

Opening Statement of Kristin N. Johnson  
Nominee to the U.S. Commodity Futures Trading Commission  
Before the United States Senate Committee on Agriculture, Nutrition and Forestry

Thank you, Chairwoman Stabenow, Ranking Member Boozman, and other distinguished members of the Committee for holding this hearing. I want to thank President Biden for nominating me to serve as a Commissioner of the Commodity Futures Trading Commission (CFTC) at this critical time for global financial markets and our nation. I want to thank the Committee Members and their staffs for their assistance during the nomination process. Lastly, I am grateful to appear alongside my fellow nominees.

I am also grateful to family members who are present as well as those who could not be here today. My family arrived in the Midwest in the early 1800s and settled in a small town on the Wabash River. There, they started small businesses. They served tirelessly as civil servants, legal and policy advocates, educators, nurses, and healthcare professionals. They volunteered to serve our nation in times of war and peace. My three sisters and I are fortunate to have inherited this commitment to public service. We grew up with a deep and abiding faith, gratitude, and a sense of the infinite possibilities that America provides.

At a young age, I became keenly interested in finance. I immersed myself in economics courses as an undergraduate student at Georgetown University. I began my career as an analyst at an investment bank, supporting portfolio management for institutions such as university and charitable endowments, public and corporate pension plans, and healthcare institutions. After graduating from the University of Michigan Law School where I served as an editor on the Michigan Law Review, I clerked for a federal court judge. I practiced law as a transactional lawyer focusing on capital markets, credit, and mergers and acquisitions transactions at the New York and London offices of a large, international law firm. Later, I served as Vice President and Assistant General Counsel at one of the largest financial institutions in the country.

I am currently a tenured professor with an endowed professorship and the co-associate dean for faculty research at Emory University Law School. For over a decade, my work has focused on risk

management oversight, with the goal of understanding financial crises and protecting the economy from such disruptive events. My recent work examines emerging technologies such as blockchain that enable the creation of digital assets such as cryptocurrencies and the platforms that enable secondary market trading.

Our futures and derivatives markets are preeminent in global financial markets. These markets play an essential role in the domestic economy and impact the daily lives of Americans, influencing the cost of energy sources used to heat our homes, cultivate crops, and manufacture, produce, and distribute goods along the supply chain. It is critical that these markets, which often serve as an important risk management tool for end-users, work effectively. To that end, the CFTC is a champion of the public interest, and its robust enforcement program monitors markets to protect against fraud and manipulation.

In the wake of the Financial Crisis of 2008, Congress adopted the Dodd-Frank Act, expanding the CFTC's role as the nation's futures and derivatives regulator and endowing the CFTC with authority to introduce comprehensive reforms that increase transparency and liquidity and mitigate risks in the previously unregulated swaps market. Notwithstanding these important accomplishments, much work remains.

A global health crisis, geopolitical events, and cybersecurity attacks introduce new challenges. During periods of unprecedented market volatility, the CFTC's role in protecting the integrity of markets is even more critical, as many in the agricultural community - farmers, ranchers, grain elevator operators, producers, and distributors - rely on derivatives markets as a critical tool to determine prices and to manage risk.

In the coming era, the CFTC will face new challenges. Transformational innovation that promises to increase equity, access, transparency, and efficiency while simultaneously reducing transaction costs and execution times may significantly impact markets. The rise of peer-to-peer platforms that operate without centralized intermediaries as well as the introduction of smart

contracts, blockchain, cloud-computing, algorithmic trading, and sophisticated artificial intelligence technologies, among others, has, however, also led to growing concerns. These concerns include a potential increase in the severity, frequency, and sophistication of cyberthreats; a lack of customer protections; low visibility into pricing and infrastructure data; and retail market participants' ability to, in seconds, quickly and easily download smart phone apps to execute complex, leveraged digital asset transactions. If confirmed, I will support the CFTC in its mission to ensure orderly trading and liquidity, as well as customer protection, fairness, and transparency in futures and derivatives markets.

Public service is among the highest callings. If confirmed, I will offer my experience and expertise in service of ensuring the CFTC's continued leadership in fostering open, fair, competitive, and financially sound markets. I understand the importance of listening and look forward to visiting with commercial market participants and end-users such as agricultural stakeholders. I will maintain an open door and look forward to working with you.

Before closing, I wish to acknowledge the love and support of family and friends, and, in particular, my son Jackson for his generous gift of patience as I endeavor to be in service to others. I also want to thank my parents who worked tirelessly and sacrificed tremendously. Thank you again for the honor to appear before you today. I look forward to and welcome your questions.