This Week in Derivatives

September 4, 2026

From the Derivatives Practice Group: This week, the CFTC issued a final rule to modify its interest rate swap clearing requirement for Canadian Dollar- and Mexican Peso-denominated swaps.

New Developments

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. [NEW]

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]

CFTC Further Extends Compliance Date for Amendments to Form PF. On August 31, the CFTC published a Joint Final Rule with the Securities and Exchange Commission further extending the compliance date for the amendments to Form PF from October 1, 2026, to July 1, 2027. Extending the compliance date for the Form PF Amendments allows Form PF filers to avoid certain potentially significant costs associated with implementing the Form PF Amendments that the Commissions have subsequently proposed to amend and/or eliminate in a new rule proposal issued on April 20, 2026. [NEW]

Members of the CFTC's Innovation Advisory Committee Join Chairman Selig in Washington at Inaugural Meeting. On August 20, the CFTC held the inaugural meeting of its Innovation Advisory Committee in Washington, D.C. This council of American innovators, entrepreneurs, thinkers, and builders provided insights and recommendations to the Commission to help ensure its regulations keep pace with the rapid speed of innovation. Chairman Selig convened the meeting and delivered opening remarks (full remarks here).

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 Developments Outside the U.S.

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. [NEW]

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]

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.

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 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. [NEW]

ISDA Publishes Paper on Accounting for Carbon Credits. On August 2, ISDA published a paper that updates and extends the analysis set out in ISDA's October 2023 paper on accounting for carbon credits. While preserving the original focus on the accounting treatment of voluntary carbon credits and compliance carbon credits, it expands the analysis to address emerging issues and reflect important developments in accounting standard setting. [NEW]

ISDA, FIA Respond to SEC on FICC Proposal to Implement a Dedicated Guaranty Fund. On September 1, ISDA and FIA submitted a joint response to the SEC, supporting the Fixed Income Clearing Corporation's (FICC) proposal to establish a dedicated guaranty fund at its government securities division. The joint response also recommends that non-default losses should remain the responsibility of the CCP rather than being mutualized among members and calls for the retention of the current 10 business day event period, together with a cooling-off mechanism to better contain members' exposure during periods of market stress. [NEW]

Korea – FSS published its Guidelines on Margin Requirements for Non-Centrally Cleared OTC Derivatives Transactions. On September 1, the Financial Supervisory Service (FSS) of Korea published its Guidelines on Margin Requirements for Non-Centrally Cleared OTC Derivatives Transactions. The guidelines extend the temporary exemption for equity options from the margin requirements until August 31, 2027. [NEW]

ISDA and FIA Respond to CFTC and SEC on Cross-margining. On August 31, ISDA and FIA submitted a letter to the CFTC and the SEC on the agencies' joint request for comment on the implementation of portfolio margining and cross-margining of securities and derivatives, which was published in the Federal Register on June 30, 2026. [NEW]

ISDA Publishes Interviews on Expanding the Universe of Eligible Variation Margin Collateral for Non-cleared Derivatives. On August 25, ISDA published a series of interviews with buy- and sell-side firms to understand the drivers of a growing use of non-cash assets as variation margin for non-cleared over-the-counter derivatives and the barriers that remain to expanding the use of non-cash collateral. The firms interviewed span asset managers, pension schemes and global dealers across North America, the UK and Europe, and reflect a wide range of operating models, from fully in-house collateral programs to those outsourced to a custodian or collateral agent.

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.

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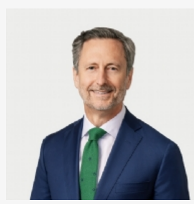

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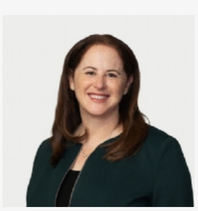

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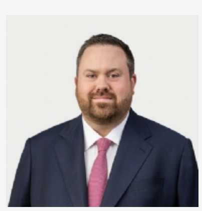

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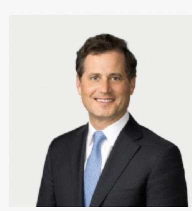

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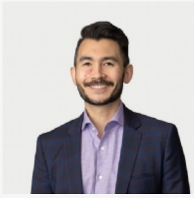

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