Securities Regulation Daily Wrap Up, EXCHANGES AND MARKET REGULATION—SEC-CFTC launches drive for greater regulatory harmony, (Sep 29, 2025)

By Suzanne Cosgrove



Industry, regulators hold rare joint roundtable; address interagency collaboration, inconsistencies in current regulatory framework.

Kicking off a Monday roundtable that assembled both representatives from legacy exchanges like CME Group and from blockchain platforms like Polymarket, SEC Chairman Paul Akins proclaimed that the meeting marked a turning point in the history of American financial markets.

"For too long, the SEC and CFTC have operated in parallel lanes, too often in conflict with one another, leaving the American public to bear the costs of duplication, delay, and uncertainty. That era is behind us," Atkins said. "We are charting a new course, one that will solidify America's position as the world's financial leader."

But he stressed: "Our focus is on harmonization, not on a merger of the SEC and CFTC, which would be up to Congress and the President. Fanciful talk of reorganizing the government risks distracting us from the monumental opportunity we have in front of us.

"What matters is building a framework where our agencies coordinate seamlessly, reduce duplicative regulation, and give markets the clarity they deserve," Atkins said. "The path forward right now is collaboration, not consolidation."

Regulators join forces. The roundtable followed a September 5 statement issued by both the CFTC and SEC in which Atkins and Acting CFTC Chair Caroline Pham stated that the work of the SEC and CFTC "has never been more intertwined—and the wave of innovation before us never more dependent on the depth of our cooperation."

Issues facing the regulators include proposals to further expand trading hours to 24/7 or 24/5, where appropriate, the rapid rise of event contracts and perpetual contracts --derivatives without a defined expiry date that are common in offshore crypto markets -- as well as DeFi protocols that enable direct peer-to-peer trading.

"We are at a crossroads," Atkins said. "If we follow the path of our predecessors, America risks ceding leadership in the next chapter of financial history. Already, novel products have fled to foreign markets. Entrepreneurs have built offshore structures to avoid our fragmented, convoluted system. This ends now," he said.

Both agencies have said they may consider "innovation exemptions" to create safe harbors or exemptions for new platforms that allow market participants to engage in peer-to-peer trading of spot, leveraged, margined or other transactions in spot crypto assets, but that concept is controversial among legacy exchanges and their representatives, who argued for a level playing field.

Compare and contrast. Industry panelist Adena Friedman, president and CEO of Nasdaq, Inc., said market structure in the U.S. security space has "calcified" for the last 20 years, with the SEC's Regulation NMS, "so it's a very, very, very distinct and very structured regulatory landscape, yet within other parts of the regulatory apparatus, it allows for a lot more flexibility."

"I think that what we would strongly encourage is a concerted effort across the agencies to come up with clear, outcome oriented regulatory framework that is harmonized across the agencies," Friedman said.

"One concept that we have is the idea of having both agencies come up with what we would call platform construct,

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so that we would have a similar regulatory oversight of a platform regardless of what asset class is traded on it, and then each of the agencies would have specific product based regulatory oversight over specific asset classes and products that you know as to whether or not they are securities or commodity futures," she suggested.

"We need more clarity," said Terry Duffy, chairman and CEO of the CME Group. "And we need efficiencies within our own regulators. So, once we can get a streamlined process where we all know the rules of the road, it will be much easier for the participants."

"I think the worst thing to have happen … is to allow a product out of the gate and then have the participants going at it in a certain direction, and then all of a sudden, there's a change, either at the regulator or somewhere else, where they have to pull back, relocate, bring it into a different regulatory environment," he said. "It's very disruptive for innovation."

Legal uncertainty. There are pertinent issues that hold back innovation today, said Tarek Mansour, CEO of the prediction market Kalshi. One is there's legal uncertainty, "which is much more difficult for you guys (the legacy exchanges) than it is for us," he said, but "it does force innovators to be making educated guesses about which laws applies, and which basically makes it hard to have a compliance first approach."

"Often what happens is, if you go to agencies, we get long answers, and the agencies often disagree," Mansour said. "So what Americans companies are left with is sort of waiting for regulatory clarity, where some of the innovation is pushed offshore, which is not ideal for America.

"We hope that the sort of harmonization effort does disentangle some of these disagreements and the rules or interpretation of the rules on the approvals specifically," he added.

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