

PROJECT STREETLAMP

Commodity Futures Trading Commission's ("CFTC") and LabCFTC's Project Streetlamp competition to deploy technology, including artificial intelligence ("AI"), to help the CFTC identify foreign entities that may be engaged in conduct that requires registration, but which have not registered.

DESCRIPTION

The mission of the Commodity Futures Trading Commission's ("CFTC") is to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation. As part of this mission, the CFTC regulates a variety of individuals and organizations. These include futures commission merchants, commodity pool operators, commodity trading advisors, retail foreign exchange dealers, introducing brokers, designated contract markets, foreign boards of trade, swap dealers, and other entities and individuals. To promote market integrity, the CFTC surveils the derivatives markets for various abuses, and holds wrongdoers accountable.

Increasingly, fraudsters use a variety of social engineering, fake profiling and manipulative techniques to ensnare their victims. Fraud tactics regularly employ common keywords and phrases. With this information, there is an opportunity to utilize modern technology as a tool to augment traditional, manual efforts and to identify bad actors.

The CFTC is vigilant to protect customers from unscrupulous fraudsters, including those operating outside the U.S. LabCFTC is launching this competition ("Project Streetlamp") to call on innovators to utilize technology, including artificial intelligence ("AI"), and innovative approaches to detect foreign entities that should be – but are not – registered with the CFTC. The competition is intended to generate information that ultimately helps customers make more informed decisions about whether to trade with, or through, these unregistered foreign entities.

The RED List

The Registration Deficient List, or "RED List," provides public notice that a foreign entity is engaged in conduct that requires registration with the CFTC, but has not in fact registered.¹ Generally, foreign entities that solicit U.S. residents to trade in CFTC-regulated markets are required to register with the CFTC. Registration provides both a legal framework that includes safeguards and client protections, as well as mechanisms for recourse in the event an issue arises.

¹ The RED List can be found at <https://www.cftc.gov/ConsumerProtection/Resources/Check/redlist.htm>. See also "Public Alert – Registration Deficient List," 80 FR 55098.

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The goal of the RED List is to provide information to U.S. customers about foreign entities that are acting in an unregistered capacity and to help them make more informed decisions about whether to trade with or through such an entity. While registration is no guarantee against fraud or mismanagement by an otherwise unscrupulous firm or individual, registration does bring a higher level of security and accountability to the trading public. Customers that trade with and through registered entities have greater protections and recourse available.

In certain cases, a review by the CFTC reveals that certain foreign entities solicit and/or accept funds from U.S. customers, have limited or no U.S. presence, and may be acting in a capacity that requires registration, but yet are *not* registered with the CFTC. After such review, foreign entities which meet the RED List criteria are included on the RED List.

The process to update and maintain the RED List relies on tips and referrals from concerned individuals as well as investigative work by CFTC staff. The work is time-intensive. Given the scope of global markets, range of participants, and limited resources, the process could benefit from technology applications, including those that leverage AI, which can identify and flag potentially problematic activity for further follow-up by CFTC staff. This may enable a more efficient and comprehensive search and review process to identify foreign entities for inclusion on the RED List. Also, it could enable the CFTC to be proactive in its ongoing efforts to maintain the Red List. Currently, it is only after wrongdoing is *reported* that an entity is investigated for possible enforcement action or inclusion on the RED List.

Competition

The goal of Project Streetlamp is to explore how AI and other technologies can help the CFTC maintain a comprehensive, up-to-date RED List by automating the process of identifying foreign entities potentially engaged in CFTC-regulated activity. AI could be an important component of such a tool, because the technology has the potential to learn the “footprints” of actors that are unregistered, but engaged in CFTC-regulated activity. For example, key identifying data (*e.g.*, keywords, website data, audience information, network and outreach, etc.) associated with unregistered entities known to be engaged in CFTC-regulated activity could be used to develop a model that is useful for identifying other unknown entities.

Participants will develop a tool to identify companies engaged in activity that the CFTC should investigate further for possible inclusion on the RED List. Such activity may include, but is not limited to: soliciting or accepting customers’ orders; soliciting discretionary accounts; directing customer accounts; providing commodity trading advice; or operating a commodity pool. This information may also help identify broader trends or behavior that the CFTC finds helpful to target customer education and awareness efforts.

RED List Inclusion Criteria

The following criteria may help competition participants develop a tool that can appropriately identify foreign entities that should be included on the CFTC's RED List.

1. Is the entity foreign?

Only foreign entities are included on the RED List. For purposes of the tool, an entity is foreign if its place of business is anywhere other than the U.S. An entity may not be domestic simply because it self-identifies as having a physical presence in the U.S.

2. Does the foreign entity have any or a limited U.S. presence?

For purposes of the tool, an entity that has only a limited U.S. presence may still be considered a "foreign entity" and included on the RED List. An entity will be considered to have a limited U.S. presence if its *only* presence is: a virtual office; a sham address; a U.S. phone number; or its website or domain hosting service. An entity that has more than a limited U.S. presence is not considered a "foreign entity," and therefore the tool should not designate it for the RED List. For this purpose, indicia of a U.S. presence may include, among other things, whether an entity has: a U.S. agent or representative; a bank or other financial account(s) held by a financial institution in the U.S; a physical office space; or any other substantive presence in the U.S.

3. Does the foreign entity appear to solicit or accept U.S.-based residents?

For purposes of the tool, an entity solicits a U.S. resident if, from a U.S.-based IP address: a U.S. resident is able to open an account with the entity; or the entity does not block a U.S. resident from opening an account.

4. Does the foreign entity offer products within the CFTC's jurisdiction, including for example, futures, options on futures ("options"), foreign currency ("forex"), binary options, leveraged metals, contracts for difference ("CFD"), or Bitcoin derivatives (and any other virtual currency contracts regulated by the CFTC)?

Where an unregistered foreign entity offers futures, options, forex, CFDs, or other derivatives subject to CFTC jurisdiction to U.S. customers the tool should consider this a positive factor for inclusion on the RED List.

5. Is the foreign entity required to be registered with the CFTC?

For purposes of the tool, conduct in connection with a CFTC jurisdictional product that requires registration with the CFTC may include, among other things: accepting customer funds; soliciting or accepting customers' orders; soliciting discretionary accounts; directing customer accounts; providing commodity trading advice; or operating a commodity pool.

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6. Is the foreign entity currently not registered with the CFTC?

The National Futures Association's public registration database at <https://www.nfa.futures.org/basicnet> includes entities that are registered with the CFTC.² If an entity is registered or has an exemption from registration, the tool should not designate it for inclusion on the RED List.

7. In the case of binary options, is the foreign entity currently not registered as a Foreign Board of Trade ("FBOT")?

The CFTC maintains a database of registered FBOT's available at <https://sirt.cftc.gov/sirt/sirt.aspx?Topic=ForeignBoardsOfTrade>. If an entity is registered as an FBOT, the tool should not designate it for inclusion on the RED List.

Outputs

For purposes of this contest, successful tools will use AI and/or other technology to scan public sources and relevant data. To accomplish this, a tool should be able to assess foreign entities against the criteria listed above in order to generate a report that identifies foreign entities for potential inclusion on the RED List. To the extent possible, the output should include the foreign entity's name and/or "doing business as" name, country of origin, owners/operators, and contact information (phone, email, social media, website(s), and/or address(es)), as may be available. The tool should also be able to provide a justification based on the criteria above for why any particular foreign entity has been identified.

Finally, the tool should incorporate an archive function that saves searches and results for future reference and audit purposes.

Participants will determine the best approach to create their tool and to deploy it, as well as the format of the report and output that is generated. The output may be in any machine readable format (*e.g.*, csv, xml, excel) to facilitate further analysis.

PRIZES

Contest winner(s) will be recognized on the CFTC's website, <https://www.cftc.gov>. Each contest winner will also be designated as a *CFTC Innovator of the Year* and receive a commemorative award. Winner(s) will be invited to CFTC headquarters where they will have the opportunity to meet the LabCFTC Director and other CFTC staff, present their submissions, and receive their award during a formal ceremony.

² Reference to the NFA is for informational purposes only and does not constitute endorsement, recommendation, or favoring by the U.S. government.

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Travel expenses are not covered. No cash prize will be awarded.

RULES

The administration of Project Streetlamp will be carried out in accordance with Section 401 of the American Innovation and Competitiveness Act which is known as the Science Prize Competition Act (“SPCA”), 15 U.S.C. 3719, and the rules, terms, and conditions described in this announcement. Subject to the following provisions, all interested competitors – individuals and entities – are encouraged to participate. Collaboration is encouraged. Team entries will be accepted. All members of teams must be individually eligible to participate in accordance with these rules.

Participant Eligibility

- (1) Individuals or entities being investigated by, or not in good standing with, the CFTC may not compete. Likewise, individuals or entities participating in the contest must not be suspended, debarred, or otherwise excluded from doing business with the federal government. An individual or entity that is determined to be on the GSA Excluded Parties List (www.sam.gov) is ineligible to participate.
- (2) Participants, including individuals and private entities, must not have been convicted of a felony criminal violation under any federal law within the preceding 24 months and must not have any unpaid federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability.
- (3) Individuals entering on behalf of or representing a company, institution, or other legal entity are responsible for confirming that their entry does not violate any policies of that company, institution, or legal entity.
- (4) The CFTC reserves the right to exclude from this competition any person or entity whose participation may not serve the public interest. Any such decision shall be final and not subject to review or appeal.
- (5) CFTC employees shall not be permitted to participate in the competition. Non-CFTC federal employees acting in their personal capacities should consult with their respective agency ethics officials to determine whether their participation in this challenge is permissible.
- (6) A participant shall not be deemed ineligible because the participant consulted with

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federal employees or used federal facilities in preparing its entry to this competition if the federal employees and facilities are made available to all participants on an equitable basis.

Submission Requirements

- (1) The submission (and use of the submission) does not, and will not, (1) violate any applicable laws or regulations of the United States, including licensing, export control, and nonproliferation laws, and related regulations; (2) violate or infringe upon the patent rights, industrial design rights, copyrights, trademarks, rights of privacy, publicity or other intellectual property or other rights of any person or entity; or (3) disclose trade secrets (the participant's or anyone else's).
- (2) The submission represents original work of the participant(s), or it is being submitted with all necessary permissions and with full and proper credit given within the entry.
- (3) The participant has the right and authority to make the submission on the participant's own behalf and on behalf of any other persons and entities specified in the submission.
- (4) The submission works reliably (i.e., generates consistent results over time), and is designed to generate true information (i.e., balances comprehensiveness with accuracy). The submission does not contain malicious code, such as viruses, malware, timebombs, cancelbots, worms, Trojan horses, or other potentially harmful programs or other material.
- (5) The submission may not use the logo or official seal of the CFTC or any other government agency, and the submission must not claim CFTC or government endorsement.

Ownership and Use Rights

- (1) Participation in Project Streetlamp does not transfer ownership of any intellectual property rights in a submission or any related components of a submission.
- (2) By submitting an entry individually or as a member of team, a contest participant agrees to grant to the CFTC, competition judges, competition administrators, and the designees of any of them: (a) the right to review, test and evaluate the submission, (b) the right to publicly describe the submission in any materials created in connection with this competition, and (c) the right to use any data or information or other output generated.

Publicity

Each participant in Project Streetlamp grants the CFTC permission to use his/her/its name, likeness, photograph, voice, statements, and/or submission summary on its website and for promotional purposes in any form of media, worldwide, including the CFTC's website, print materials, outreach materials, and social media without further permission, payment, or consideration. The submission summary will include the written description provided with the submission, as well as the names and titles of any submission contributors.

Terms and Conditions

- (1) The competition is subject to all applicable federal, state, and local laws and regulations. Participants are responsible for checking applicable laws and regulations in their jurisdiction(s) before participating in the prize competition to ensure that their participation is legal. The CFTC shall not, by virtue of conducting this prize competition, be responsible for compliance by participants in the prize competition with any applicable law. Individuals entering on behalf of or representing a company, institution, or other legal entity are responsible for confirming that their entry does not violate any policies of that company, institution, or legal entity.
- (2) Federal contractors may not use federal funds from a contract to develop a submission for this competition or otherwise to fund efforts in support of a submission.
- (3) The CFTC has determined to waive the insurance requirement in 15 U.S.C. § 3719(i)(2). Individuals and entities participating in the Project Streetlamp competition will not be required to obtain liability insurance or demonstrate financial responsibility in order to participate in this prize competition.
- (4) CFTC reserves the right in its sole discretion to disqualify any submission. Submissions containing any matter which, in the sole discretion of the CFTC, is indecent, defamatory, in obvious bad taste, which demonstrates a lack of respect for public morals or conduct, which promotes discrimination in any form, which shows unlawful acts being performed, which is slanderous or libelous, or which adversely affects the reputation of the CFTC, will not be accepted, and will not be evaluated or considered for award.
- (5) The CFTC reserves the right to remove any content from its website in its sole discretion at any time and for any reason.
- (6) The CFTC reserves the right to cancel, suspend, postpone, or modify Project Streetlamp, or any part of it, in its sole discretion at any time and for any reason. If the CFTC takes any of these actions, it will notify contest participants.
- (7) By entering this competition, participant agrees to assume any and all risks and waive claims against the CFTC, federal government and its related entities (*i.e.*, a contractor or

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subcontractor at any tier, and a supplier, user, customer, cooperating party, grantee, investigator, or detailee), except in the case of willful misconduct, for any injury, death, damage, or loss of property, revenue, or profits, whether direct, indirect, or consequential, arising from their participation in the competition, whether the injury, death, damage, or loss arises through negligence or otherwise. The CFTC and federal government shall not be responsible or liable for any expenses, losses, damages, or injuries of any kind (including death) resulting from participation in Project Streetlamp or any competition-related activity, or from participants' acceptance, receipt, possession, use, or misuse of any prize.

(8) Participation constitutes full and unconditional agreement by the individual(s) and/or entity(ies) to all of the rules, terms, and conditions set forth in this announcement, which are final and binding in all matters related to the Project Streetlamp competition.

JUDGING CRITERIA

Judging Panel

The judging panel will consist of three members of the CFTC staff. One panelist will bring an application focus, able to assess how the submission (both the tool and its output) can be used and its overall effectiveness. Another panelist will have a technical background, able to read, interpret, and understand the coding behind the program. The third panel member will have a regulatory background. This person would bring an understanding of regulation from the perspective of market intermediaries, including compliance and possibly registration issues.

Evaluation Criteria

The judging panel will evaluate each submission using a scoring rubric in terms of its output, effectiveness, and ease of use as defined by the evaluation criteria discussed below. In conducting the evaluation, judges will determine the points that a submission merits up to the maximum value specified for each element.

- To what extent does the tool effectively discover entities appropriate for inclusion on the RED List? (See Entity Selection Criteria above.)
 - How many entities does the tool identify? How many of these entities would be determined appropriate to add to the RED List (true positives), and how many of the entities would not be appropriate for the RED List (false positives)? (10 points)
 - What is the scope of the tool in searching for such entities? Does it cover a variety of platforms and media? (10 points)

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- Can the tool be configured or “customized” to identify particular types of activity? (10 points)
- To what extent is the tool able to perform an analysis that aligns with, and so facilitates, the CFTC staff review process for making such a determination?
 - To the extent that the tool makes use of AI, are the results generated explainable? Can CFTC staff understand how the tool identified a foreign entity? (10 points)
 - Can the tool provide an output that responds to each of the questions CFTC staff considers in its preliminary review of an entity (see Competition section)? (10 points)
 - Is the tool able to prioritize or rank its output to identify foreign entities that may be most problematic? (10 points)
 - How easy is the tool to use? Is it easy to interact with? (10 points)
- To what extent does the tool provide additional information that may be of use to the CFTC (*e.g.*, efforts to target customer outreach and education effectively; understand methods unregistered entities use to promote their operation and entice participation, etc.) Relevant information might include data on any of the following: (5 points)
 - Modes of communication and user engagement (*e.g.*, social media, instant message (IM), third party apps, communities and groups).
 - Message commonalities.
 - Amount of engagement with potential targets (*e.g.*, message count, degree of personalization, response rate, etc.), timing or cadence of posts, geographic targeting of messages, and types of products offered.
 - Information on platform utilization (*i.e.*, which platforms have higher likelihood for carrying scam messages).
 - For decentralized networks, network maps, including identity of nodes.

Competition Process

(1) Competition participants prepare and submit entries. Entries must be complete. (See “How to Enter” section.) Competition participants must submit their entry on or before the submission deadline, 5:00 pm ET, September 4, 2020.

(2) Following the submission closing date, entries will be reviewed. Those that are complete and meet the threshold submission requirements specified in this announcement will be passed to the judging panel for evaluation. As part of its review, the CFTC may request additional information from contest participants in support of a submission. Failure to respond timely may result in disqualification.

(3) The CFTC will not accept duplicate or substantially identical submissions. The CFTC may in its sole discretion reject duplicate submissions.

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(4) As described above, the judging panel will evaluate entries and determine the contest winner(s). All decisions and recommendations of the judging panel with respect to submissions and awards will be final and not subject to appeal or contest.

(5) All contest winners will be required to verify their identity and role in creating their submission prior to receiving any award.

(6) If any potential prize winner is found for any reason to be ineligible, has not complied with the rules, terms, and conditions described herein, or declines the applicable prize prior to award, such potential prize winner will be disqualified.

Privacy Notice

Personally Identifiable Information you submit to the CFTC through LabCFTC for your competition submission may contain information covered under the Privacy Act of 1974. Submitting this information is voluntary and facilitates the processing of your submission and administering the competition. The collection of this information is authorized under 7 U.S.C. 5(b) and the American Innovation and Competitiveness Act. The information will be maintained and disclosures may be made in accordance with System of Records Notice (“SORN”) “CFTC-50, LabCFTC,” 83 FR 104. In addition, the CFTC may share information you provide to external judges who will be evaluating competition submissions. Current versions of all CFTC SORNs are located on the CFTC Privacy Program page at www.CFTC.gov/privacy.

Participants acknowledge that they have read the CFTC’s and challenge.gov website’s data privacy, use, security, and retention policies and understand that all data, except that expressly marked for government use, is subject to these policies.

HOW TO ENTER

(1) Prepare a submission. A submission consists of the following components:

- A submission summary. A brief overview (~300 words max) of your tool suitable for immediate publication.
- Written explanation. This element should explain in detail your solution and how it works. Please include any relevant technical details, and indicate any special functionalities (or limitations) of the tool. Please include in this explanation instructions for installation / implementation as may be appropriate.
- The tool. Entries should either include a copy of the code or program that you have developed or, if the tool is hosted externally, access instructions to facilitate evaluation by the judging panel.

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- Example of output. A copy of the tool’s output demonstrating its capability (*i.e.*, list of entities or data identifying entities as described in this announcement – see Outputs section).
- A list with the name, affiliation, and contact information for each individual and entity that contributed to the contest entry.

(2) Email your completed submission to LabCFTC@cftc.gov with subject line listed as “LabCFTC Project Streetlamp Submission.” If applicable, the email sender will be considered the contact person and official representative for the participating team. Contest entries must be in English and .pdf format with font size no smaller than 11-point. All submissions must conform to the requirements set out in this contest announcement.

(3) Submissions must be received on or before the submission deadline, 5:00 pm ET, September 4, 2020.

POINT OF CONTACT

For any questions, contact the LabCFTC team at LabCFTC@cftc.gov with subject line listed as “LabCFTC Project Streetlamp Inquiry.” LabCFTC and/or CFTC staff will respond or provide guidance as appropriate.