

MEMO# 33239

March 17, 2021

CFTC Establishes New Climate Risk Unit

[33239]

March 17, 2021 TO: ICI Members
Derivatives Markets Advisory Committee
ESG Advisory Group
ESG Task Force
SEC Rules Committee SUBJECTS: ESG RE: CFTC Establishes New Climate Risk Unit

On March 17, 2021, CFTC Acting Chairman Rostin Behnam announced that he has established the Climate Risk Unit (CRU) to support the agency's mission by focusing on the role of derivatives in understanding, pricing, and addressing climate-related risk and transitioning to a low-carbon economy.^[1] Comprised of staff from across the CFTC's operating divisions and offices, the CRU is intended to accelerate early CFTC engagement in support of industry-led and market-driven processes in the climate—and the larger ESG—space critical to ensuring that new products and markets fairly facilitate hedging, price discovery, market transparency, and capital allocation.

The press release notes that as the US joins governing bodies around the world in recognizing the need to reduce carbon emissions, the derivatives markets regulated by the CFTC will play a vital role in supporting and developing new products and solutions that address climate and sustainability challenges. It states that it is widely recognized that globally consistent standards, taxonomies, and practices will be critical as the industry and policymakers partner and guide their economies through the transition. It also states that leveraging in-house expertise with a history of developing and enforcing standards and policies alongside exchanges and self-regulatory organizations, the CFTC's CRU will ensure the agency remains a helpful participant in all relevant discussions.

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Associate General Counsel

endnotes

^[1] See CFTC Press Release, *CFTC Acting Chairman Behnam Establishes New Climate Risk Unit* (Mar. 17, 2021), available at https://www.cftc.gov/PressRoom/PressReleases/8368-21?utm_source=govdelivery.

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