

Statement of Rostin Behnam
Confirmation Hearing
U.S. Senate Committee on Agriculture, Nutrition, and Forestry
October 27, 2021

Chairwoman Stabenow, Ranking Member Boozman, members of the Committee, it is an honor to sit before you today as a nominee to serve as Chairman of the Commodity Futures Trading Commission. I extend my gratitude to President Biden for nominating me, and Chairwoman Stabenow and Ranking Member Boozman for holding this hearing.

I would like to recognize and thank my wife, Dinah Bengur, and our daughters Nina and Farah for being here today, and send my love to our youngest daughter, Roxana. I would like to thank my parents whose hard work and sacrifices have provided the safe footing for each of my steps, both personally and professionally.

Finally, I would like to thank Chairwoman Stabenow. In July, 2017, sitting before this Committee, I committed to you that I would endeavor to use your values and balanced judgement as a compass for my own actions. I hope I have fulfilled that promise, and recommit to the same if confirmed as Chairman.

Much has changed since my 2017 statement. The Covid-19 pandemic has had profound impacts on global financial markets, the U.S. economy, and most importantly on our daily lives. Like all Americans, CFTC staff have adjusted routines, impressively fulfilling the agency's mission while facing unprecedented challenges. The CFTC's future success starts and ends with building a diverse, expert staff supported with appropriate resources and leadership.

From a market integrity and resiliency standpoint, I am proud to report that the U.S. derivatives markets performed very well during the pandemic's early 2020 onset. Leaning on post-financial crisis reforms, CFTC markets met historically unprecedented volume and volatility with the powerful benefits of central clearing, capital and margin requirements, data reporting, and increased transparency.

As the U.S. economy strengthens, CFTC-regulated derivatives markets will play a critical role in ensuring a complete recovery, including in the rural economy. America's farmers and ranchers have long relied on derivatives markets to manage risk and discover prices. If confirmed as Chairman, the CFTC will continue to engage, listen, and decisively act to support American agricultural producers.

Additionally, manufacturers, energy producers, pension funds, financial institutions, and countless other small and large businesses rely on derivatives markets to manage risk. Safe, transparent, liquid and well-regulated derivatives markets are a critical component of a healthy, vibrant economy. The CFTC will do its part to promote, ensure, and protect market integrity.

Looking forward, domestic and global coordination remains an agency priority. Early 2020 hearkened back to 2008, reminding us that the interconnectedness of global financial markets requires persistent engagement towards maintaining resiliency and protecting the financial system and U.S. economy from future crises.

More specific to the CFTC, clearinghouses play a critical role in the safety and soundness of the financial system. In addition to annual CFTC examinations of systemically important clearinghouses, I believe continuous discussion among regulators and market participants about emerging risks and evolving market structure is critical to strengthen resiliency.

Customer protections are at the heart of the CFTC's mission. If confirmed, I will prioritize policy that invigorates a culture of compliance reinforced by an enforcement program that roots out fraud, manipulation, and market abuse, and sends a strong, clear message to bad actors, particularly at a time of rapidly advancing technology.

Cybersecurity remains an ever-present priority. As we collectively face greater threats, clearly executed cybersecurity strategies will benefit all market participants and the resilience of the American economy. The stakes are too high to fall short on a full commitment of resources and expertise.

I will end my statement with a few words about new and emerging risks and opportunities. The pandemic has taught us much about the importance of preparing for extreme but plausible events. In March, I formed the Climate Risk Unit, to explore the CFTC's role in managing climate related financial market risk, and supporting an orderly transition. Derivatives will play a key role in market-based solutions. While focusing on the risks climate change poses is imperative, I do not want to lose sight of the opportunities endemic to a transition. I believe the CFTC must play a role in this market growth if the larger transition goals are to be met.

Finally, the growth and widespread adoption of digital assets presents many novel issues for all regulators. Against this backdrop, the CFTC has actively used our existing statutory authority to stop and deter fraud and manipulation in these emerging markets. If confirmed, the CFTC will continue its proactive approach to protect customers and strengthen market resiliency. I look forward to working with this Committee to reexamine – and, if appropriate, expand – the CFTC's authority to ensure both the benefits and promise of the emerging digital asset market and the underlying technology can be harnessed without undue harm to customers and financial market stability.

Thank you for your time and I look forward to answering your questions.