

**Risk Management Committee**  
**Report to the NGFA Board of Directors**  
**March 2025**

**I. Key Issues:**

- Engage with the futures exchanges.
- Engage with the Commodity Futures Trading Commission (CFTC).

**II. Committee Activities:**

- A. CFTC Commissioners:** On February 11, 2025, President Trump nominated Brian Quintenz to be CFTC Chairman. Quintenz was a commissioner during President Trump's first term and has worked in the cryptocurrency industry since 2021. Currently, Caroline Pham is the acting Chair, and her first term ends April 13, 2027. Former Chairman Russ Behnam's last day was February 7, 2025. Kristin Johnson's first term expires April 13, 2025, and Christy Goldsmith Romero's first term ended April 13, 2024. Goldsmith Romero is in her holdover year. Both Johnson and Goldsmith Romero had been nominated for other positions within the Biden Administration, but their nominations were not acted on during the last Congress. Summer Mersinger's second term ends April 13, 2028. There currently are two Democrat commissioners and two Republican commissioners.
- B. Changes to CME Contracts:** On December 16, 2024, the CME Group announced amendments to the corn, soybeans, oat, and both wheat contracts. Changes included increasing loadout rates for corn, soybeans, oats and both wheat contracts from 6 cents per bushel to 9 cents and increasing both wheat storage rates from 6 cents per bushel per month to 8 cents to harmonize with corn and soybean storage rates. For corn and soybeans there is an increase from 16.25 cents per bushel over par to 24 cents per bushel over par in the delivery differential for the St. Louis-East St. Louis and Alton Switching Districts. There also was an expansion of the area of existing delivery territories on KC HRW Wheat Futures and inclusion of specific rules around placing 110-car unit trains in KC HRW Wheat load outs. There is an elimination of the weekly rate of loading obligation on KC HRW Wheat load outs in favor of only a daily rate of loading obligation. Lastly, there is an introduction of a cash premium for loading KC HRW Wheat faster than the obligated daily rate of loading.
- C. Commitments of Traders Reports:** The Risk Management Committee continues to urge CFTC to more frequently publish commitments of traders' (COT) reports and to reduce the lag time between data collection and reporting.
- D. 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. Given the potential negative economic ramifications of the rule that were brought to light through advocacy efforts, the rulemaking progress in the Biden Administration slowed and is anticipated to slow further or potentially stop completely under the Trump Administration.

- E. CME Group's FCM:** On October 29, 2024, CME Group received approval by the National Futures Association to establish a futures commission merchant (FCM). CME Group applied to establish a FCM when FTX was attempting to gain approval to operate a direct trading model. CME Group has told NGFA they finished the FCM approval process as a defensive strategy given that CFTC has not precluded direct trading. CME Group said they appreciate the protections FCMs bring to the marketplace, and they do not currently have plans to use their established FCM.
- F. Relations:** In August, approximately 15 members of the committee traveled to Chicago to visit with both CFTC and CME Group with the goal of maintaining and developing relationships with both organizations. The meetings also helped committee members better understand CFTC's work and to receive an update from CME Group's ag team on the Kansas City wheat contract, corn contract, Span 2 margining, the K algorithm for matching orders, and the dynamic circuit breaker (2-minute pause during periods of large price movements). The Committee is making plans to travel to Washington, DC in the summer of 2025 to engage with CFTC and Congress.
- G. Legislation:** The committee is monitoring the House Agriculture Committee's work on a CFTC Reauthorization bill.

### **III. Other Actions:**

The Risk Management Committee and NGFA staff also were engaged in the following activities during the September 2024 – March 2025 period:

- A.** Monthly check-in calls with CME Group.
- B.** Monitoring CFTC announcements of violations and fines and the reasons they happened.
- C.** Preparing to provide information to the Trump Administration on the importance of CFTC to the commodity marketplace. There is speculation the Trump Administration may propose to merge CFTC's functions into the Securities Exchange Commission.