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Managing Climate Risk in the U.S. Financial System: U.S. Commodity Futures Trading Commission Report

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The United States Commodity Futures Trading Commission ("CFTC") issued a report entitled:

Managing Climate Risk in the U.S. Financial System ("Report")

The *Report* was prepared by the Climate-Related Market Risk Subcommittee, Market Risk Advisory Committee of the CFTC.

The *Report* notes that while it has been presented to the CFTC that its conclusions and recommendations are also relevant to:

- Other federal and state financial regulators
- Federal and state lawmakers
- Leaders in finance and business
- General public

The *Report's* objective is described as analyzing:

... the existing and emerging risk that climate change poses to the soundness and stability of the U.S. financial system, and offer recommendations.

Considered in the *Report* are climate change impacts such as:

- Sea-level rise
- Extreme weather events
- Rise in temperatures

The *Report* also takes into account the risk posed to the United States financial system by shifts in policy, technology and consumer preferences.

The *Report* was prepared by representatives from:

- Financial services
- Energy
- Agricultural industries
- Think tanks
- Civil society organizations from the environmental community

Overarching conclusions of the *Report* include:

- Climate change poses a major risk to the stability of the United States financial system and to its ability to sustain the American economy
- This reality poses complex risks in the U.S. financial system
- A major concern for regulators is what we don't know
- U.S. financial regulators must recognize that climate change poses a serious emergency risk to the U.S. financial system
- U.S. financial regulators should move urgently and decisively to measure, understand, and address climate risk
- The financial community should not be simply reactive – it should provide solutions

Chapter topics include:

- Introduction to Finance in the Face of Climate Change
- Physical and Transition Risks in the Context of the United States
- Implications of Climate Change for the U.S. financial system
- Existing Authorities and Recommendations for Financial Regulators
- A Closer Look at climate Risk Management and Data
- A Closer Look at Climate Scenarios
- A Closer Look at Climate Risk Disclosure
- A Closer Look at Financing the Net-Zero Transition

Key recommendations are provided in the *Report*.

A copy of the *Report* can be downloaded [here](#).