

GIBSON DUNN

This Week in Derivatives

November 7, 2025

From the Derivatives Practice Group: This week, ESMA and ISDA were particularly active, publishing several research reports about UCITS and Basel III and issuing guidance on the potential delayed release of the U.S. Consumer Price Index for All Urban Consumers. Due to the federal government shutdown, regulatory activity continues to stall in the United States.

New Developments

White House Nominates Michael Selig for CFTC Chairman. On October 25, President Trump nominated Michael Selig, chief counsel for the SEC's crypto task force, for the role of CFTC Chairman.

New Developments Outside the U.S.

ESMA Finds that Distribution Costs Account for Almost Half of Total Costs Paid to Invest in UCITS. On November 6, ESMA published its [report](#) on the total costs of investing in the Undertakings for Collective Investment in Transferable Securities fund (UCITS). Notably, the report provides an innovative analysis on distribution costs, which account for 48% of total costs for UCITS. These high costs are primarily driven by the traditional and dominant role of credit institutions and investment firms in the distribution chain across many Member States. [NEW]

ESMA Publishes Data for Quarterly Bond Liquidity Assessment. On October 31, ESMA published its latest [quarterly liquidity assessment](#) for bonds available for trading on EU trading venues. ESMA's liquidity assessment for bonds is based on a quarterly assessment of quantitative liquidity criteria, which includes the daily average trading activity (trades and notional amount) and the percentage of days traded per quarter. [NEW]

Cyber Risk and Digital Resilience Will Drive the Agenda of ESMA's Union Strategic Supervisory Priorities for 2026. On October 24, ESMA welcomed the strong initial engagement by National Competent Authorities on cyber risk and digital resilience and calls for continued efforts on the Union Strategic Supervisory Priorities. ESMA said it promoted cyber and digital resilience as a strategic supervisory priority starting January 2025 in direct alignment with the entry into application of the Digital Operational Resilience Act. According to ESMA, this allows enhanced coordination of EU supervisors' efforts toward strengthening firms' ICT risk management and improves the digital resilience of the EU securities market.

New Industry-Led Developments

ISDA Publishes Updates to SPS Matrix and SPS Naming Conventions. On November 7, ISDA [updated](#) its naming convention for how the Settlement Price Sources (SPSs), as defined in the ISDA Digital Asset Derivatives Settlement Price Matrix (the SPS Matrix), should be named to increase consistency and understandability. [NEW]

ISDA Publishes Paper on Modernizing the FRTB. On November 4, ISDA published a [paper](#) discussing some of the key areas where it has focused its advocacy in relation to the Fundamental Review of the Trading Book (FRTB) and the Basel III market risk framework. [NEW]

ISDA Publishes SwapsInfo for Third Quarter of 2025 and Year-to September 30, 2025. On November 3, ISDA published its [SwapsInfo quarterly review](#). The review noted that trading activity in interest rate derivatives (IRD) and credit derivatives increased in the third quarter of 2025 compared with the same period in 2024, reflecting shifting monetary policy expectations and broader market conditions. IRD traded notional rose by more than 50% year-on-year, led by an increase in overnight index swaps. Index credit derivatives traded notional grew by about 23%, accompanied by a decline in trade count. [NEW]

ISDA Issues Guidance on Delayed CPI-U Due to Government Shutdown. On November 7, published [guidance](#) addressing the potential delay in the release of the U.S. Consumer Price Index for All Urban Consumers (CPI-U) resulting from the current U.S. government shutdown. The guidance provides clarification on how such delays may affect the calculation and settlement of inflation-linked derivatives referencing the CPI-U. [NEW]

ISDA Extends Saudi Arabia Netting Opinions. On November 3, ISDA extended its [netting opinions](#) for Saudi Arabia to cover [regulations](#) published by the Capital Market Authority earlier this year that recognize the enforceability of close-out netting. [NEW]

Global Standard-setting Bodies Publish Assessment Report and Consultative Report On General Business Risks and Losses. On November 7, the BIS Committee on Payments and Market Infrastructures and the IOSCO published an [implementation monitoring report](#) on general business risks and a [consultative report](#) on financial market infrastructures' management of general business risks and general business losses. [NEW]

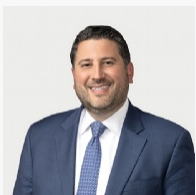
IOSCO Publishes Final Report on the Single-Name Credit Default Swaps Market. On November 4, IOSCO published its [Final Report](#) on the Single-Name Credit Default Swaps ("CDS") Market, which was prepared at the invitation of the Financial Stability Board. The report examines market events that impacted the banking industry in March 2023 and the functioning of the single-name CDS market following concerns raised regarding market turmoil. [NEW]

IOSCO Board Meets in Madrid and Issues Four New Publications. On November 3, IOSCO published the following reports: (1) [Final Report on Pre-Hedging](#); (2) [Final Report on Environmental, Social and Governance \(ESG\) Indices as Benchmarks](#); (3) [Consultation Report on Recommendations for Secondary Market Disclosure](#); and (4) [Statement on the Importance of High-Quality Valuation Information in Financial Reporting](#). These publications are products of the 2025 workplan and part of the outcomes of the board meeting that took place in Madrid last week. [NEW]

ISDA Opens General Adherence Phase for the ISDA 2025 – 2002 Equity Derivatives Definitions Protocol. On October 27, ISDA opened the general adherence phase for its [2025 – 2002 Equity Derivatives Definitions \(Versionable Edition\) Protocol](#). The protocol enables adherents to amend the terms of their equity derivatives master confirmation agreements to incorporate the 2002 ISDA Equity Derivatives Definitions (Versionable Edition) in place of the 2002 ISDA Equity Derivatives Definitions, with an effective date of October 26, 2026.

ISDA Publishes Paper on Derivatives Markets. On October 24, ISDA published a [paper](#) titled “Ensuring Safe, Efficient Derivatives Markets: Policy Ideas to Enhance Market Liquidity and Risk Management.” ISDA said that it has identified several recommendations for consideration by policymakers, market participants, and others as part of its mission to foster safe and efficient derivatives markets to facilitate effective risk management for all users of derivatives products.

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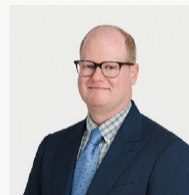
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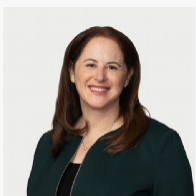
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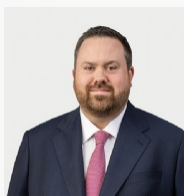
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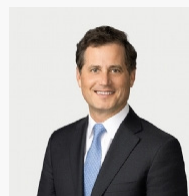
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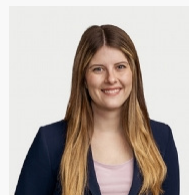
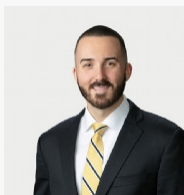
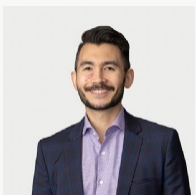
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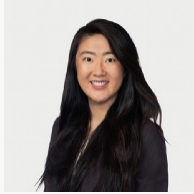
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