

**Risk Management Committee**  
**Report to the NGFA Board of Directors**  
**March 2024**

**I. Key Issues:**

- Engage with the futures exchanges on risk management products.
- Engage with the Commodity Futures Trading Commission (CFTC) through meetings with staff and commissioners and by submitting comments on rulemakings.

**II. Committee Activities:**

- A. CFTC Commissioners:** CFTC has all five commissioner slots filled. CFTC Commissioner Rostin (Russ) Behnam was confirmed as Chairman in January 2022. On March 28, 2022, the U.S. Senate confirmed Kristin Johnson and Christy Goldsmith Romero to fill Democratic seats and Caroline Pham and Summer Mersinger to fill Republican seats. Over the past two years this committee has met in person or virtually with all commissioners
- B. CME Group Implementation of Contract Changes:** The CME Group’s current policy on contract change implementation is to exclude existing contracts containing “significant” open interest. This can result in a multi-year delay in the implementation of contract changes. Recently, CME Group has expressed receptivity to ideas on implementing contract changes sooner.
- C. Kansas City Wheat Contract Review:** The CME Group continues a review of its Kansas City wheat contract with feedback from individual customers and NGFA. Potential changes include adjustments to storage rates, shuttle train execution, and additional delivery locations.
- D. Corn Contract Review:** The CME Group is beginning a review of its corn contract and loadout rates are the only discussion point we have learned of at this point.
- E. Digital Asset Legislation:** The Risk Management Committee is monitoring and ensuring digital asset legislation does not negatively impact agricultural markets.
- F. Commitments of Traders Reports:** The Risk Management Committee met with CFTC and the Senate and House Agriculture Committees to discuss NGFA’s request for CFTC to more frequently publish commitments of traders’ (COT) reports and to reduce the lag time between data collection and reporting. CFTC staff said manual data cleaning is prohibiting CFTC from changing its current COT publishing process. CFTC is proposing an update to the format for clearing members to transmit large trader reports to streamline

its process. NGFA submitted comments supporting CFTC's update that will make it possible for more timely and frequent COT reports.

**G. Basel III Endgame:** NGFA submitted comments to the Federal Reserve Board, FDIC, and Office of the Comptroller of the Currency. NGFA asked these banking regulators to remove the negative impact on derivatives of their proposals to increase capital requirements on the largest U.S. banks. The regulations increase capital requirements in many ways, including by making banks hold more capital when they engage as Futures Commission Merchants (FCM) in derivative markets. The proposal has the potential to increase trading costs and reduce FCM availability.

### **III. Issue for Discussion Input:**

1. What risk management issues are you experiencing?
2. Are there items not in this report that you feel this committee should investigate?

### **IV. Other Actions:**

The Risk Management Committee and NGFA staff also were engaged in the following activities during the September 2023 – March 2024 period:

- A. Monthly check-in calls with CME Group.
- B. Monitoring CFTC announcements of violations and fines and the reasons they happened.
- C. Monitoring CME Group's implementation of SPAN 2 margin framework.