



Via Electronic Mail and Regulations.gov

October 20, 2026

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Request for Comment on the Listing of Compute Derivatives Contracts (RIN 3038-AF77)

Dear Mr. Kirkpatrick:

The Futures Industry Association (“**FIA**”)¹ appreciates the opportunity to respond to the Request for Comment published by the Commodity Futures Trading Commission (“**Commission**” or “**CFTC**”) on the listing of GPU compute (“**Compute**”) derivatives contracts (the “**RFC**”).² As the leading trade organization for the futures, options, and cleared derivatives markets globally, FIA and its members appreciate the Commission’s thoughtful inquiries regarding the listing of any novel or complex product, including, in this instance, Compute derivatives contracts. We appreciate the Commission’s forward-looking engagement with this emerging asset class and its commitment to promoting responsible innovation, transparent price discovery, and market integrity in accordance with the statutory purposes of the Commodity Exchange Act (“**CEA**”).

We understand that the Compute market is still developing. This nascent market is characterized by: (i) transactions that are mostly private, bilateral contracts without standardized terms and conditions typical of other wholesale commodity markets; (ii) thin liquidity, and (iii) limited public price transparency. As such, the majority of these contracts appear to rely upon indices for price reference.

Use of indices for price reference is very common in markets with similar characteristics including natural gas (specifically, LNG), freight, and electricity. Indeed, experience in these markets shows that even newly developed indices can successfully underpin a derivatives contract when the indices are designed to be transparent, accurate, and reliable.

¹ FIA is the leading trade organization for the futures, options, and cleared derivatives markets globally. FIA’s membership includes clearing firms, exchanges, clearinghouses, principal traders, asset managers, execution firms, commodity firms, end users, and those legal, technology and other firms who serve this community. FIA’s mission is to support open, transparent, and competitive markets, protect and enhance the integrity of the financial system and promote high standards of professional conduct.

² *Request for Comment on the Listing of Compute Derivatives Contracts*, 91 Fed. Reg. 54259 (Aug. 21, 2026).

FIA believes evaluation of Compute derivatives should focus on whether the particular contract meets applicable standards at listing, and on an ongoing basis, without assuming that every feature of a mature derivatives market must be pre-established at the time of listing.

As such, FIA's comments are two-fold: (1) only contracts that can be effectively risk-managed should be listed and cleared; and (2) the Commission should harness its (and other global regulators') considerable experience overseeing derivative contracts that use indices as price references to ensure reliable Compute derivatives markets that operate with integrity, transparency, liquidity, and effective price discovery.

I. Only Contracts That Can Be Effectively Risk-Managed Should Be Listed And Cleared.

When a designated contract market ("DCM") contemplates listing a product for an emerging asset class, it must fully assess any unique challenges to its proper contract design and market function before such a product is listed. DCMs are obligated to only list contracts that comply with the DCM Core Principles.³ As clearing members of DCMs, FCMs rely upon the listing of only those contracts that can be fully risk-managed in order to protect clearing members and the markets. Moreover, to fulfill its oversight function, the CFTC should also be satisfied that contracts being listed for trading can meet these requirements.

FIA believes strongly that only contracts that can be effectively risk-managed should be listed and cleared. DCM Core Principles 3 and 4 are foundational to ensuring listed contracts can be risk-managed. Core Principle 3 requires listing "only contracts that are not readily susceptible to manipulation."⁴ Core Principle 4 requirements ensure that the DCM can properly oversee the contract to protect against manipulation.⁵ Our comments below focus on these two Core Principles.

A. Core Principle 3

DCM Core Principle 3 requires that a DCM only list contracts that are not readily susceptible to manipulation.⁶ Appendix C to Part 38 of the Commission's rules provides further guidance on how DCMs can demonstrate that a contract is not readily susceptible to manipulation.⁷ Of particular note for Compute derivatives, Appendix C provides that a DCM should:

- (1) "conduct market research so that the contract design meets the risk management needs of prospective users and promotes price discovery of the underlying commodity;"
- (2) "consult with market users to obtain their views and opinions during the contract design process to ensure the contract's term and conditions reflect the underlying cash market and that the futures contract will perform the intended risk management and/or price discovery functions;"

³ See 7 U.S.C. §7(d); see also 17 C.F.R. Part 38.

⁴ 17 C.F.R. § 38.200.

⁵ See *id.* at § 38.250.

⁶ *Id.* at § 38.200.

⁷ *Id.* at § 38.201.

- (3) provide a “detailed cash market description for physical and cash-settled contracts . . . based on government and/or other publicly-available data whenever possible;”
- (4) “For contracts that are cash settled to an index, [provide] the index’s methodology . . . along with supporting information showing how the index is reflective of the underlying cash market, is not readily subject to manipulation or distortion, and is based on a cash price series that is reliable, acceptable, publicly available and timely;” and
- (5) “consider the size and liquidity of the cash market that underlies the listed contract.”

FIA supports continued adherence to these principles from Appendix C of Part 38 with regards to Compute derivatives. Many of these principles are linked to the quality and integrity of the underlying index upon which a Compute contract may rely. As discussed in Part II, the Commission, other global regulators, and industry have significant prior experience and learnings regarding index pricing that should be leveraged and applied to Compute derivatives.

With regards to liquidity specifically, FIA believes that a DCM listing a Compute contract must conduct, and document, a thorough analysis of the underlying spot and forward markets. FIA encourages the Commission to articulate a public standard regarding spot and forward market data and when such data is sufficient to support compliance with Core Principle 3. As Appendix C provides, “situations susceptible to manipulation include those in which the volume of cash market transactions and/or the number of participants contacted in determining the cash-settlement price are very low.”⁸ Thin cash market trading, while not determinative, is an important factor to consider when evaluating a contract’s susceptibility to manipulation.⁹ Thinly traded markets may require more robust surveillance and safeguards such as calibrated position accountability levels and real-time monitoring for anomalous price movements.¹⁰

B. Core Principle 4

DCM Core Principle 4 requires that a DCM have both “the capacity and responsibility to prevent manipulation, price distortion, and disruptions . . . through market surveillance, compliance, and enforcement practices and procedures, including: (a) [m]ethods for conducting real-time monitoring of trading; and (b) [c]omprehensive and accurate trade reconstructions.”¹¹ This Core Principle includes an obligation for a DCM to monitor market data “to detect and prevent manipulative activity that would result in the failure of the market price to reflect the normal forces of supply and demand.”¹² Moreover, for cash settled contracts specifically, DCMs have an obligation to “[m]onitor[] the pricing of the index to which the contract will be settled; and [m]onitor[] the continued appropriateness of the methodology for deriving the index and make[]

⁸ 17 C.F.R. Part 38, Appendix C (c)(2).

⁹ The Commission’s adopting release for Part 38 states that the Appendix C guidance “is not a restrictive list of acceptable methodologies” and that the Commission reviews “a contract’s susceptibility to manipulation on a contract-by-contract basis, including taking into account the characteristics of the underlying market.” *Core Principles and Other Requirements for Designated Contract Markets*, 77 Fed. Reg. 36612, 36634 (June 19, 2012).

¹⁰ See 7 U.S.C. § 7(d)(5); 17 C.F.R. § 38.300 (“To reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators.”); see also 7 U.S.C. § 7(d)(4); 17 C.F.R. §§ 38.250.

¹¹ 17 C.F.R. § 38.250.

¹² *Id.* at §38.251(b).

a good-faith effort to resolve conditions, including amending contract terms where necessary, where there is a threat of market manipulation, disruptions, or distortions.”¹³

Similar to many of the principles from Appendix C of Part 38 discussed above, relating to compliance with Core Principle 3, these obligations under Core Principle 4 are linked to the quality and integrity of the underlying index upon which a Compute contract may rely. For both Core Principles 3 and 4, prior regulatory experience with indices can help ensure these principles are satisfied and that Compute derivatives can be adequately risk-managed.

II. The Commission Should Harness Prior Experience With Derivative Contracts That Use Indices As Price References To Ensure Reliable Markets That Operate With Integrity, Transparency, Liquidity, And Effective Price Discovery.

The Commission, and other global regulators, have significant prior experience with contracts that use indices as price references. Indeed, there is substantial precedent from CFTC enforcement actions regarding price indices.¹⁴ The trend of enforcement actions, in part, led to substantial changes to how benchmarks are used, and in some cases, regulated, and in market-driven efforts to improve these important price references.¹⁵ We encourage the CFTC to leverage this experience and adapt relevant safeguards to the characteristics of Compute markets.

Specifically, global standard-setters and regulators have found that reliable index underliers should have certain key safeguards. For example, in October of 2012 the International Organization of Securities Commissions (“**IOSCO**”) published a final report on principles for oil price reporting agencies (“**PRA Principles**”).¹⁶ Moreover, in July of 2013, IOSCO published a final report on Principles for Financial Benchmarks (“**Financial Benchmark Principles**”).¹⁷ The PRA Principles and Financial Benchmark Principles are intended to promote reliability, addressing topics such as conflicts of interest, oversight, and governance.

According to the PRA Principles, Financial Benchmark Principles, and Appendix C to Part 38 of the Commission’s rules, reliable indices should, amongst other things:

- Document and disclose methodologies;¹⁸

¹³ *Id.* at §38.253(a).

¹⁴ *See, e.g.*, In re TOTSA TotalEnergies Trading SA, CFTC Dkt. No. 24-19 (Aug. 27, 2024) (Argus EBOB Benchmark); In re Statoil ASA, CFTC Dkt. No. 18-04 (Nov. 14, 2017) (Argus Far East Index re: propane); In re Glencore International AG, CFTC Dkt. No. 22-16 (May 24, 2022) (Platts fuel oil indices); In re Vitol Inc., CFTC Dkt. No. 21-01 (Dec. 3, 2020) (Platts fuel oil indices); In re Citibank, N.A., CFTC Dkt. No. 15-03 (Nov. 11, 2014) (FX benchmarks); In re JPMorgan Chase Bank, N.A., CFTC Dkt. No. 15-04 (Nov. 11, 2014) (FX benchmarks); In re The Royal Bank of Scotland plc, CFTC Dkt. No. 15-05 (Nov. 11, 2014) (FX benchmarks); In re UBS AG, CFTC Dkt. No. 15-06 (Nov. 11, 2014) (FX benchmarks); In re HSBC Bank plc, CFTC Dkt. No. 15-07 (Nov. 11, 2014) (FX benchmarks); In re Deutsche Bank AG, CFTC Dkt. No. 15-20 (Apr. 23, 2015) (LIBOR and Euribor benchmarks).

¹⁵ *See, e.g.*, Reference Rate Use Committee (RRUC), About, available [here](#).

¹⁶ IOSCO, Principles for Oil Price Reporting Agencies Final Report, FR06/12 (Oct. 5, 2012), available [here](#).

¹⁷ IOSCO, Principles for Financial Benchmarks Final Report, FR07/13 (July 2013), available [here](#).

¹⁸ *See* PRA Principles at 9; Financial Benchmark Principles at 11-12; 17 C.F.R. Part 38, Appendix C(c)(1).

- Rely on data reflective of competitive forces of supply and demand;¹⁹ and
- Institute measures to avoid conflicts of interest.²⁰

A contract may serve a useful risk-management function without eliminating all basis risk. Clear disclosure of the benchmark's scope and material limitations can assist prospective users in assessing its relationship to their particular commercial exposures.

Appendix C to Part 38 further provides that a DCM should conduct certain due diligence on a third-party benchmark index provider. For example, the DCM should verify the business practices of the index provider to ensure such practices minimize the opportunity for manipulation.²¹ The DCM should, where practicable, execute an information-sharing agreement with the index provider, to permit the DCM to better detect, and thus prevent, manipulative behavior.²²

Accordingly, FIA recommends that the Commission:

- Provide guidance or otherwise clarify that a DCM listing a cash-settled Compute derivative contract should, where practicable, maintain an information-sharing arrangement with the index administrator to assist the DCM in complying with its Core Principle 3 and Core Principle 4 obligations.
- Provide guidance or otherwise clarify that DCMs should seek to use index administrators for Compute benchmarks that adhere to governance, methodology, conflict-of-interest, and audit standards comparable to the PRA Principles and Financial Benchmark Principles.
- Address, in guidance or in its review of specific product submissions, the concern that parties best positioned to influence a Compute reference price – Compute providers that administer posted rates – may also be the parties supplying Compute or contributing observations to the index, and encourage methodologies that distinguish executed transactions, executable bids and offers, and indicative posted rates; explain the hierarchy and validation of those inputs; and address contributor concentration and susceptibility to short-term rate adjustments.
- Consider whether the Commission itself should have a right of access to index input data for Compute benchmarks used to settle listed contracts, as a condition of a DCM's Core Principle 3 demonstration.

For all the reasons stated, we encourage the Commission to clarify its expectations regarding the indices to be used in the design of a Compute derivative contract. This will help to ensure that the contracts are capable of effective risk management, using reliable tools, are not readily susceptible to manipulation, and can otherwise meet the Core Principles.

¹⁹ See PRA Principles at 9; Financial Benchmark Principles at 10; 17 C.F.R. Part 38, Appendix C(c)(3)(iii),(iv).

²⁰ See PRA Principles at 10; Financial Benchmark Principles at 9-10; 17 C.F.R. Part 38, Appendix C(c)(3)(i).

²¹ 17 C.F.R. Part 38, Appendix C(c)(3)(i).

²² *Id.*

Mr. Christopher Kirkpatrick

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FIA thanks the Commission for the opportunity to respond to the RFC. Should you have any questions about any of the foregoing, please do not hesitate to contact me at alurton@fia.org.

Sincerely,



Allison Lurton

Futures Industry Association

General Counsel and Chief Legal Officer

cc: Honorable Michael S. Selig, Chairman
Tyler S. Badgley, General Counsel
Aaron Levine, Office of the General Counsel