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Thank you for the comprehensive background provided by Commissioner Kristin N. Johnson regarding the increasing adoption of artificial intelligence (AI) in global financial markets, the exploration of potential risks associated with carbon derivatives markets, and the insights from the recent activities and statements by the Commodity Futures Trading Commission (CFTC). As outlined in the request-for-comment document, here are my brief comments that I believe align with these discussions and my professional background:

**Public Comments on the Future of Finance and Climate-Related Market Risk Subcommittee Workstreams**

As an experienced Corporate Attorney with over 21 years in legal counselling across various sectors including regulatory compliance, privacy, corporate governance, risk management, and litigation, I am keenly interested in the advancements and integration of artificial intelligence (AI) within the financial markets and the specific considerations regarding carbon derivatives markets. The foresight of the CFTC to examine these evolving areas not only underscores the necessity of prudent oversight but also highlights the potential for fostering innovation within a framework that prioritizes market integrity, consumer protection, and environmental sustainability.

**AI in Global Financial Markets**

The integration of AI technologies offers unprecedented opportunities for efficiency and innovation in financial markets. From enhancing trade execution and settlement to improving risk management and market surveillance, AI can significantly contribute to the resilience and integrity of financial systems. However, the potential risks associated with AI adoption, including those related to market manipulation, fraud, and systemic vulnerabilities, necessitate a regulatory approach that balances innovation with stringent oversight.

Drawing from my extensive experience in corporate governance and compliance, I commend the CFTC’s proactive stance in seeking public input on AI uses and risks in derivatives markets. It is imperative that the regulatory framework evolves in tandem with technological advancements to ensure that AI tools are developed and deployed responsibly, with adequate safeguards against misuse and biases that could undermine market fairness and consumer trust.

Furthermore, the emphasis on transparency, explainability, and governance in AI applications aligns with the principles that have guided my professional practice. Ensuring that AI systems are understandable and their decisions justifiable is crucial for maintaining accountability and aligning AI outcomes with ethical standards and regulatory requirements.

**Climate-Related Market Risk in Carbon Derivatives Markets**

The focus on carbon derivatives markets is timely and necessary. As these markets grow in response to increasing demand for tools to manage environmental risks, the potential for fraud, greenwashing, and market manipulation presents significant challenges. My background in advising on regulatory compliance and engaging in strategic planning for environmental assessments highlights the complexity of ensuring integrity in markets that are inherently tied to critical sustainability objectives.

I advocate for rigorous product design and disclosure standards in carbon derivatives markets to prevent greenwashing and ensure that these instruments genuinely contribute to environmental goals. Furthermore, enhancing market surveillance and adopting stringent compliance requirements are essential measures to protect against fraud and manipulation in these markets.

In conclusion, the CFTC’s initiatives to explore AI in financial markets and address climate-related market risks represent essential steps toward fostering a financial system that is both innovative and aligned with broader societal values, including fairness, transparency, and environmental sustainability. I look forward to contributing to these discussions and supporting the CFTC’s efforts to navigate the complexities of modern financial markets.

Sincerely,



Ricardo Aponte-Parsi