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This Week in Derivatives

July 31, 2026

From the Derivatives Practice Group: This week, the CFTC published a Notice of Proposed Rulemaking seeking public comment on affiliations among certain CFTC-regulated entities.

New Developments

CFTC Seeks Public Comment on Notice of Proposed Rulemaking Concerning Affiliations Among Certain CFTC-Regulated Entities. On July 30, the CFTC published a Notice of Proposed Rulemaking seeking public comment on amendments to Part 37, Part 38, and Part 39 of the CFTC's regulations, as well as Commission regulations 1.52 and 1.55. Comments will be accepted for 60 days following publication in the Federal Register. [NEW]

CFTC Releases Advisory on Self-Certification of an Event Contract Series. On July 24, the CFTC's Division of Market Oversight issued an advisory reminding designated contract markets about the proper procedures for submitting self-certifications of an event contract series. The advisory addresses concerns about the practice of submitting broad, template-style certifications that combine many potential event contract variations into a single certification. [NEW]

CFTC Staff Issues No-Action Position on Designated Contract Market Procedures. On July 24, the CFTC's Division of Market Oversight announced it has issued a no-action letter to Kraken Derivatives Exchange Inc., formerly Small Exchange Inc., a designated contract market, which addresses certain procedures related to dormancy. The no-action position is time-limited and subject to the terms and conditions in the division's no-action letter. This position is in response to a request from Kraken Derivatives Exchange Inc. to extend the no-action position granted to KDE in CFTC Letter No. 25-46. [NEW]

CFTC Extends Public Comment Period on Proposed Rule on the Extension of Standard Futures Contracts to 24/7 Trading and on Perpetual Contracts Referencing Physically Delivered or Storable Energy Commodities. On July 23, the CFTC announced it is extending the deadline for public comment on two related developments in the energy derivatives markets: the extension of standard futures contracts to 24/7 trading and the potential listing of energy commodity perpetual contracts. Based on requests by commenters and the addition of several questions to the request, the deadline is being extended by 30 days to August 26, 2026.

Chairman Selig Announces Agenda for July 29 Agricultural Advisory Committee Meeting in Washington. On July 23, CFTC Chairman Michael S. Selig, sponsor of the Agricultural Advisory Committee (AAC), released the agenda for the AAC's first meeting of 2026. Among other topics, attendees will discuss the Basel III proposal, risk management tools for agricultural end users, 24/7 trading and emerging markets, and recent CFTC activity in the agricultural industry. The full agenda can be found here.

Senator Lummis Releases Revised Text of the Clarity Act. On July 22, Senate Banking Digital Assets Subcommittee Chair Cynthia Lummis (R-WY) released an updated text for the Digital Asset Market Clarity Act (H.R. 3633), which reflects the merged work products of the Banking and Agriculture Committees.

CFTC Sunsets Routine Large Trader Reporting Requirements for Physical Commodity Swaps. On July 17, the CFTC issued a final order sunsetting the routine position-reporting requirements of Part 20, the large trader reporting rules for physical commodity swaps. Under the order, clearing organizations, clearing members, and swap dealers will no longer be required to file the daily and event-based position reports currently required under Part 20.

New Developments Outside the U.S.

EBA, EIOPA and ESMA Call for Enhanced Governance and Consistent Supervision to Mitigate ICT Risks from Frontier AI Models. On July 31, the

European Supervisory Authorities (ESAs) published a statement calling for a cross-sectoral, risk-based and consistent supervisory approach to mitigate the ICT risks stemming from frontier AI models. The ESAs outlined measures to help financial entities strengthen their operational resilience against cyber risks linked to frontier AI models. [NEW]

ESMA Authorizes EuroCTP as the Consolidated Tape Provider for Shares and Exchange-traded Funds. On July 27, ESMA authorized EuroCTP B.V. (EuroCTP) to operate as the Consolidated Tape Provider (CTP) for shares and exchange-traded funds (ETFs). According to ESMA, EuroCTP will be responsible for operating the consolidated tape for shares and ETFs for a period of five years under ESMA's direct supervision. The five-year period will begin on the date EuroCTP starts its operations. [NEW]

ESMA Calls on Firms to Finalize Preparations Ahead of T+1 Settlement Deadlines. On July 20, ESMA published a statement highlighting key deadlines and action points in preparation for the transition to a T+1 settlement cycle in EU financial markets. According to ESMA, the statement outlines key milestones, including the first regulatory deadline on December 7, 2026. ESMA states that market participants are encouraged to prepare and test their own readiness across the entire trading and settlement chain.

ESMA Publishes Report on Cross-border Investment Services Supervision. On July 20, ESMA published its follow-up report to the peer review on the supervision of cross-border activities of investment firms. The report assesses the progress made by national competent authorities in implementing recommendations issued in 2022 and covers the Netherlands, Germany, the Czech Republic, Luxembourg, Cyprus and Malta.

Joint Board of Appeal Dismisses Appeal Against the EBA. On July 16, the Joint Board of Appeal of the European Supervisory Authorities issued a decision stating that an appeal brought by an individual against the European Banking Authority (EBA) is inadmissible. The appeal concerned a response by the EBA to a complaint regarding the closure of a bank account by a credit institution and the handling of the matter by the Finnish National Competent Authority (FIN-FSA). The appellant had requested that the EBA investigate a possible breach of Union law by FIN-FSA. The Board of Appeal concluded that, under established EU case law, any decision to initiate an investigation is at the EBA's discretion.

ESMA Launches Data Collection Under the First Phase of ESAP. On July 10, ESMA launched the collection of information from Officially Appointed Mechanisms (OAMs) and National Competent Authorities (NCAs) for the first phase of implementation of the European Single Access Point (ESAP). Starting July 10, OAMs and NCAs will start providing ESAP the information and the metadata collected from financial entities.

New Industry-Led Developments

ISDA Publishes US Basel III Endgame Trading and Capital Markets Impact 2026 Update. On July 31, ISDA published a quantitative impact study with input from eight US global systemically important banks. The report shows that the market risk portion of the framework, known as the Fundamental Review of the Trading Book, would increase market risk capital by approximately 89% under the standardized approach applied across the full portfolio, and by approximately 30% under a blend of internal models and standardized approach that reflects current model approvals. [NEW]

ISDA Publishes Research Note on CDS Market Dynamics. On July 29, ISDA published a report that concluded global credit default swap (CDS) market activity reached a record $41.8 trillion in 2025, surpassing the previous peak of $38.7 trillion in 2022. Index CDS drove the increase, accounting for 93.3% of total activity and reaching a record $39.0 trillion. [NEW]

ISDA Publishes ISDA-Actrix US Treasury Repo Market Clearing Indicators for June 2026. On July 27, ISDA published the ISDA-Actrix US Treasury Repo Market Clearing Indicators for June 2026, which illustrate central clearing adoption in the US Treasury repo market. According to ISDA, sponsored cleared repo volumes are used as a proxy to monitor client participation in central clearing, a key objective of the Securities and Exchange Commission's US Treasury clearing mandate. [NEW]

ISDA Submits Letter to CFTC on Public Interest Determinations for Event Contracts. On July 27, ISDA submitted a letter to the CFTC on the CFTC's proposed rulemaking on public interest determinations for event contracts published in the Federal Register on June 12, 2026. According to ISDA, its letter emphasized the importance of market integrity as well as legal and regulatory certainty regarding the scope of event contracts that are swaps and/or security-based swaps. [NEW]

ISDA Responds to ASIC Consultation on Pre-hedging Guidance. On July 7, ISDA submitted a response to the Australian Securities and Investments Commission's (ASIC) consultation on its proposed regulatory guide on pre-hedging. ISDA's response emphasized the importance of international consistency, including alignment with the International Organization of Securities Commissions' (IOSCO) final report on pre-hedging, and supports a proportionate, principles-based and risk-based approach. [NEW]

ISDA Requests Clarification from BCBS on RMA Models under IFRS 9/IFRS 7. On July 24, ISDA wrote to the Basel Committee on Banking Supervision (BCBS) to request guidance on how the proposed Risk Mitigation Accounting (RMA) model under International Financial Reporting Standard (IFRS) 9/IFRS 7 should be treated for prudential regulatory capital purposes. The letter argues that the adjustment is an accounting mechanism broadly consistent with existing hedge accounting under International Accounting Standard 39 and does not create additional economic or prudential risk. [NEW]

IOSCO Announces Themes of the 10th Edition of World Investor Week. On July 22, IOSCO announced that the primary themes for World Investor Week 2026 (taking place from October 5 to 11, 2026) are Investor Resilience, Digital Deception, and Scam Alert, which it states reflects some of the most significant challenges facing investors today.

ISDA Comments on EP's MISP Draft Reports. On July 15, ISDA shared comments with policymakers in the European Union on the European Parliament's (EP) draft reports by Member of the European Parliament Markus Ferber and MEP Eero Heinäluoma on the Market Integration and Supervision Package (MISP). ISDA's commentary discusses amendments in relation to the European Securities and Markets Authority's mandate and powers, the Markets in Financial Instruments Regulation transparency, and the European Market Infrastructure Regulation transaction reporting, among other topics.

HMT Lays SI Granting UK EMIR Article 25(1) Equivalence to Several Jurisdictions. On July 13, the UK Treasury (HMT) laid before Parliament a statutory instrument (SI) setting out UK European Market Infrastructure Regulation (EMIR) Article 25(1) equivalence determinations in respect of the regulatory framework for CCPs established in Australia, Hong Kong, India, Japan, South Africa, the United Arab Emirates and the US. The statutory instrument will come into force on August 3.

UK Digital Markets Champion Publishes First Report on Wholesale Markets Tokenization. On July 13, Christopher Woolard CBE, the UK's Wholesale Markets Digital Champion, published his first report on the future of UK wholesale financial markets. The report recommends that the Bank of England consider broader acceptability of tokenized collateral in the market (for example, for use in central counterparties).

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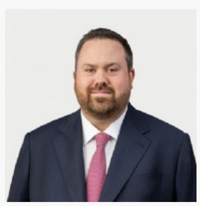

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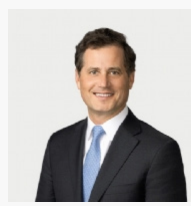

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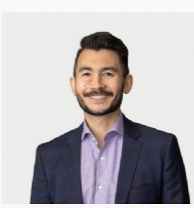

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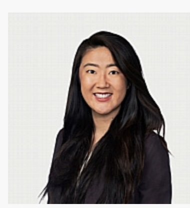

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