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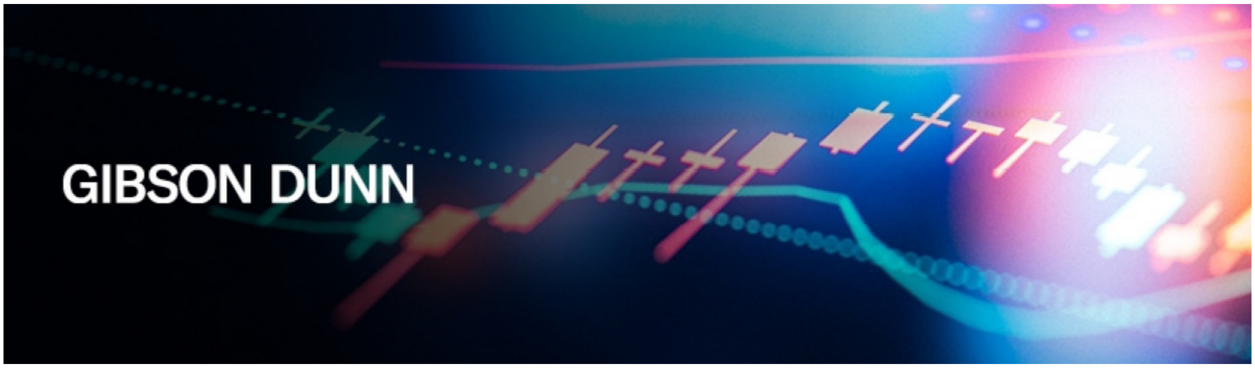

This Week in Derivatives

September 18, 2026

From the Derivatives Practice Group: This week, following the Clarity Act's failure, the CFTC filed its Regulation Crypto Asset Transactions and Regulation Crypto Asset Markets proposal with the Office of Information and Regulatory Affairs.

New Developments

CFTC Sends Regulation Crypto Asset Transactions and Regulation Crypto Asset Markets Proposal to the White House for Review. On September 17, the CFTC filed its "Regulation Crypto Asset Transactions and Regulation Crypto Asset Markets" proposal with the Office of Information and Regulatory Affairs, which is a division within the Office of Management and Budget (OMB) that reviews federal regulations before publication. Once the OMB reviews the draft, it will return to the CFTC for a vote and public comment. It would then need another vote to become effective. [NEW]

CFTC Staff Issues No-Action Position to Providers of Passive Software. On September 17, the CFTC's Market Participants Division announced it has issued a no-action position for the benefit of providers of passive software. The letter states that, subject to certain specified conditions, MPD will not recommend the Commission take enforcement action against any such provider or their relevant personnel for failure to register as an introducing broker or associated person of an introducing broker. [NEW]

CFTC Approves Final Rule Concerning Whistleblower Awards. On September 11, the CFTC approved a final rule that incorporates a 30 percent presumption for whistleblower awards of $5 million or less, subject to Commission discretion and its analysis of relevant regulatory factors. The final rule is modeled on the SEC's rule 21F-6(c), further enhancing the ongoing efforts at harmonization between the two agencies. The CFTC expects this new provision to improve the efficiency, transparency, and predictability of whistleblower award claims processing. [NEW]

CFTC Issues Joint Readout of Principals' Meeting of UK and U.S. Authorities Regarding Central Counterparty Resolution. On September 11, senior officials from the CFTC, SEC, FDIC, Federal Reserve Board, and Bank of England convened for a tabletop exercise on September 3, 2026, to discuss certain issues relating to the hypothetical resolution of central counterparties (CCPs). This meeting was one of a regular series of senior-level meetings held since 2017 to share views on CCP resolution and review the progress of an ongoing program of joint work among the agencies.

CFTC Chairman Selig and Kansas State University Announce Agenda for October 22-23 AgCon Conference in Overland Park. On September 10, CFTC Chairman Michael S. Selig and the Risk Management Center at Kansas State University released the agenda for the Agricultural Commodity Futures Conference (AgCon) on October 22-23, 2026, in Overland Park, Kansas. Attendees will discuss topics related to market structure, changes in emerging markets, contract convergence, financing, data, access to clearing, artificial intelligence, and the state of the farm economy. The full agenda is available here.

CFTC Issues Final Rule to Modify Clearing Requirement for Canadian Dollar- and Mexican Peso-Denominated Interest Rate Swaps. On September 2, the CFTC issued a final rule to modify its interest rate swap clearing requirement. The final rule updates the swaps required to be submitted for clearing to a derivatives clearing organization or an exempt DCO under part 50 of the CFTC's regulations.

CFTC Staff Issues No-Action Position on Large Trader Reporting for Direct Participants. On September 2, the CFTC's Division of Market Oversight announced it has issued a no-action letter to Electron Exchange DCM LLC, a designated contract market, which would allow Electron Exchange to submit large trader reporting on behalf of direct participants as if Electron Exchange's contracts were exclusively self-cleared contracts.

New Developments Outside the U.S.

ESMA Publishes Paper Concluding Ongoing Geopolitical and Economic Vulnerabilities Masked by Strong Investor Optimism. On September 10, ESMA published its second risk monitoring report of 2026, which set out the main risks and vulnerabilities in EU financial markets. According to ESMA, while markets have remained resilient, stretched technology valuations and heightened geopolitical tensions are testing this resilience in a climate of persistent inflation and weaker economic growth.

ESMA Consults on Disclosure Requirements and Updates Guidelines and Q&As under the Prospectus Regulation. On September 9, ESMA published a package of materials under the Prospectus Regulation to reflect changes introduced by the Listing Act. The measures aim to promote supervisory convergence and contribute to ESMA's simplification and burden-reduction efforts. The full set of materials are available here.

ESMA signs Memorandum of Understanding with the Securities and Exchange Board of India. On September 4, ESMA signed a Memorandum of Understanding with the Securities and Exchange Board of India (SEBI) to facilitate cooperation and exchange of information in relation to the recognition of central counterparties established in India and supervised by SEBI.

ESMA to Host Data Day 2026. On September 4, ESMA announced that it was host Data Day 2026, which will take place on November 24, 2026 in Paris. According to ESMA, the event will bring together over 200 industry participants, regulators and other stakeholders to discuss key developments in supervisory reporting and regulatory disclosures, as well as the role of data in supporting more effective supervision and further integration in capital markets across the European Union. The full agenda is available here.

New Industry-Led Developments

ISDA Responds to PRA on Adjustments to Market Risk IMA. On September 18, ISDA, the Association for Financial Markets in Europe, the Institute of International Finance and UK Finance submitted a joint response to the UK Prudential Regulation Authority consultation on adjustments to the internal model approach (IMA) for the market risk capital framework, known as the Fundamental Review of the Trading Book. [NEW]

ISDA Publishes ISDA-Actrix US Treasury Repo Market Clearing Indicators for July 2026. On September 15, ISDA published the ISDA-Actrix US Treasury Repo Market Clearing Indicators, which illustrate central clearing adoption in the US Treasury repo market. 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]

Global Standard-setting Bodies Publish Toolkit for Cyber Resilience at Financial Market Infrastructures (FMIs). On September 8, the Bank of International Settlements (BIS)' Committee on Payments and Market Infrastructures (CPMI) and IOSCO published the Cyber Resilience Toolkit: Practical Considerations for FMIs toolkit and FMIs' Reliance on Third-Party Service Providers: Challenges and Risks discussion paper. According to IOSCO, the toolkit provides practical considerations to support FMIs in strengthening their cyber resilience frameworks. Meanwhile, the discussion paper identifies and examines several key challenges related to the provision of third-party services to FMIs.

ISDA and FIA Respond to Bank of England on CCP Resolution. On September 7, ISDA and the Futures Industry Association (FIA) responded to a Bank of England (BOE) discussion paper on central counterparty (CCP) resolution. The associations support greater clarity on valuation capabilities prior to a crisis scenario and the boundary between recovery and resolution, while stressing that default fund contributions are designed to mutualize default risk and should not become a mechanism for absorbing operational or other non-default losses. The associations caution against any change to the creditor hierarchy that would result in weakening the no-creditor-worse-off safeguard.

ISDA Publishes Paper on Expanding Legal Agreement Coverage in the CDM. On September 4, ISDA published a paper that examines the recent extension of the Common Domain Model (CDM)1 to represent two of the most significant, and previously undeveloped, areas of its legal agreement model: umbrella agreements and contract amendments. The paper sets out why this structured, machine-readable representation matters, how each area is now modelled and the case for firms, vendors and infrastructure providers to adopt these standards.

ISDA Publishes Omnibus Canadian Representation Letter. On September 2, ISDA published the Omnibus Canadian Representation Letter, which combines previously published representation letters drafted to assist firms in compliance with Canadian trade reporting, business conduct, regulatory margin and clearing classification rules. The Omnibus Canadian Letter is designed to be modular and allow additional modules as necessary to assist with compliance of Canadian regulations.

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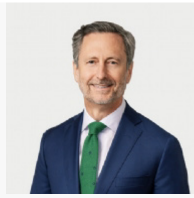

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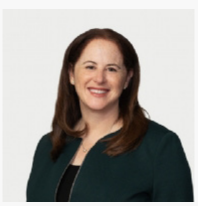

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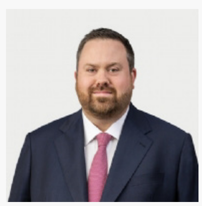

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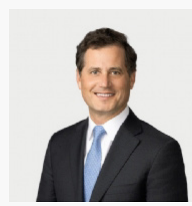

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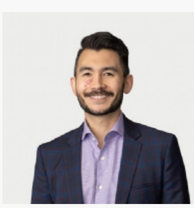

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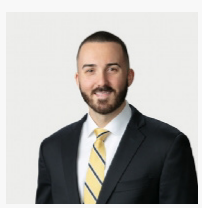

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