Securities Regulation Daily Wrap Up, EXCHANGES AND MARKET REGULATION—SEC, CFTC pledge to cooperate on laundry list of rulemaking goals, (Sep 5, 2025)

By Mark S. Nelson, J.D.



The goal of harmonization includes numerous crypto-related activities such as extended trading, and rules for portfolio margin and predictive markets.

The SEC and the CFTC have pledged to work together to ease regulatory mandates across three areas: the facilitation of crypto and decentralized finance (DeFi), freeing up capital and reducing costs related to portfolio margin, and clarifying U.S. rules for event contracts. The agencies will hold a joint round le to explore these possibilities on September 29, 2025. However, it is unclear how soon and to what extent the agencies could jointly deliver on these commitments beyond receiving public input and possibly issuing new staff guidance given that the CFTC has just one commissioner, a state of affairs that may last for some time even after a permanent chair is confirmed.

Building a DeFi financial system. According to a joint statement issued by SEC Chair Paul S. Atkins and Acting CFTC Chair Caroline D. Pham, one of the agencies' primary goals is to smooth the transition to a DeFi-enabled financial system with extended trading hours, perpetual contracts, and a collection of regulatory exemptions aimed at spurring financial innovation.

The statement noted that 24/7 trading could facilitate the scaling of on-chain finance in the U.S. However, the agencies' leaders cautioned that there may be no single, across-the-board solution because not all financial products have the operational and liquidity traits needed for extended trading hours.

Another related proposal would bring perpetual contracts, often used today in crypto markets, to the U.S. An April 21, 2025, CFTC Request for Comment on the Trading and Clearing of "Perpetual" Style Derivatives defined "perpetual contracts" thus: "[a] growing number of contracts traded in financial markets around the world are designed such that prices and associated payments are derived from an associated cash or spot market price. In contrast to 'traditional' derivatives contracts where the price benchmarking between the derivative and underlying spot instrument is done at or around the expiration of the derivatives contract, for these newer products the pricing relationship is monitored and settled on an ongoing basis – often multiple times a day. Because this benchmarking occurs on an ongoing basis, these contracts have been, in certain cases, described as 'Perpetual Derivatives ['], with less need for a specific termination date associated with the given contract."

A third proposal is to create a number of "innovation exemptions" to allow certain financial activities to be accomplished via DeFi protocols. Here, the agencies' leaders said the focus would be peer-to-peer trading of spot, leveraged, margined, and other products that fall within the category of spot crypto. The statement offered the example of perpetual contracts over DeFi. The statement explained that the exemptions or safe harbors could allow firms to build commercially viable models while the SEC and CFTC build out the rulemakings needed to support these activities long term.

Portfolio margining. According to Atkins and Pham, the agencies should pursue regulatory changes that would allow for the offsetting of positions in different product classes in order to free up capital and to reduce the costs associated with hedging activities. "Today, unharmonized requirements and structural inefficiencies often force market participants to post collateral separately at SEC-registered and CFTC-registered entities even when their positions

© 2025 CCH Incorporated and its affiliates and licensors. All rights reserved.

hedge each other in real economic terms," said the statement.

The statement also said the agencies should mull whether to let clearinghouses offer portfolio-based margin across product lines. The goal, said the statement, is to "catalyze liquidity, tighten spreads, and encourage innovation in market structure."

Event contracts. Prediction markets and related event contracts have recently produced a spate of multijurisdictional litigation over whether and who may regulate them. According to Atkins and Pham, the SEC and the CFTC should attempt to harmonize rules for prediction markets.

"We should work together to provide clarity for innovators that want to list event contracts on prediction markets responsibly, including those based on securities," said the statement. "The SEC and CFTC should examine opportunities to collaborate to consider where event contracts may be made available to U.S. market participants regardless of where the jurisdictional lines fall."

MainStory: TopStory BrokerDealers CFTCNews CommodityFutures Derivatives ExchangesMarketRegulation FedTracker GCNNews Securities FinancialIntermediaries InvestorEducation RiskManagement SECNewsSpeeches SecuritiesOfferings SecurityFutures Swaps

© 2025 CCH Incorporated and its affiliates and licensors. All rights reserved.