



Swap dealer enforcement actions roundup

12 Year Summary (2012-2024)

February 2025

Executive summary	3
Commodities Future Trading Commission “CFTC” enforcement actions Overview	4
Jurisdiction heatmap	7
2024 trends	8
Rule area spotlights	9
Key takeaways	12
Appendix	14

Executive summary

Qualitative & quantitative drivers and impact

Executive summary

Analysis of the Commodities Future Trading Commission (“CFTC” or “Commission”) **enforcement actions data since the Swap Dealer regime began** demonstrates **increased regulatory scrutiny** on registrants from 2022 onwards.

Since Swap Dealer (“SD”) registration began, pursuant to reforms enacted in the Dodd-Frank Act, the industry has seen \$1.7bn in total monetary penalties, of which **\$1.5bn has been imposed on firms since the beginning of 2022**.

Quantitative and qualitative analysis illustrates the **drivers behind the surge in enforcement actions and regulatory fines**:

- The CFTC continue to highlight recidivism as a driver behind its enforcement strategy, with **repeat offences driving higher fines**.
- 2024 has seen the largest fine against a registered swap dealer to date, with continued **focus on Supervision rules, alongside Recordkeeping and Reporting**.

In last year’s publication, we highlighted CFTC comments that indicate a shift in approach for the Division of Enforcement (“DoE”), and 2024 has seen a reaffirmation of these principles **with a continuation of harsher penalties and use of 3rd party monitors**.

This report dives further into actions and fines covering Supervision and Reporting, **providing insights into continued challenges faced by firms**.

Building on these findings, we **highlight essential considerations for Boards and Senior Management** across risk and business functions to **navigate the growing demands of regulatory pressures**.

Swap Dealer enforcement actions have totalled over **\$1.7bn** since the regime began.

\$1.5bn in the total monetary penalties since the beginning of 2022

\$333m was the cost of non-compliance for Swap Dealers in 2023 alone

\$200m was the largest cost of Swap Dealer non-compliance for a single firm in 2024

58 enforcement actions taken across **7** countries covering **52** different registered Swap Dealers

CFTC enforcement actions overview

Evaluating enforcement action data since the Swap Dealer regime began in 2012

Overview of CFTC division of enforcement actions

Evaluating 12 years of enforcement action data provides insight into industry trends and regulatory risk

Background

The CFTC provides ongoing regulation of the U.S. derivatives markets and, through its Division of Enforcement ("DOE"), **detects, investigates and prosecutes violations** of Commodities Exchange Act ("CEA") and **CFTC regulations**.

In our previous publication, we **provided an overview of enforcement actions** across the 11-year period from 2012-2023 since the CFTC regime went live. This publication will provide new insights into the CFTC's priorities for 2024. To illustrate these focus areas, CFTC actions are categorized into rule areas, which highlight a continued focus on Recordkeeping, Reporting and Supervision. Analysis of data for non-US and US firms enables comparison of regulatory scrutiny across jurisdictions, and provides insights into different compliance mechanisms.

The record fines seen in 2022-2023 continued in 2024 – in line with our previous publication, we outline below the **total cumulative monetary penalty across** five (5) jurisdictions, illustrating the increase in regulatory fines from 2022-2024.

Note: The first year CFTC issued an enforcement action was in 2015, thus the graphs below reflect the enforcement actions starting in 2015 through 2024.

Fig. 1 Cumulative Monetary Penalty by Region (Illustrative)

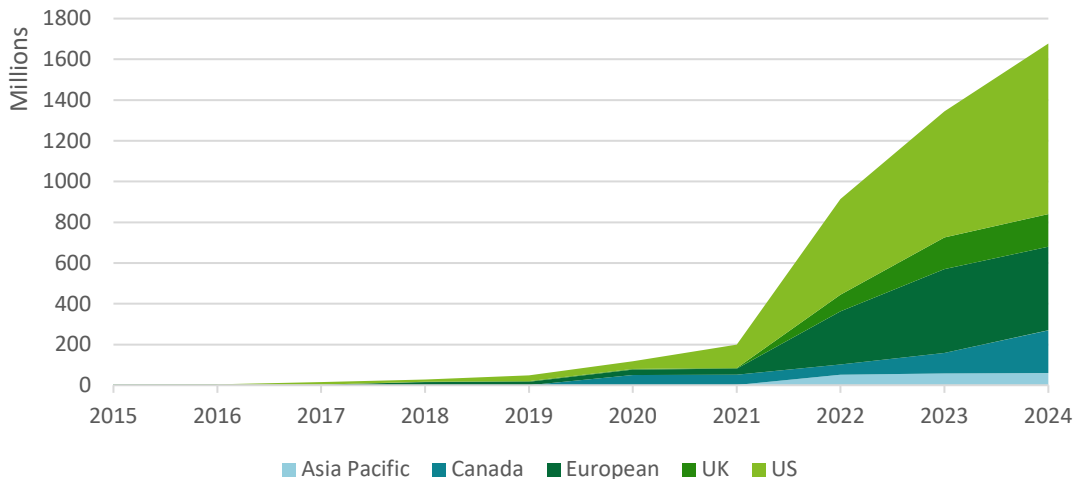
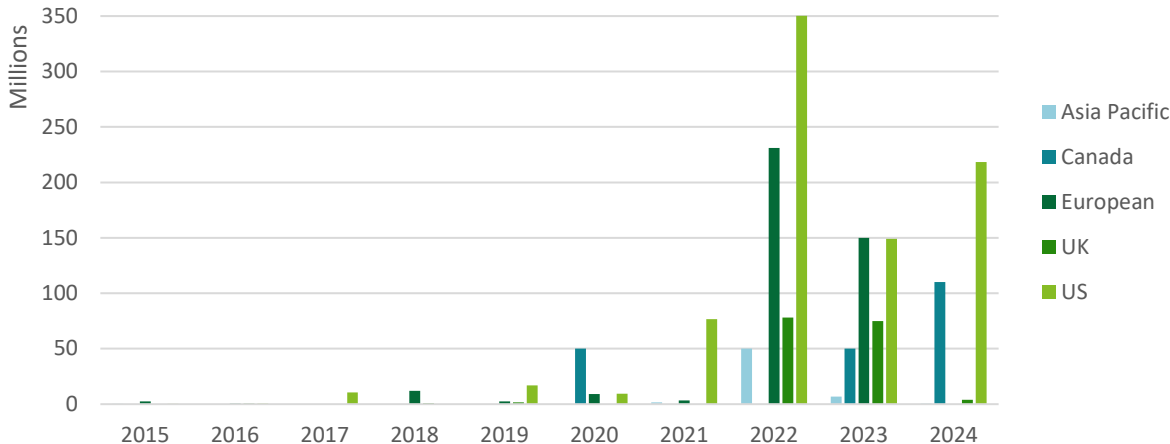


Fig. 2 Monetary Penalty Distribution by Region (Illustrative)



Source data taken from CFTC Division of Enforcement website: [Division of Enforcement | CFTC](#) and [CFTC Requests Public Input on Simplifying Rules | CFTC](#). Data covers the period 2015-2024.

This analysis captures enforcement actions at the "firm" level, i.e., a single enforcement action against one firm, may capture multiple Swap Dealer registrants. Enforcement actions taken against a firm capturing additional types of CFTC registrants have been included, for example, a single action taken against Firm X in relation to its Swap Dealer and Futures Commission Merchant registrants have been included. General enforcement actions for unlawful trading practices for the purpose of market manipulation which do not expressly capture Swap Dealer regulations have been excluded (where such action was taken against a Swap Dealer).

Overview of CFTC division of enforcement actions

Evaluating 12 years of enforcement action data provides nsight into industry trends and regulatory risk

Key Findings

Analysis of the enforcement actions data across the 12-year provides insight into the CFTC’s focus areas, identify the **cost of non-compliance** to individual swap dealers, which rule areas swap dealers are **commonly non-compliant** with, and **when actions are most frequently** brought against firms.




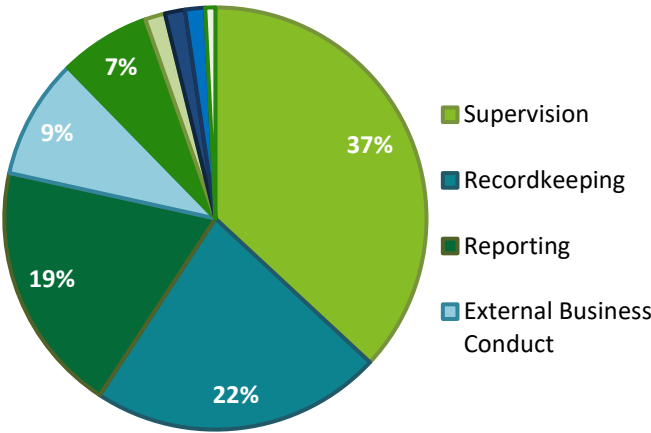
	Average fine amount in 2024 remains constant compared to 2023 – approx. \$28m and \$31m respectively.	\$28m the average SD monetary penalty in 2024
	Supervision remains the rule area with the largest population of fines , as the CFTC widely uncovers supervisory failings upon conducting investigations into other rule areas. 60% of swaps reporting rule breaches also include a supervision failure.	83% of 2024 enforcement actions include a breach of Supervision rules
	Enforcement actions and fines are typically imposed on firms in the third quarter of the year .	67% of enforcement actions took place in the 3rd quarter of 2024

Fig. 3 Enforcement Actions by Rule Area



Actions and Monetary Penalty Trends

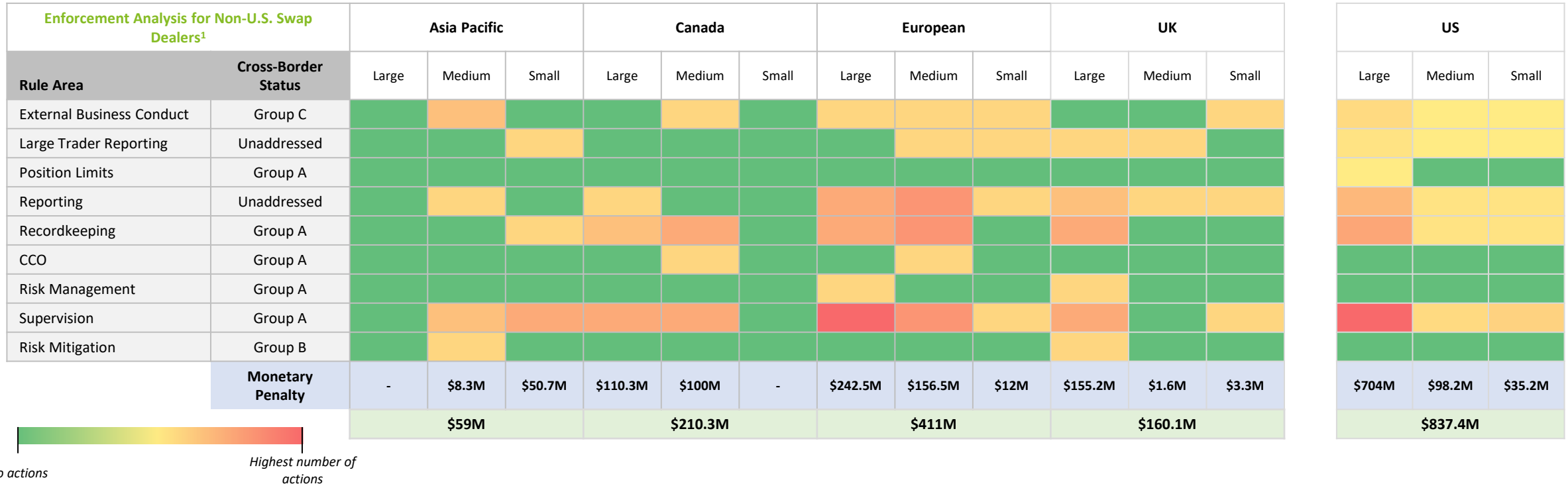
Overview	2013-2022	2022	2023	2024	Total	Trend
Enforcement Actions	30	12	14	12	68	▼
Monetary Penalty	\$199m	\$714m	\$431m	\$333m	\$1,677m	▼
Average Monetary Penalty	\$16m	\$59m	\$31m	\$28m	\$25m	▼

Source data taken from CFTC Division of Enforcement website: [Division of Enforcement | CFTC](#) and [CFTC Requests Public Input on Simplifying Rules | CFTC](#), Data covers the period 2015-2024.

This analysis captures enforcement actions at the “firm” level, i.e., a single enforcement action against one firm, may capture multiple Swap Dealer registrants. Enforcement actions taken against a firm capturing additional types of CFTC registrants have been included, for example, a single action taken against Firm X in relation to its Swap Dealer and Futures Commission Merchant registrants have been included. General enforcement actions for unlawful trading practices for the purpose of market manipulation which do not expressly capture Swap Dealer regulations have been excluded (event where such action was taken against a Swap Dealer).

Jurisdiction heatmap

Breakdown of CFTC rule areas, cross-border status and enforcement actions across specific division of enforcement jurisdictions of regulatory oversight.



Commentary

- The above provides insight into the CFTC's Cross-Border Status of CFTC rules and associated fine amounts across non-US and US jurisdictions.
- Notable observations are the minimal breaches for risk management, Chief Compliance Officer "CCO" and position limit rules, which applied at entity level and typically are covered by substituted compliance in local jurisdictions. Meanwhile rules such as reporting applied at a transaction level (and with limited substituted compliance) consistently see a high number of breaches.
- While the chart refers to Cross-Border Status within the CFTC ruleset, it is important to note that substituted compliance does not negate compliance with NFA rules (e.g. NFA Supervision rules).
- Non-US firms are consistently seen to breach Supervision and Reporting rules, with breaches frequently seen in the same action (~60% of reporting rule breaches also include a breach of supervision).
- Recordkeeping rules are a common theme for both US and non-US firms, despite being substituted compliance availability. This is largely driven by the industry wide sweep of enforcement actions related to unapproved communication methods in 2022 and 2023.
- While jurisdictional monetary penalty amounts are reflective of the density of CFTC registrants across different jurisdictions, they provide a useful overview of DoE regulatory oversight.

¹The Non-U.S. heatmap represents the many commonly violated rule areas across non-U.S. regions, and is not relative to, or impacted by actions taken on U.S. Swap Dealers.

2024 analysis & trends

Analysis and trends in swap dealer CFTC enforcement actions

Quantitative Trends

Analyzing quantitative trends, alongside direct communications from CFTC staff, can provide insight into industry-wide control deficiencies and regulatory focus areas. Taking a closer look at comparative figures across years 2023 - 2024, we have seen a continued enforcement effort across the traditionally largest fined rule areas. These trends demonstrate a consistent approach to enforcement actions and areas of focus, and are supported by recent speeches from CFTC officials, which emphasize a firmer approach to achieve accountability and decrease future misconduct. While repeat offences drive higher fines for some firms, we note continued regulator efforts to apply reduced penalties to firms who have self-reported.

Rule Area Analysis

Rule Area Analysis	2013-2022	2022	2023	2024	Total	Trend
Reporting	\$50m	\$9.2m	\$53m	\$10m	\$112m	▼
External Business Conduct	\$77m	\$9.2m	\$52m	\$0m	\$139m	▼
Recordkeeping	\$141m	\$705m	\$355m	\$117m	\$1,201m	▼
Supervision	\$185m	\$714m	\$389m	\$328m	\$1,288m	▼

Top 5 Rules Breached 2024

#	CFTC Rule Category	CFTC Rule Reference	2024 Violations	2024 Ranking	Vs. 2023 Ranking
1	Supervision	23.602	8	1st	1st
2	Recordkeeping	1.31	5	2nd	T2
3	Recordkeeping	23.201	4	T3	T4
4	Recordkeeping	23.202	4	T3	T2
5	Supervision	166.3	2	5th	6th

2024 Themes

Penalties & Actions

Recent CFTC communications have signalled a direction towards larger fines particularly for repeat offences, and use of monitors/consultants - with an average monetary penalty in 2023 of \$31m. 2024 has seen the Commission maintain this direction with a total of \$333m in penalties, averaging \$28m per action, and deployment of consultants.

Recordkeeping

Recordkeeping requirements are important to the Commission's oversight of Swap Dealers and disregard of these principles severely threatens the Commission's ability to effectively and efficiently conduct examinations and investigations and provide oversight of the swap dealer market.

Supervision

Supervision, while typically captured in enforcement actions that cover other regulatory themes, has been a standalone violation in multiple actions taken by the commission in 2024, including the largest monetary penalty in regime history.

Reporting

2024 marked a notable return of reporting enforcement actions, which typically see smaller monetary penalties when compared with Recordkeeping and Supervision but can act as a 'gateway' for further investigations. Firms typically struggle with specific reporting fields (such as Legal Entity Identifiers or "LEI's") or with timeliness of real-time reporting.

Rule area spotlights

Deep dive into specific areas of regulatory scrutiny

Supervision spotlight

Findings from analysis of swap dealer CFTC enforcement actions

SUPERVISION



Supervision continues to be an area of scrutiny for the Commission, with the additional eight 23.602 violations in 2024, Diligent Supervision remained the most frequently breached CFTC rule reference since the regime began.



Supervision, while typically captured in enforcement actions that cover other regulatory themes, has been a standalone violation in multiple actions taken by the commission in 2024, including the largest monetary penalty in regime history.

Supervision – Links to other rule violations

23

Only Supervision &
Recordkeeping

+5

With an additional rule
area violation(s)

28

Total actions that include
Supervision & Recordkeeping

4

Only Supervision &
Reporting

+10

With an additional rule
area violation(s)

14

Total actions that include
Supervision & Reporting

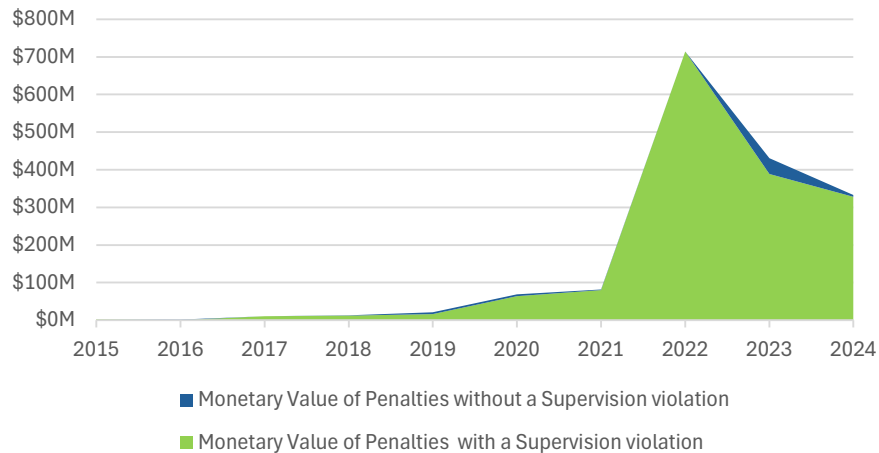


Proposed Adoption of Interpretive Notice 9082 – Supervisory Obligation of APs

The NFA are in the process of drafting an interpretive notice for supervision, with expected publication by the end of the fiscal year (Jun '25), subject to feedback from market participants. While the notice covers broader scope than just Swap Dealers, several specific points will be addressed, e.g. communications with customers and counterparties, order handling and trading activities.

Analysis

SUPERVISION VS. NON-SUPERVISION VIOLATIONS



Since the CFTC started issuing enforcement actions in 2015, 96% of the total value of monetary penalties are tied to enforcement actions that includes a Supervision violation.

Non-U.S. Dealers

While the NFA does not yet examine Non-U.S. Swap Dealers for rule areas that are associated with substituted compliance, the NFA may probe those areas to evaluate supervision and supervisory systems (i.e. Risk Management Program)

Reporting spotlight

Findings from analysis of swap dealer CFTC enforcement actions

REPORTING

Reporting violations in 2024 were primarily centered around deficiencies in reporting certain swap data and the timeliness of swap data reporting.

Reporting actions commonly found that market participants failed to report, or accurately report include the the following fields:



Primary Economic Terms



Valuation Data



Timestamps

The Commission has also taken actions against firms that failed to report swap data **as soon as technologically practicable** as required by Commission regulation 43.3. This term is defined by the Commission to mean:

as soon as possible, taking into consideration the prevalence, implementation, and use of technology by comparable market participants.

Large Trader Reporting

Reporting Agendas

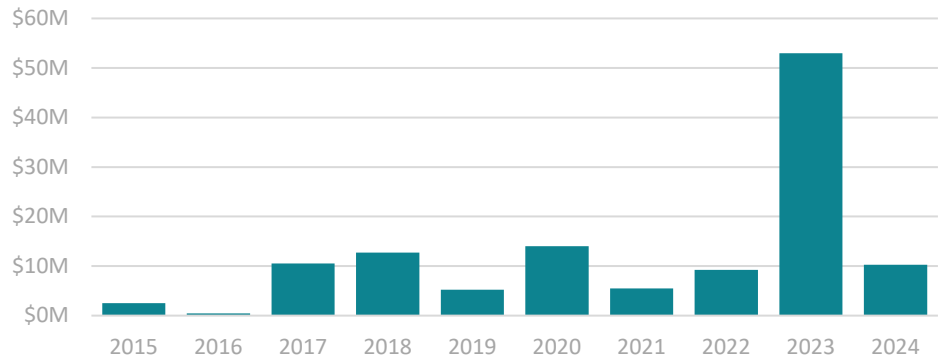
The CFTC has approved amendments to 17 CFR Part 17 to replace the 80-byte record data submission format in regulation 17 CFR Part 17.00(g) with modern data submission standards; implement a guidebook and technical specification designating the form and manner of 17 CFR Part 17 reporting; and clarify other 17 CFR Part 17 reporting matters.

Part 43 & Part 45 Appendices

The CFTC has approved amendments to swap data fields enumerated in appendix 1 to part 45 and appendix A to part 43 to facilitate implementation of the Unique Product Identifier (UPI) standard, incorporate changes made to the technical specification, and add additional fields to the appendices to parts 43 and 45.

Analysis

REPORTING VIOLATIONS



25 out of the total 57 enforcement actions since 2015 have included a reporting breach. Of these, 68% have included a breach of rule 43.3. 28% have included a breach of rule 45.6 related to LEIs.

Key takeaways

Key takeaways

Findings from analysis of swap dealer CFTC enforcement actions

Key takeaways



1 Division of Enforcement continues tougher approach

The **higher average fine amount** seen in 2022 and 2023 continued into 2024, with an average of \$59m, \$31m and \$28m respectively. Despite the slight decrease in fines, the NFA has also continued to implement additional steps to monitor compliance. For example, while Reporting rule breaches typically see lower monetary penalties, the Division of Enforcement has **frequently commended firms to retain independent compliance consultants to review and advise on the required remediation.**



2 Specific rule infringements

Non-compliance with Recordkeeping rules continues, and we recommend firms confirm there is **able 1st, 2nd, and 3rd line oversight and risk management over sales and trading activity** with an emphasis on appropriate review, monitoring, and escalation of inappropriate communication methods. **Reporting and Supervision breaches continued into 2024**, and following recent changes to CFTC Reporting rules, firms should take proactive steps to review their swap reporting processes. In **advance of the NFA's Interpretive Notice on Supervisory Obligation of APs**, firms should review their supervisory frameworks, including relevant policies and documentation.



3 Cross-border challenges

Analysis of non-US firms and Cross Border Status of rules generally indicates that **rules which are applied at the entity level and typically allow substituted compliance (e.g. Risk Management, Risk Mitigation and CCO rules) are breached at lower rate**, whilst **rules applied at a transactional level and typically less likely to allow substituted compliance (e.g. swap data reporting and business conduct standards) are breached more frequently.** Exceptions to this are seen in Recordkeeping and Supervision rules, largely due to the recent industry wide sweep and the nature of Supervision rulesets.

How we
can help



- Our Team includes former regulators from the NFA, CFTC, SEC and FSA / BoE alongside industry practitioners with regulatory, operational, and technological specialization as well as direct experience of regulatory examinations.
- Observing, driving, and implementing leading industry practices;
- Leading derivative reform initiatives (e.g., Dodd-Frank Act Title VII, MiFID II, EMIR, etc.) assisting firms both directly (e.g., client-specific engagements) and indirectly (e.g., via industry wide initiatives).

Appendix

Rule Allocations

Rule Allocations

The table below categorizes the CFTC swap dealer rules into rule areas that are used in the analysis in the previous slides.

Rule Area	CFTC Rule	Reg Title
Recordkeeping	1.31	Regulatory records; retention and production.
	1.35	Records of commodity interest and related cash or forward transactions
	23.201	Required Records
	23.202	Daily trading records
	23.203	Records; retention and inspection
	23.502	Portfolio reconciliation
Reporting	43.3	Method and timing for real-time public reporting
	43.4	Swap transaction and pricing data to be publicly disseminated in real-time
	45.3	Swap data reporting: Creation data.
	45.4	Swap data reporting: Continuation data
	45.5	Unique transaction identifiers
	45.6	Legal entity identifiers
	45.13	Required Data Standards
	45.14	Correcting errors in swap data and verification of swap data accuracy
	46.3	Data reporting for pre-enactment swaps and transition swaps
	46.4	Unique identifiers
	46.11	Reporting of errors and omissions in previously reported data
LTR	23.204	Reports to swap data repositories
	20.4	Reporting Entities
	20.5	Series S Filings
	20.6	Maintenance of books and records
	20.7	Form and manner of reporting and submitting information or filings.
External Business Conduct	23.402	General provisions.
	23.431	Disclosures of Material Information
	23.433	Communications - fair dealing
CCO	3.3	Chief compliance officer
Supervision	23.602	Diligent Supervision
	166.3	Supervision
Risk Management	23.600	Risk Management Program for swap dealers and major swap participants
	23.603	Business continuity and disaster recovery
Other (Trade Execution)	37.9	Methods of execution for required and permitted transactions

Contacts

Global Derivatives Reform Team

Marjorie Forestal



Principal
Deloitte & Touche LLP
Email: mforestal@deloitte.com
Phone: +1 212 436 6632

Alex Szmigin



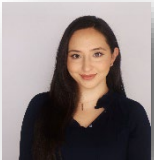
Partner
Deloitte LLP
Email: aszmigin@deloitte.co.uk
Phone: +44 20 7007 6437

Tom White



Senior Manager
Deloitte LLP
Email: tomwhite@deloitte.co.uk
Phone: +44 20 7007 8214

Momtaz Yaqubie



Manager
Deloitte & Touche LLP
Email: myaqubie@deloitte.com
Phone: +1 516 851 9811

Josh Wolstencroft



Manager
Deloitte LLP
Email: jwolstencroft@deloitte.co.uk
Phone: +44 20 7007 8506

Freddie Ball



Manager
Deloitte LLP
Email: fball@deloitte.co.uk
Phone: +44 20 7007 4544



About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

This presentation contains general information only and Deloitte is not, by means of this presentation, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This presentation is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this presentation.