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This Week in Derivatives

August 21, 2026

From the Derivatives Practice Group: This week, the CFTC published a Notice of Proposed Rulemaking seeking public comments on proposed amendments to remove the order book requirement for swap execution facilities.

New Developments

CFTC Seeks Public Comments on Proposed Elimination of SEF Order Book Requirement for Permitted Transactions. On August 20, the CFTC published a Notice of Proposed Rulemaking seeking public comments on proposed amendments to Commission regulation § 37.3(a)(2) to remove the order book requirement allowing swap execution facilities (SEFs) not to offer an order book for permitted transactions. The proposed elimination of the order book requirement for permitted transactions provides SEFs with the flexibility to determine how to allocate their resources, while also potentially helping to spur further development and innovation in execution methods that may be better suited to trading the products that SEFs list. [NEW]

CFTC Requests Comment on the Listing of Compute Derivatives Contracts. On August 19, the CFTC issued a request for comment to better inform its understanding and oversight of derivatives markets in compute. This request seeks comment on the size, liquidity, and other considerations with respect to compute cash markets, market oversight and manipulation concerns, customer protection, and perpetual compute futures. [NEW]

CFTC Resolves Actions Against Former Alameda CEO, and Alameda and FTX Co-Founder. On August 19, the CFTC announced the U.S. District Court for the Southern District of New York entered supplemental consent orders against Caroline Ellison, former Alameda CEO, and Gary Wang, former Alameda and FTX co-founder. The orders require Ellison and Wang to continue cooperating with the Commission, impose a five-year trading ban and a 10-year registration ban on Ellison, and impose a five-year trading ban and an eight-year registration ban on Wang. [NEW]

CFTC Seeks Public Comment on Proposed Rule Changes for Commodity Pool Operator and Commodity Trading Advisor Registration. On August 18, the CFTC published a Notice of Proposed Rulemaking seeking public comments on amendments to part 4 of the CFTC's regulations. These amendments address registration requirements for commodity pool operators and commodity trading advisors, and the proposed rule aims to reduce duplicative and overlapping regulation. [NEW]

Chairman Selig Announces Agenda for August 20 Innovation Advisory Committee Meeting in Washington. On August 13, CFTC Chairman Michael Selig, sponsor of the Innovation Advisory Committee (IAC), released the agenda for the IAC's inaugural meeting on Thursday, August 20. Attendees will discuss topics related to the regulation of crypto assets, artificial intelligence, and prediction markets. View the full agenda here.

CFTC Releases Advisory on Self-Certification of Incentive Programs for Prediction Markets. On August 12, the CFTC's Division of Market Oversight issued an advisory reminding designated contract markets of their regulatory obligations when submitting self-certifications for market-maker, liquidity, trading, or incentive programs under CFTC Regulations 40.5 and 40.6. This advisory addresses concerns regarding an increasing number of incentive-program rule filings submitted under CFTC Regulation 40.6(a)—particularly those relating to event contract products—that contain procedural or substantive deficiencies.

New Developments Outside the U.S.

ESMA Consults on Reporting Framework for Clearing Activity at Recognized Third-Country CCPs. On August 18, ESMA launched a consultation on a proposed annual reporting framework for clearing activity at recognized third-country central counterparties (CCPs) aimed at improving supervisory visibility of EU firms' exposures to such CCPs. The consultation paper sets out ESMA's proposed Regulatory Technical Standards and Implementing Technical Standards under the European Market Infrastructure Regulation. [NEW]

ESMA Confirms Go-live for Weekly Commodity Derivatives Position Reporting. On August 14, ESMA announces that the new weekly commodity derivatives position reporting framework will go live on September 3, 2026. From this date, market participants will be required to submit weekly position reports in accordance with the updated requirements, technical specifications and validation rules introduced by XML schema version v2.0.

New Industry-Led Developments

ISDA Responds to FASB Hedge Accounting Guidance. On August 14, ISDA responded to an exposure draft from the Financial Accounting Standards Board (FASB). ISDA states that it broadly supports the FASB's proposed targeted improvements to hedge accounting, including allowing interest rate hedging of held-to-maturity debt securities, recognizing all Secured Overnight Refinancing Rate tenors as benchmark rates and permitting certain cross-currency swaps different reset dates in net investment hedges. [NEW]

ISDA, AFME Respond to EBA on Taxonomy Disclosures Delegated Act. On August 12, ISDA and the Association for Financial Markets in Europe (AFME) responded to the European Banking Authority's discussion paper on certain taxonomy key performance indicators (KPIs) and other aspects of the Disclosures Delegated Act under Article 8 of the Taxonomy Regulation. The associations stated that they support the European Commission's ongoing efforts to simplify the EU Taxonomy reporting framework and caution against the introduction of additional KPIs in the absence of clear use cases or demonstrated investor demand.

ISDA Responds to JSCC Consultation on Clearing Fund Consolidation. On August 12, ISDA responded to the Japan Securities Clearing Corporation's (JSCC) consultation on its proposal to consolidate clearing fund consumption, calculation and deposit segmentation across six clearing qualifications under the Financial Instruments and Exchange Act. ISDA members broadly support the JSCC's objective to achieve greater capital efficiency, diversification benefit, and operational simplicity consistent with default fund frameworks at other major central counterparties.

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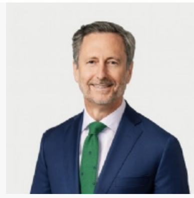

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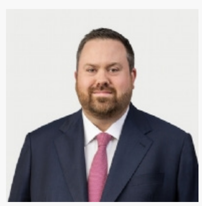

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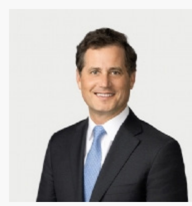

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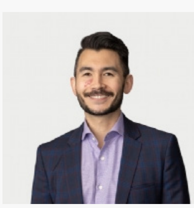

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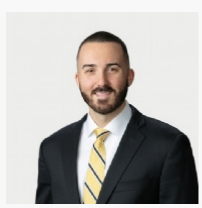

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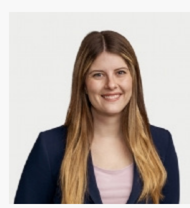

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