4763_house.pdf.

expedited hiring authority to fill positions related to carrying out CLARITY. Both authorities would sunset after four fiscal years. In addition, on November 10, 2025, Chairman John Boozman and Senator Cory Booker released a bipartisan [discussion draft](#) of legislation regulating crypto markets in the United States. Like the CLARITY Act, it seeks to concentrate federal oversight over cryptocurrency markets with the CFTC.

Anticipated passage of legislation expanding CFTC jurisdiction and authority related to cryptocurrency and other digital assets may present a significant management challenge. CFTC may be required to implement new registrant categories, complete necessary rulemakings, and implement mandated cooperative regulatory efforts. Challenges include obtaining additional qualified staff, developing institutional knowledge and expertise, launching and maintaining necessary additional data systems and analytics, and management of additional budgetary resources.



Challenge

EXPIRATION OF CUSTOMER PROTECTION FUND EXPENSE ACCOUNT (WHISTLEBLOWER PROGRAM)

Section 748 of the Dodd-Frank Act⁴ established the CFTC Whistleblower Program and the CFTC Customer Protection Fund (“CPF” or “Fund”), which is available to pay awards to eligible whistleblowers and to fund customer education initiatives. Following the Dodd-Frank Act, the CFTC established the Whistleblower Office (WBO) and the Office of Customer Education and Outreach (OCEO) and issued regulations. Since issuing its first award in 2014, the CFTC has granted whistleblower awards amounting to approximately \$390 million. Those awards are associated with enforcement actions that have resulted in monetary sanctions totaling nearly \$3.2 billion. The CFTC issues awards related to the agency’s enforcement actions, as well as in connection with related actions brought by other domestic or foreign regulators, if certain conditions are met.

In accordance with Dodd-Frank, the Commission deposits certain collected monetary sanctions into the Fund whenever the balance of the Fund at the time the monetary sanction is collected is less than \$100 million, and this applies even when the deposit of a monetary sanction causes the balance of the Fund to exceed \$100 million. The existing mechanism to fund the CPF is not tied to anticipated or potential award payouts and instead is dependent on the timing of penalty collections. If a large penalty is collected when the CPF is below \$100 million, the fund can appear to be hoarding large amounts.

The CPF may be used to pay WBO and OCEO administrative expenses; however, CFTC must prioritize awards over administrative expenses. This prioritization risks depletion of the CPF, forcing a shutdown of the programs. To alleviate this risk, Congress established a CFTC CPF Fund Expenses Account, which consists of up to \$10 million transferred by the CFTC from the CPF to a Fund established in the Treasury, with the amounts available “for the sole purpose of” paying WBO and OCEO administrative costs. This funding, established in 2021, expired on September 30, 2025.

The expiration of separate funding for administrative expenses potentially presents significant management challenges for the WBO and OCEO. The administrative funds reverted to the CPF upon expiration, but if the CPF is thereafter depleted through the payment of awards, the OCEO and WB programs will cease operations completely. Delays in processing and receiving awards could damage OCEO and WBO operations and reputations. The time to reestablish OCEO and WBO operations once funding is available could be substantial. In addition, the possibility of a program shutdown potentially contributes to WBO and OCEO employee turnover. Moreover, if penalties are not available to fund the CPF when whistleblower awards are due and owing, awards will be delayed. A better solution might involve funding the CPF for anticipated need based on pending WBO activity.

⁴ Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203, 124 Stat. 1376 (2010).



Challenge

CFTC HEADQUARTERS RELOCATION

In FY 2023 the CFTC spent over \$25 million dollars to occupy facilities in four cities. In 2022, the CFTC's three regional offices relocated to new facilities managed by the U.S. General Services Administration (GSA), leaving headquarters in Washington, D.C. as the remaining CFTC office facility managed by a private sector entity. In FY 2026, the CFTC plans to transition its headquarters from northwest Washington, D.C. (Lafayette Center) to southwest Washington, D.C. (Patriots Plaza complex).

The Patriots Plaza complex is comprised of three adjoining buildings, Patriots Plaza I, II and III, of which CFTC will occupy office space on six floors within Patriots Plaza III. Although Patriots Plaza III is only three miles from Lafayette Center, vacating the current headquarters after more than 30 years poses significant challenges to the agency. The move, along with new telework and work schedule policies, will substantially change the working environment for the CFTC.

Existing and Planned CFTC Headquarters Locations



Initially, the CFTC had planned for a gap period of approximately six months between facilities that would have required negotiation of temporary office spaces. However, the agency subsequently negotiated a one-year extension of the existing lease at Lafayette Center at a meaningfully reduced rate. The one-year extension represents a 4.5 percent reduction in rental expenses, totaling nearly \$1 million. With this extension CFTC will no longer require swing space or have a gap period. The swing space would have required two moves costing millions to relocate staff and equipment to and from the temporary space as well as the setting up and decommissioning those spaces.

The CFTC will still face numerous challenges in the headquarters physical relocation efforts, including decommissioning the current space, resources, and planning and allocating new workspaces.

1. **Decommissioning Current Space:** Decommissioning the current space will entail determinations regarding physical records, IT equipment, and office furniture, among other considerations. This will require that physical records are properly disposed of or stored prior to the move-out date. The CFTC will need to determine which items have exceeded their record lifecycles and which have not. Spacing requirements will change dramatically from Lafayette Center with reduced in-office employee presence required. The Division of Administration and Office of General Counsel continue to develop decommission plans to overcome the foregoing challenges.
2. **Resources:** The physical relocation efforts will require numerous employees to dedicate time and effort to planning and effecting the move. These ancillary duties come with opportunity cost, as they may take time away from normal mission-related duties, which could impact the performance of other CFTC functions. CFTC management will need to balance the assignment of adequate staff to this effort with its impact on the CFTC's mission and functions.
3. **Planning and Allocating New Workspaces:** The CFTC is committed to complying with President Trump's return-to-office executive orders, just like other Americans who go to work every day without special treatment. This will require detailed planning and allocation of employee workspaces to ensure they are adequate to meet workforce needs. Effective implementation of such policies will require careful coordination among agency managers to allocate sufficient workspaces and manage them once the move is complete.



Challenge

HUMAN CAPITAL MANAGEMENT

As CFTC exercises existing authority to foster new markets for certain spot digital asset products,⁵ it anticipates expanded authority over a broader array of digital assets,⁶ and plans its compliance with artificial intelligence initiatives,⁷ it has simultaneously experienced a decline in its staffing levels. As such, the agency faces challenges in aligning human capital with emerging growth, goals and objectives.

Agency personnel management is outlined in 5 CFR Part 250, which defines strategic human capital management responsibilities for agency heads and provides standards for human capital planning, implementation, and evaluation which includes:

- Strategic planning and alignment⁸
- Talent management⁹
- Performance culture¹⁰

While 5 CFR Part 250 does not apply to CFTC, the agency does comply with aspects of Part 250, such as the establishment of a Chief Human Capital Officer. With anticipated increases in regulatory responsibility and complexity in mission-critical skills, strategic human capital management is, if not a requirement, a highly worthy endeavor.

The Government Accountability Office (GAO) first identified strategic human capital management as a high-risk area in 2001, outlining four *pervasive human capital challenges*:

- Leadership, continuity, and succession planning
- Strategic human capital planning and organizational alignment
- Acquiring and developing staffs whose size, skills, and deployment meet agency needs

⁵ See, CFTC and SEC Staff Issue Joint Statement on Trading of Certain Spot Crypto Asset Products, Release No. 9112-25 (Sept. 2, 2025).

⁶ See, HR See, Clarity Act, H.R. 3633, 119th Congress (2025-2026).

⁷ See, EO 14179, *Removing Barriers to American Leadership in Artificial Intelligence* (Jan. 23, 2025); OMB M-25-21 (Apr. 3, 2025).

⁸ Strategic planning and alignment require an agency to ensure their human capital management strategies, plans, and practices— (1) Integrate strategic plans, annual performance plans and goals, and other relevant budget, finance, and acquisition plans; (2) Contain measurable and observable performance targets; and (3) Communicate in an open and transparent manner to facilitate cross-agency collaboration to achieve mission objectives.

⁹ Talent management requires an agency to— (1) Plan for and manage current and future workforce needs; (2) Design, develop, and implement proven strategies and techniques and practices to attract, hire, develop, and retain talent; and (3) Make progress toward closing any knowledge, skill, and competency gaps throughout the agency.

¹⁰ Performance culture requires an agency to have—(1) Strategies and processes to foster a culture of engagement and collaboration.

- Creating results-oriented organizational cultures.¹¹

Strategic human capital management continues to be a high-risk area today. In 2025 GAO opined that human capital management is on the High-Risk List in part “due to skills gaps or an inadequate number of staff,” and noted that OPM has established “a pooled hiring strategy that saves time and resources through a centralized coordination of federal government hiring to address skills gaps within the Information Technology (IT) and human capital management workforces.”¹²

Agencies often experience skills gaps because of a shortfall in talent management activity, such as workforce planning or training. Skills gaps can also occur due to increased retirements—a distinct possibility with the recent number of Deferred Resignation Program (DRP) options, agency separations, and recent reductions-in-force (RIFs).

CFTC shares these government-wide challenges. The number of CFTC Full Time Equivalents (FTEs) on payroll at the end of Fiscal Year 2024 was approximately 708. In comparison, the number of FTEs on payroll at the end of Fiscal Year 2025 was approximately 556. Accordingly, CFTC experienced an approximate 21.5% reduction of FTEs on payroll. The CFTC’s focus on strategic planning and alignment may serve as beneficial as pending legislative updates to CFTC mission objectives materialize.

Accordingly, the CFTC should consider human capital management as a top priority and adopt best practices utilized by other federal agencies to strengthen their own policies and procedures for recruiting, hiring, developing, and retaining an effective workforce to ensure the agency has the appropriate talent and skill sets to meet an expanding regulatory landscape.

¹¹ GAO, *High Risk Update*, GAO-01-263 (Jan. 2001), page 71. See also, GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, GAO-25-107743 (Feb. 2025), page 38 (Table 6).

¹² GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, GAO-25-107743 (Feb. 2025), page 21.



Challenge

MATURING ENTERPRISE RISK MANAGEMENT AND MAINTAINING A PROACTIVE CYBERSECURITY POSTURE

The CFTC continues to face challenges managing enterprise risks and maintaining a proactive cybersecurity posture. Enterprise risk governance is a shared responsibility at the highest levels of executive leadership. At the CFTC, Enterprise Risk Management (ERM) is a Commission-wide strategy to identify and prepare for risks to business objectives. More specifically, ERM provides a framework for risk management, which typically involves identifying particular events or circumstances relevant to the CFTC's objectives (threats and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring process. A robust ERM program enhances the CFTC's posture to better anticipate, prioritize, and respond to agency risk and is most effective when risks are addressed as an inter-related portfolio rather than from divisional silos.

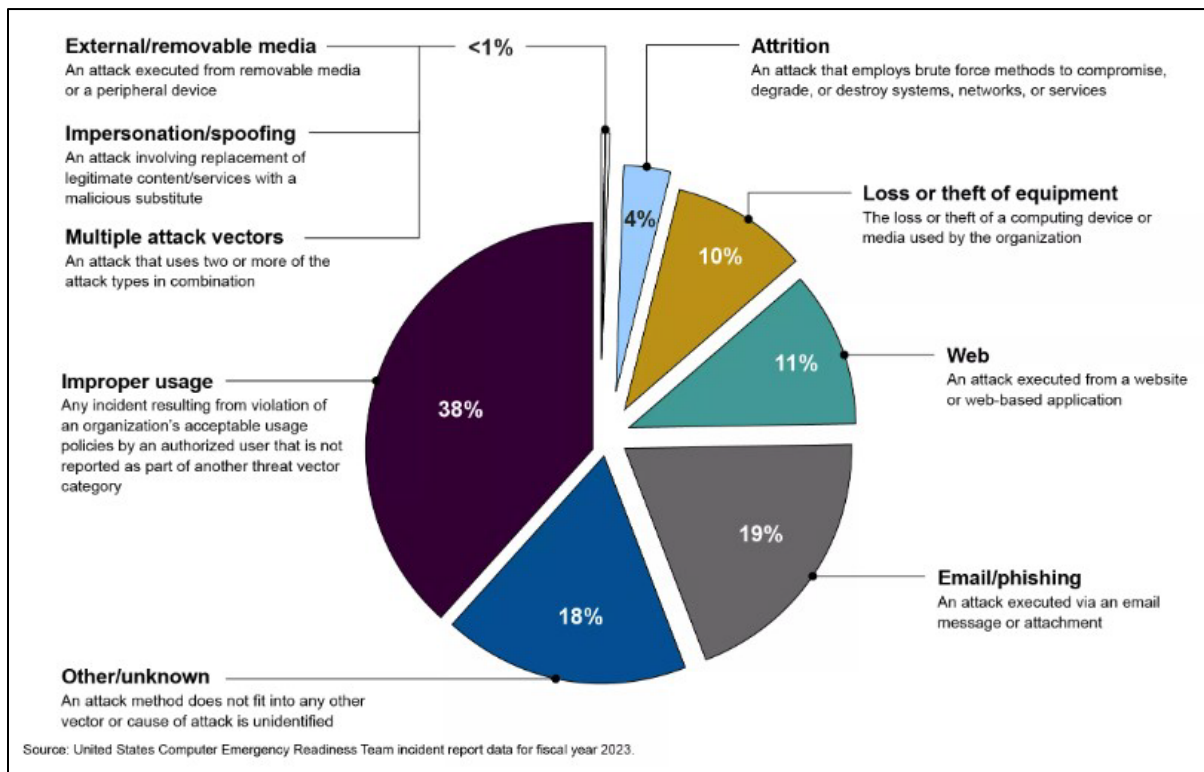
The CFTC's current Strategic Plan recognizes that "[a] robust and mature ERM program is central to achieving the CFTC mission. It further provides that the agency's ERM program vision "integrates risk identification, risk management, strategic planning, and performance monitoring so that risks that potentially threaten achievement of the CFTC mission are anticipated, analyzed, and systematically addressed." However, the CFTC's Chief Risk Officer departed in March 2023 and currently only one CFTC employee is tasked with risk management oversight. On September 30, 2024, the CFTC Division of Administration announced (internally) a temporary detail vacancy for the Chief Risk Officer position. Some additional notable events that have impacted the agency's mission include:

- Geopolitical risks disrupting supply chains;
- Extreme weather events;
- Technological disruptions; and
- The growth of digital currencies.

Two high risk factors include proposed legislation impacting the scope of CFTC's mission (i.e., regulation of digital assets) and the maturity of the agency's ERM program due to the limited resources dedicated to its programs' success. Accordingly, the OIG conducted an audit that assessed the Commission's ERM program. That [audit](#) found CFTC's ERM program requires substantial enhancements because of lack of proper governance and communication, lack of comprehensive policies and procedures, and lack of sufficient resources and processes for implementation of the program within the organization.

A technological area of success for the CFTC has been the growth and effectiveness of cyber security operations. Current security operations monitor and respond to threats in real-time. In addition, the CFTC has successfully migrated to a cloud environment, and its information security posture is effective. However, the agency must devote vigilance and resources to maintaining talent and leading-edge tools to remain effective in its cloud environments. Cloud-conscious adversaries, who exploit cloud-specific features to achieve their goals, pose significant risk to cloud environments. Cyberattacks against federal agencies continue to occur at high rates thus the agency must maintain a proactive cybersecurity posture to protect all stakeholders.

Federal Agencies Reported 32,211 Information Security Incidents in Fiscal Year 2023



Source: Government Accountability Office



TO REPORT FRAUD, WASTE, OR ABUSE

The OIG conducts and supervises audits, evaluations, and investigations of programs and operations of the CFTC and recommends policies to promote economy, efficiency and effectiveness in CFTC programs and operations in order to prevent and detect fraud, waste or abuse.

Employees, contractors and members of the public may report any instance of fraud, waste, or abuse at CFTC by contacting:

- OIG Hotline at (202) 418-5510
- File a complaint: www.cftc.gov/OIG
- US. Mail or hand delivery to:
Commodity Futures Trading Commission
Office of the Inspector General
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
- Fax to the CFTC OIG at 202-418-5522



