

This Week in Derivatives

July 16, 2025

From the Derivatives Practice Group: This week, the CFTC launched the Innovation Advisory Committee to gather expertise and recommendations on innovation in financial markets.

New Developments

Chairman Selig Launches the CFTC Innovation Advisory Committee. On January 12, CFTC Chairman Michael S. Selig launched the [Innovation Advisory Committee](#) (IAC) to gather expertise and recommendations on innovation in financial markets. The IAC has been renamed from the former Technology Advisory Committee. The CFTC said that the body will include a balance of viewpoints representing the financial industry, regulatory bodies, financial technology providers, public interest groups, academia, and market infrastructure firms. Chairman Selig will sponsor this committee and intends to nominate the [CEO Innovation Council](#) participants as its charter members. Chairman Selig is also seeking nominations for additional IAC membership. Submissions must be received by January 31, 2026. [NEW]

CFTC Staff Issues No-Action Letter Regarding Event Contracts. On January 8, the CFTC's Division of Market Oversight and the Division of Clearing and Risk announced they have taken a [no-action position](#) regarding swap data reporting and recordkeeping regulations for certain binary and bounded swap contracts in response to a request from Bitnomial Exchange, LLC, a designated contract market, and Bitnomial Clearinghouse, LLC, a registered derivatives clearing organization. The no-action letter applies only in narrow circumstances and is comparable to no-action letters issued for other similarly situated designated contract markets and derivatives clearing organizations

CFTC Chairman Selig Announces Amir Zaidi as Chief of Staff. On December 31, CFTC Chairman Michael S. Selig announced Amir Zaidi will serve as the CFTC's Chief of Staff. Zaidi returns to the CFTC after having previously served in several roles at the agency from 2010 to 2019, including as director of the Division of Market Oversight, where he oversaw the certification and deployment of the bitcoin futures contract – the first federally-regulated crypto product.

New Developments Outside the U.S.

European Supervisory Authorities and UK Financial Regulators Sign MoU on Oversight of Critical ICT Third-party Service Providers under DORA. On January 14, the European Supervisory Authorities (ESAs) signed a [Memorandum of Understanding](#) (MoU) with the Bank of England, the Prudential Regulation Authority, and the Financial Conduct Authority. ESMA said that the agreement enhances cooperation between the authorities to oversee critical information and communication technology (ICT) third-party service providers as required by the Digital Operational Resilience Act (DORA) and establishes clear principles and procedures for cooperation, information sharing, and coordination of oversight activities. [NEW]

ESMA Promotes Clarity in Communications on ESG Strategies. On January 14, ESMA published a [second thematic note](#) on sustainability-related claims, focusing on ESG strategies. ESMA said that the note concentrates on ESG integration and ESG exclusions because, in ESMA's view, references to these strategies are often made by market participants and widely referenced in marketing communications directed to retail investors. Similarly to the [first thematic note](#) on ESG credentials, ESMA noted, this publication offers practical do's and don'ts for making sustainability claims. [NEW]

ESMA Adopts Digital and Data Strategies to Support Supervision of EU Financial Markets. On January 13, ESMA adopted a new [Digital Strategy](#) and updated its [Data Strategy](#). ESMA noted that the updates reflect its commitment to smarter regulatory reporting and technology-driven supervision, promote synergies and innovation while reducing unnecessary complexity. According to ESMA, the digital strategy aims to continue ESMA's digital transformation, while the Data Strategy update is oriented to capitalize on opportunities to simplify, better integrate, and streamline data management and technology. [NEW]

ESMA Publishes Principles for Risk-based Supervision. On January 9, ESMA published its [principles for risk-based supervision](#). These principles support a common and effective EU-wide supervisory culture and strengthen the EU single market. The principles on risk-based supervision outline key concepts and foundational elements for use by ESMA and National Competent Authorities, and provide a structured framework for identifying, assessing, prioritizing and addressing risks.

ESAs Publish Joint Guidelines on ESG Stress Testing. On January 8, the ESAs published their [Joint Guidelines](#) on environmental, social, and governance (ESG) stress testing. These Guidelines provide national insurance and banking supervisors with clear guidance on how to integrate ESG risks into supervisory stress tests, both when using established frameworks and when conducting complementary assessments of ESG risk impacts.

ESMA Publishes Report on Cross-border Marking of Funds Including Statistics on Notifications. On January 6, ESMA published its [third report](#) on marketing requirements and marketing communications under the regulation on cross-border distribution of funds. For the first time, the report includes statistics on notifications of cross-border marketing of funds. Drawing on input from National Competent Authorities, the report finds that national rules governing the marketing of funds have not undergone any significant changes since the publication of the second report in 2023.

ESAs' Joint Board of Appeal Rules on Reimbursement of Costs. On January 5, the Joint Board of Appeal of the ESAs issued its [decision](#) on costs arising in the appeal brought by NOVIS Insurance Company, NOVIS Versicherungsgesellschaft, NOVIS Compagnia di Assicurazioni, and NOVIS Poist'ovňa a.s. (NOVIS) against the European Insurance and Occupational Pensions Authority (EIOPA). In its decision on July 30, 2024, the Board ordered EIOPA to reimburse NOVIS' costs for the appeal. In its decision on December 3, 2025, the Board confirmed its competence to decide on the allocation and taxation of costs.

ESMA Launches Selection of Consolidated Tape Provider for OTC Derivatives. On January 5, ESMA announced that it is launching the first selection procedure for the Consolidated Tape Provider (CTP) for over the counter (OTC) derivatives. Entities interested to apply are encouraged to register and submit their requests to participate in the selection procedure by February 11, 2026. The CTP aims to enhance market transparency and efficiency by consolidating post-trade data from data contributors, such as trading venues, into a single and continuous electronic stream.

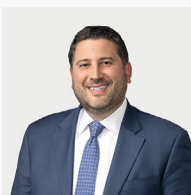
New Industry-Led Developments

ISDA Publishes Report on Credit Derivatives Trading Activity Reported in EU, UK and US Markets. On January 12, ISDA published a [report](#) analyzing credit derivatives trading activity reported in Europe. The analysis shows European credit derivatives transactions based on the location of reporting venues (EU versus UK) and product type. The report also compares European-reported credit derivatives trading activity to what is reported in the US. [NEW]

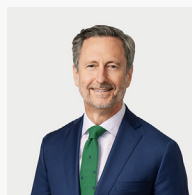
ISDA Responds to EC Targeted Consultation on Market Risk Prudential Framework. On January 6, ISDA, the Association for Financial Markets in Europe and the Institute of International Finance submitted a [joint response](#) to the European Commission's (EC) targeted consultation on the application of the market risk prudential framework. The response also includes detailed

recommendations on the 10 targeted adjustments proposed for the standardized and internal models-based approaches.

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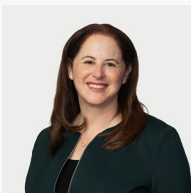
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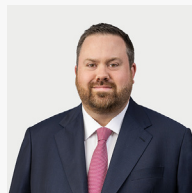
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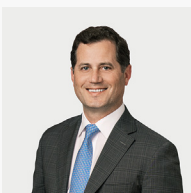
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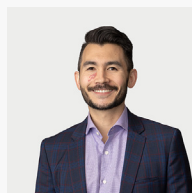
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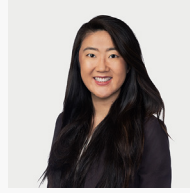
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