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This Week in Derivatives

January 9, 2026

From the Derivatives Practice Group: This week, the CFTC announced they have taken a no-action position regarding swap data reporting and recordkeeping regulations for certain binary and bounded swap contracts.

New Developments

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. [NEW]

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]

Michael Selig Sworn In as 16th CFTC Chairman. On December 22, Michael S. Selig was sworn in to serve as the 16th Chairman of the Commodity Futures Trading Commission. Chairman Selig was nominated by President Donald J. Trump to the post on October 27, 2025, and confirmed by the U.S. Senate on December 18, 2025. Chairman Selig most recently served as chief counsel of the Securities and Exchange Commission's Crypto Task Force and senior advisor to SEC Chairman Paul S. Atkins. He also participated in the President's Working Group on Digital Asset Markets and contributed to its report on "Strengthening American Leadership in Digital Financial Technology." Chairman Selig earned his law degree from The George Washington University Law School and received his undergraduate degree from Florida State University.

Acting Chairman Caroline D. Pham Departs CFTC. On December 22, CFTC Acting Chairman Caroline D. Pham announced her departure from public service. Her last day at the CFTC was December 22, 2025.

Acting Chairman Pham Announced New Member of Global Markets Advisory Committee's Digital Asset Markets Subcommittee. On December 22, CFTC Acting Chairman Pham announced Rob Hadick of Dragonfly Capital Partners joined the CFTC's Global Markets Advisory Committee's Digital Asset Markets Subcommittee. According to the CFTC, Hadick is a General Partner at Dragonfly Capital Partners, where he focuses on digital asset investment strategy, market structure innovation, and expanding global market opportunities across blockchain-based financial systems.

Acting Chairman Pham Announced Pilot Program to "Unleash American Energy Dominance." On December 19, CFTC Acting Chairman Pham announced that the Market Participants Division (MPD) established a pilot program designed to increase liquidity and hedging of risks in connection with Energy Commodity End User Swaps. Specifically, MPD staff issued a [no-action letter](#) that provides for a pilot program that will exclude certain Energy Commodity End User Swaps from the swap dealer de minimis calculation. Participants in the pilot program are required to submit monthly reports on energy commodity sub-category, aggregate notional value and number of counterparties for CFTC market oversight.

CFTC Staff Issues No-Action Letter Regarding CPO Registration for Certain SEC-Registered Investment Advisers. On December 19, MPD announced it had issued a [no-action letter](#) in response to a request submitted by the Managed Funds Association on behalf of its members. The letter states MPD will not recommend the CFTC initiate an enforcement action against firms registered as investment advisers with the Securities and Exchange Commission that operate commodity pools privately offered solely to sophisticated investors known as qualified eligible persons

for failing to register with the CFTC as a commodity pool operator, subject to certain conditions.

CFTC Approves Final Rule to Revise Swap Dealer Business Conduct and Swap Documentation Requirements. On December 18, the CFTC announced it has approved a final rule that codifies existing staff [no-action](#) positions for certain of the CFTC's business conduct and documentation requirements applicable to swap dealers and major swap participants. The final rule amendments further harmonize the CFTC's rules with those of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

CFTC Staff Seek Public Comment on Direct Clearing by Retail Participants. On December 18, the CFTC issued a [Request for Comment](#) to better inform the staff's understanding of the issues related to derivatives clearing organizations that provide direct clearing services to retail traders. These clearing services may be provided either through a fully-collateralized clearing model that has direct access for retail participants, or a hybrid model that includes both fully-collateralized direct clearing to retail participants and intermediated clearing by futures commission merchants to retail customers.

New Developments Outside the U.S.

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. [NEW]

ESAs Publish Joint Guidelines on ESG Stress Testing. On January 8, the European Supervisory Authorities (EBA, EIOPA and ESMA - 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. [NEW]

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. [NEW]

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. [NEW]

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]

ESMA Publishes Latest Spotlight on Markets Newsletter Featuring Updates on Market Integration and Transparency. On December 23, ESMA published the latest edition of its [Spotlight on Markets newsletter](#). This edition opens with ESMA welcoming the European Commission's ambitious proposal on market integration, underlining the importance of deeper, more integrated and efficient EU capital markets and the role of robust governance and market infrastructure in supporting these objectives. [NEW]

ESMA Selects EuroCTP to Become the First Consolidated Tape Provider for Shares and ETFs. On December 19, ESMA selected EuroCTP as the first Consolidated Tape Provider for shares and exchange-traded funds in the EU, in a step forward for the transparency of equity markets in the EU. ESMA has decided to select EuroCTP following an in-depth assessment of its offer against the criteria listed in the Markets in Financial Instruments Regulation. EuroCTP has met all the selection criteria and has demonstrated a solid approach towards ESMA's overall expectations for the award criteria.

ESMA Reviews Impact of Guidelines on ESG or Sustainability Related Terms in Fund Names. On December 17, ESMA released [research](#) assessing the impact of its fund naming guidelines on ESG and sustainability-related terms. The study found that ESMA's Guidelines have: (1) improved consistency in the use of ESG terms by increasing alignment of fund names and their actual investment strategies, and (2) enhanced investor protection by reducing greenwashing risks.

ESMA Maintains Recognition of Two UK Central Counterparties under EMIR. On December 16, ESMA [confirmed](#) it will maintain the recognition of LCH Limited and LME Clear Limited, two central counterparties established in the United Kingdom. This decision is taken under Article 25(5)(b) of the European Market Infrastructure Regulation (EMIR), that requires ESMA to assess if the conditions under which LCH Limited and LME Clear Limited were originally recognized continue to be met, considering recent regulatory, market, and business developments.

New Industry-Led Developments

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. [NEW]

ISDA Responds to ESMA on CCP Participation Requirements. On December 24, ISDA [responded](#) to a [consultation](#) from ESMA on central counterparty (CCP) participation requirements. According to ISDA, participation requirements for CCPs are vital for safe and efficient clearing markets, and ISDA broadly supports ESMA's consultation and proposed regulatory technical standards, which promote fair access and clear membership criteria. [NEW]

ISDA Publishes Report on Interest Rate Derivatives Trading Activity Reported in EU, UK and US Markets. On December 16, ISDA published a [report](#) that analyzes interest rate derivatives (IRD) trading activity reported in Europe. The analysis is based on transactions publicly reported by 30 European approved publication arrangements (APAs) and trading venues (TVs). Key highlights for the third quarter of 2025 include: (1) European IRD traded notional reported by APAs and TVs in the EU and UK rose by 29.1% to \$83.9 trillion in the third quarter of 2025 versus \$65.0 trillion in the third quarter of 2024, and (2) Euro-denominated IRD

traded notional fell by 5.9% to \$33.1 trillion from \$35.2 trillion, representing 39.5% of total European IRD traded notional.

ISDA Responds to ASIC Consultation on Derivatives Transaction Rules. On December 16, ISDA submitted a [response](#) to the Australian Securities and Investments Commission (ASIC) consultation on the remake of the ASIC Derivative Transaction Rules 2015, which are due to sunset on April 1, 2026. ASIC proposed to remake the rules in substantially the same form to continue the operation of Australia's over-the-counter derivatives central clearing regime. Besides limited, minor and administrative amendments, ASIC proposed a policy update in the Draft ASIC Derivative Transaction Rules 2026 to extend exemptive relief to clearing derivatives transactions resulting from post-trade risk reduction exercises.

Global Standard-Setting Bodies Publish Assessment of Margin Requirements for Non-Centrally Cleared Derivatives. On December 12, the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) published a [report](#) that reviews the implementation of margin requirements for non-centrally cleared derivatives. IOSCO said the report concluded that the framework has been effectively implemented and finds no evidence of material issues. The BCBS-IOSCO Working Group on Margining Requirements recommended ongoing monitoring through supervisory information exchange and the sharing of experiences among member authorities.

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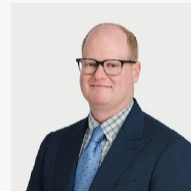
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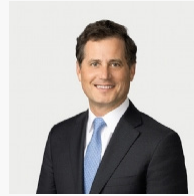
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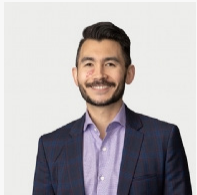


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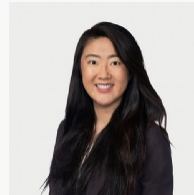
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