

## Cabinet News and Views

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### CFTC's MRAC Tackles AI and Climate Change



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On Friday, March 15, 2024, Commodity Futures Trading Commission (“CFTC”) Market Risk Advisory Committee (“MRAC”) convened two [roundtables](#) in Washington DC.

The first roundtable was organized by MRAC’s Future of Finance Subcommittee and focused on the use of artificial intelligence (“AI”) in financial markets today, what risks the use of AI poses, what aspects of financial regulation are implicated AI and what the markets and regulators can anticipate in the future. Participants in the roundtable agreed that the AI has already been a presence in financial markets for several years and is clearly here to stay. While the focus of regulation should not be on the rapidly evolving technology itself, regulators should focus on the use of such technology and the accountability for such use by market participants. The Subcommittee also addressed some of the issues raised in CFTC’s January 25, 2024 request for comments on the use of [AI in CFTC-regulated markets](#) as well as CFTC’s advisory on the use of [AI in financial scams](#).

During its second roundtable discussion organized by MRAC’s Climate-Related Market Risk Subcommittee, participants mostly addressed issues relating to the use and trading of environmental commodities, such as carbon credits, as well as market reaction to CFTC’s December 4, 2023 [proposed guidance](#) on listing on CFTC-regulated trading platforms of voluntary carbon credit contracts. Cadwalader’s own [Peter Malyshev](#) addressed the issues of carbon trading and environmental derivatives at the Market Risk Advisory Committee’s roundtable and you can watch the replay [here](#).

Participants in this roundtable addressed market design, disclosures as well as intermediation in voluntary carbon credit markets. The roundtable addressed legal nature of carbon credits as a “commodity” and the likely future regulatory regime may evolve to ensure reliability, transparency and to prevent greenwashing. The issues identified during this roundtable will be [further explored](#) during the subcommittee meetings.

