

2024 Current Fiscal Year Report: Market Risk Advisory Committee

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1. Department or Agency

Commodity Futures Trading
Commission

2. Fiscal Year

2024

3. Committee or Subcommittee

Market Risk Advisory Committee

3b. GSA Committee No.

2494

4. Is this New During Fiscal Year?	5. Current Charter	6. Expected Renewal Date	7. Expected Term Date
No	04/16/2024	04/16/2026	04/16/2026

8a. Was Terminated During Fiscal Year?	8b. Specific Termination Authority	8c. Actual Term Date
No		

9. Agency Recommendation for Next Fiscal Year	10a. Legislation Req to Terminate?	10b. Legislation Pending?
Continue	Not Applicable	Not Applicable

11. Establishment Authority

12. Specific Establishment Authority	13. Effective Date	14. Committee Type	14c. Presidential?
Commission Order	04/24/2014	Continuing	No

15. Description of Committee Non Scientific Program Advisory Board

16a. Total Number of Reports No Reports for this Fiscal Year

17a. 0 17b. Closed0 17c. Partially Closed0 Other Activities0 17d. Total0

Meetings and Dates

No Meetings

Current FY	Next FY
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18a(1). Personnel Pmts to Non-Federal Members	\$0.00	\$0.00
18a(2). Personnel Pmts to Federal Members	\$0.00	\$0.00
18a(3). Personnel Pmts to Federal Staff	\$0.00	\$0.00
18a(4). Personnel Pmts to Non-Member Consultants	\$0.00	\$0.00
18b(1). Travel and Per Diem to Non-Federal Members	\$0.00	\$0.00
18b(2). Travel and Per Diem to Federal Members	\$0.00	\$0.00
18b(3). Travel and Per Diem to Federal Staff	\$0.00	\$0.00
18b(4). Travel and Per Diem to Non-member Consultants	\$0.00	\$0.00
18c. Other(rents,user charges, graphics, printing, mail, etc.)	\$0.00	\$0.00
18d. Total	\$0.00	\$0.00
19. Federal Staff Support Years (FTE)	0.00	0.00

20a. How does the Committee accomplish its purpose?

The MRAC was established to conduct public meetings, advise, and submit reports and recommendations to the Commission on: (1) systemic issues that impact the stability of the derivatives markets and other related financial markets; and (2) the impact and implications of the evolving market structure of the derivatives markets and other related financial markets. During this fiscal year, the MRAC held two meetings. At the March 8, 2023 meeting, the MRAC addressed: (1) CCP Risk and Governance—Cybersecurity, including the historical and geopolitical context of cybersecurity and recent shifts in strategy on how to engage in cybersecurity; (2) CCP Risk and

Governance—Leadership, which included an overview of the ION ransomware attack, risks posed by third-party service providers, and responses to the attack; (3) CCP Risk and Governance—Regulatory Perspectives, a discussion of potential regulatory responses to cybersecurity risk; (4) CCP Risk and Governance Subcommittee, a discussion of next steps for the subcommittee; (5) Future of Finance—Policy, a discussion of risks in the crypto industry and potential regulatory frameworks to address them; (6) Future of Finance—Emerging Uses, a discussion of the ways blockchain technology is developing and the risks posed by new uses; (7) Climate-Related Market Risk, a discussion of fundamental challenges facing the carbon credit market; (8) Market Structure, a discussion of disruption in the treasury market, volatility in block trades; and (9) Interest Rate Benchmark Reform, in particular the transition from LIBOR to SOFR. At the July 10, 2023 meeting, the MRAC addressed: (1) CCP Risk and Governance, a discussion of the priorities that the subcommittee would address, in particular margin and collateral, resolution and recovery, and technology and operations; (2) Market Structure, a discussion of the priorities that the subcommittee would address, in particular block trade thresholds, FCM capacity, treasury market reform, and post-trade risk reduction; (3) Interest Rate Benchmark Reform, a discussion of the subcommittee's work, which was concluded at this meeting; (4) Future of Finance, a roundtable about the potential paths for regulators to take to establish oversight of crypto markets; and (5) Climate-Related Market Risk, a discussion of the increasing scrutiny of risks in the carbon offset market. The discussions at these MRAC meetings on critical market risk and market structure issues (i.e., the future of finance, climate-related market

risk, LIBOR transition, CCP risk and governance, and market structure issues relevant to FCMs and non-intermediation) accomplished the MRAC's purpose of assessing the impact and implications of developments in the structure of the derivatives markets, as well as systemic issues that impact the stability of the derivatives markets and other related financial markets.

20b. How does the Committee balance its membership?

The MRAC ensures its membership is balanced by appointing individuals who represent groups with an interest in the MRAC's mission and function and reflect a wide range of perspectives and interests, including those that may be conflicting, related to the derivatives markets and other financial markets. Its membership may consist of the following types of viewpoint categories: (1) end-users; (2) exchanges; (3) swap execution facilities; (4) swap data repositories; (5) clearinghouses; (6) asset managers; (7) intermediaries; (8) market makers; (9) service providers; (10) academia; (11) public interest groups; (12) regulators; and (13) blockchain and cryptocurrency industry firms.

20c. How frequent and relevant are the Committee Meetings?

The MRAC typically meets two or more times per calendar year. The subjects of market risk and the evolution of market structure are highly relevant to the work of the CFTC. In addition, addressing systemic risk is at the heart of the Commission's mission.

20d. Why can't the advice or information this committee provides be obtained elsewhere?

Currently, the Commission does not have another

manner in which to obtain regular feedback from the public, market participants, and registrants on market risk and systemic market issues that could impact the stability of derivatives and other markets. The MRAC helps the Commission understand how the public, market participants, and registrants are affected by structural changes in the derivatives and other financial markets. Accordingly, the MRAC assists the Commission with respect to developments in the structure of the derivatives markets and the effects that such changes may have on systemic issues that could impact the stability of derivatives and other financial markets.

20e. Why is it necessary to close and/or partially closed committee meetings?

N/A

21. Remarks

Designated Federal Officer

Tamika Bent Chief Counsel to Commissioner

Kristin N. Johnson

Committee Members	Start	End	Occupation	Member Designation
Allen, Robert	09/22/2022	09/22/2024	President and Global Head of Fenics Rates, FMX Futures Exchange, L.P.	Representative Member
Andrus, James	08/29/2023	09/21/2024	ViPresident of Sustainability Global Markets, Global Sustainability Strategy Team, Franklin Templeton	Representative Member

Battle, Ann	09/22/2022	09/22/2024	Senior Counsel, Market Transitions & Head of Benchmark Reform, International Swaps and Derivatives Association	Representative Member
Cocco, Alessandro	08/21/2023	09/22/2024	Senior Policy Advisor, U.S. Dept. of Treasury, Financial Stability Oversight Council	Regular Government Employee (RGE) Member
Constable, Neil	09/22/2022	09/22/2024	Head of Quantitative Research and Investments, Fidelity	Representative Member
Cuddihy, Tim	09/22/2022	09/22/2024	Managing Director and Group Chief Risk Officer, Depository Trust and Clearing Corporation	Representative Member
Dasso, Edward	09/22/2022	09/22/2024	Senior Vice President-Market Regulation, National Futures Association	Representative Member
Fletcher, Gina-Gail	09/22/2022	09/22/2024	Professor of Law at Duke University School of Law	Special Government Employee (SGE) Member
Kohnke, Ernie	09/22/2022	09/23/2024	General Counsel, Vitol	Representative Member
Levin, Jonathan	09/22/2022	09/22/2024	Co-Founder and Chief Strategy Officer, Chainalysis, Inc.	Representative Member
Lowry, Chip	09/23/2022	09/23/2024	Board Member, Foreign Exchange Professionals Association	Representative Member
Maniar, Purvi	09/22/2022	09/22/2024	Deputy General Counsel, FalconX Bravo Inc.	Representative Member
Nash, Andrew	09/22/2022	09/22/2024	Managing Director and Head of Regulatory Affairs, Morgan Stanley	Representative Member
Park, Andrew	09/22/2022	09/22/2024	Senior Policy Analyst, Americans for Financial Reform	Representative Member

Renier, Jessica	09/22/2022	09/22/2024	Managing Director, Digital Finance, Institute of International Finance	Representative Member
Smith, Kristin	09/22/2022	09/22/2024	Executive Director, Blockchain Association	Representative Member
Sprague, Suzanne	09/22/2022	09/22/2024	Managing Director and Global Head of Clearing and Post-Trade Services, CME Group Inc. Liem Sioe Liong / First Pacific Company Professor, Professor of Legal Studies and Business Ethics, and Department Chair at the Wharton School, University of Pennsylvania	Representative Member
Werbach, Kevin	09/22/2022	09/22/2024		Special Government Employee (SGE) Member

Number of Committee Members Listed: 18

Narrative Description

The Commission's mission is to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation. The MRAC supports this mission and the agency's strategic plan by assisting the Commission with identifying and understanding (1) systemic issues that impact the stability of the derivatives markets and other related financial markets; and (2) the impact and implications of the evolving market structure of the derivatives markets and other related financial markets.

What are the most significant program outcomes associated with this committee?

Checked if
Applies

Improvements to health or safety

☐

Trust in government

☒

Major policy changes

☐

Advance in scientific research

☐

- | | |
|---|-------------------------------------|
| Effective grant making | <input type="checkbox"/> |
| Improved service delivery | <input type="checkbox"/> |
| Increased customer satisfaction | <input type="checkbox"/> |
| Implementation of laws or regulatory requirements | <input type="checkbox"/> |
| Other | <input checked="" type="checkbox"/> |

Outcome Comments

The MRAC assists with assessing issues impacting clearinghouses, exchanges, swap execution facilities, swap data repositories, intermediaries, market makers, and end-users, and also contributes to pending rule rulemakings and policy considerations within the Commission.

What are the cost savings associated with this committee?

Checked if Applies

- | | |
|----------------------------|-------------------------------------|
| None | <input type="checkbox"/> |
| Unable to Determine | <input checked="" type="checkbox"/> |
| Under \$100,000 | <input type="checkbox"/> |
| \$100,000 - \$500,000 | <input type="checkbox"/> |
| \$500,001 - \$1,000,000 | <input type="checkbox"/> |
| \$1,000,001 - \$5,000,000 | <input type="checkbox"/> |
| \$5,000,001 - \$10,000,000 | <input type="checkbox"/> |
| Over \$10,000,000 | <input type="checkbox"/> |
| Cost Savings Other | <input type="checkbox"/> |

Cost Savings Comments

N/A

What is the approximate Number of recommendations produced by this committee for the life of the committee?

0

Number of Recommendations Comments

The MRAC voted on three formal recommendations to the Commission in Fiscal Year 2022, which were then submitted to the Commission for approval in Fiscal Year 2023. The three recommendations were for the Commission to establish or re-establish the following three subcommittees: Future of Finance, Climate-Related Market Risk, and Market Structure.

What is the approximate Percentage of these recommendations that have been or will be Fully implemented by the agency?

100%

% of Recommendations Fully Implemented Comments

The recommendations above were provided to the Commission for their consideration in Fiscal Year 2023 on February 24, 2023, and approved as of February 27, 2023.

What is the approximate Percentage of these recommendations that have been or will be Partially implemented by the agency?

0%

% of Recommendations Partially Implemented Comments

N/A

Does the agency provide the committee with feedback regarding actions taken to implement recommendations or advice offered?

Yes ☒ No ☐ Not Applicable ☐

Agency Feedback Comments

N/A

What other actions has the agency taken as a result of the committee's advice or recommendation?

Checked if Applies

Reorganized Priorities	<input type="checkbox"/>
Reallocated resources	<input type="checkbox"/>
Issued new regulation	<input type="checkbox"/>
Proposed legislation	<input type="checkbox"/>
Approved grants or other payments	<input type="checkbox"/>
Other	<input type="checkbox"/>

Action Comments

N/A

Is the Committee engaged in the review of applications for grants?

No

Grant Review Comments

N/A

How is access provided to the information for the Committee's documentation?

Checked if Applies

Contact DFO	<input type="checkbox"/>
Online Agency Web Site	<input checked="" type="checkbox"/>
Online Committee Web Site	<input type="checkbox"/>
Online GSA FACA Web Site	<input checked="" type="checkbox"/>
Publications	<input type="checkbox"/>
Other	<input type="checkbox"/>

Access Comments

N/A