U.S. COMMODITY FUTURES TRADING COMMISSION
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CFTC Staff Guidance
Market Participants Division
Division of Market Oversight
Division of Clearing and Risk

December 8, 2025

Re: Tokenized Collateral Guidance

Ladies and Gentlemen:

The Market Participants Division ("**MPD**"), Division of Market Oversight ("**DMO**"), and Division of Clearing and Risk ("**DCR**" and, together with MPD and DMO, the "**Divisions**") of the Commodity Futures Trading Commission ("**CFTC**" or "**Commission**") are issuing this guidance to provide the Divisions' views on the use of tokenized assets as collateral in the trading of futures and swaps.

For purposes of this guidance, a tokenized asset is a digital representation of a real-world asset, such as a U.S. treasury or agency security, corporate bond, share in a money market fund, or equity security, that has been recorded on a blockchain as a digital token. The tokenization process allows for digital ownership, fractional ownership, and potentially faster transfers compared to traditional methods of asset transfer. Tokens can represent rights, ownership, or claims and are traded on digital platforms.

In September, the CFTC launched an initiative for the use of tokenized collateral including stablecoins in derivatives markets,[1] with a public comment period that recently ended. The initiative is part of the CFTC's efforts to implement the recommendations in the President's Working Group on Digital Asset Markets report on Strengthening American Leadership in Digital Financial Technology (the "**PWG Report**").[2] The CFTC received over 40 helpful and informative

[1] CFTC, *Acting Chairman Pham Launches Tokenized Collateral and Stablecoins Initiative* (Sept. 23, 2025), available at: https://www.cftc.gov/PressRoom/PressReleases/9130-25.

[2] PWG Report (July 30, 2025), available at: https://www.whitehouse.gov/crypto/.

comments related to the use of tokenized collateral. A consensus view of commenters has informed this guidance.

This guidance addresses the following areas of regulatory concern:

- **Eligible tokenized assets**: Standards for liquidity, maturity, and credit-quality.
- **Legal enforceability**: Standards for legal status and documentation.
- **Segregation, custody, and control arrangements**: Standards to ensure that registrants will hold a perfected security interest over the tokenized asset, subject to applicable segregation and eligible custodian requirements.
- **Haircuts and valuation**: Haircuts using the same risk-based approach already applied to the underlying asset under Part 39 of the Commission's regulations, adjusted for any settlement-time differences or other differences in credit, market, or liquidity risks.
- **Operational risks**: Operational readiness and the application of existing risk management frameworks to innovative technologies.

The use of digital ledger technology ("**DLT**") to tokenize an asset need not change the fundamental characteristics of that asset. However, different tokenization methods may provide different rights to token-holders or different levels of protection. The Divisions remind interested parties, including registered futures commission merchants ("**FCMs**"), derivatives clearing organizations ("**DCOs**"), and swap dealers and major swap participants ("**Swap Entities**"), that any tokenized asset or tokenization structure must be analyzed on an individual basis to ensure it meets all requisite regulatory requirements and registrant policies and procedures.

1. Eligible Tokenized Assets

As recommended by many commenters and the Commission's Global Markets Advisory Committee ("**GMAC**"),[3] the Divisions recommend that market participants focus their tokenized collateral efforts on those assets currently eligible to serve as regulatory margin. Thus, the Divisions encourage efforts that specifically focus on tokenized assets where the underlying assets are liquid, with established haircuts, and will hold their value in times of financial stress. The Divisions note the standard set in Commission regulation 39.13(g),[4] which provides that a DCO must limit the assets it accepts as initial margin to those that have minimal credit, market, and liquidity risks,[5] and apply appropriate reductions in value to reflect credit, market, and liquidity

[3] *See Recommendations to Expand Use of Non-Cash Collateral Through the Use of Distributed Ledger Technology*, Report to the Commodity Futures Trading Commission's Global Markets Advisory Committee by the Digital Assets Markets Subcommittee (Nov. 21, 2024), available at: https://www.cftc.gov/media/11581/GMAC_DAM_UseofDLTasDerivativesCollateral_112124/download.

[4] 17 CFR 39.13(g).

[5] 17 CFR 39.13(g)(10).

risks (i.e., haircuts) to the assets that it accepts as initial margin.[6] DCOs are also required to apply appropriate limitations or charges on the concentration of assets they accept as initial margin to ensure quick liquidation.[7]

Non-cash assets that can be posted or collected as margin for uncleared swaps are set forth in Commission regulation 23.156.[8] Many commenters addressed initiatives to use tokenized versions of these assets as collateral. Market participants should consider whether a tokenized form of an asset provides a holder with legal and economic rights that are the same or functionally equivalent to the rights of the asset in traditional form.

As commenters and the GMAC have noted, none of the Commission's regulations require any particular technology or operational infrastructure that a registered entity or registrant must employ to transfer or hold assets as eligible collateral. Rather, assets retain their margin eligibility so long as they satisfy applicable regulatory requirements, such as those addressing legal enforceability, custody and segregation, and risk management. Thus, the Divisions encourage market participants proposing to use blockchain/DLT to transfer and/or custody tokenized assets as eligible collateral to specifically address how such processes meet the standards set forth below and consider how these proposals fit within their existing risk management frameworks.[9]

2. Legal Enforceability

Registered entities or registrants are required to demonstrate that non-cash assets collected as regulatory margin meet legal enforceability requirements. DCOs must operate "pursuant to a well-founded, transparent, and enforceable legal framework" that includes, among other things, netting arrangements, the DCO's interest in collateral, and settlement finality.[10] Swap Entities are also subject to regulatory margin requirements, including the holding of initial margin pursuant to a legal, valid, binding, and enforceable custodial agreement.[11] The Divisions encourage engagement with staff as market participants and industry groups continue to consider and develop best practices for analyzing tokenized collateral in accordance with existing frameworks.

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[6] *See* 17 CFR 39.13(g)(12). In addition, foreign boards of trade are required to clear through DCOs either subject to this regulation or subject to the CPSS/IOSCO Recommendations for Central Counterparties pursuant to Commission regulation 48.7(d), 17 CFR 48.7(d).

[7] *See* 17 CFR 39.13(g)(13). DCOs are also subject to settlement procedures pursuant to Commission regulation 39.14, 17 CFR 39.14.

[8] 17 CFR 23.156.

[9] *See, e.g.*, 17 CFR 1.11 (FCM risk management programs), 17 CFR 23.600 (Swap Entity risk management programs); National Futures Association ("**NFA**") Interpretive Notice 9070 (information systems security programs); 17 CFR 39.10(d) (DCO enterprise risk management programs), 39.13(b) (DCO risk management frameworks), 39.18 (DCO system safeguards), and 39.27 (DCO legal risk considerations).

[10] *See* 17 CFR 39.27(b); *see also* 17 CFR 39.13(g)(14) (requiring a DCO that permits its clearing members to pledge assets for initial margin while retaining such assets in accounts in the names of such clearing members to ensure that such assets are unencumbered and that such a pledge has been validly created and validly perfected in the relevant jurisdiction).

[11] *See* 17 CFR 23.157(c)(2).

3. Segregation, Custody, and Control Arrangements

Collateral held as margin by FCMs, DCOs, and Swap Entities are subject to segregation and custody requirements,[12] and must be held by an eligible custodian.[13] These entities are also subject to robust risk management programs that impose specific obligations addressing risks related to segregation, capital, liquidity, and settlement, among others, on an ongoing basis.[14]

An FCM is required to maintain policies and procedures "for assessing the liquidity, marketability and mark-to-market valuation of all securities or other non-cash assets held as segregated funds" to ensure that non-cash assets held as collateral are readily marketable and highly liquid.[15] Similarly, Swap Entities must develop policies and procedures designed to address market and liquidity risks.[16] These policies and procedures applicable to collateral management require daily measurement of liquidity needs with respect to customers, assessment of procedures to liquidate all non-cash collateral in a timely manner and without significant effect on price, and application of appropriate collateral haircuts that accurately reflect market and credit risk.[17] Policies and procedures of both FCMs and Swap Entities include additional requirements related to segregation risk and credit risk related to custodial arrangements.[18]

These policies and procedures are subject to regular review and refinement as needed. FCM and Swap Entity risk management programs must be reviewed and tested on at least an annual basis or upon any material change in business that is reasonably likely to alter the risk profile of the entity.[19] FCMs and Swap Entities are also required to develop periodic risk exposure reports, which are issued to both senior management and the Commission.[20]

DCOs are also subject to robust risk management requirements, including at least daily measurement of credit exposures to each clearing member, daily review of the adequacy of initial margin requirements, and other risk control mechanisms.[21]

The Divisions encourage market participants to analyze the relevant legal requirements as well as the application of tokenized collateral to their organization's existing policies, procedures, and practices. The Divisions look forward to continuing to evaluate additional considerations raised by commenters, including those based on recommendations in the PWG Report, such as the

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[12] *See* 17 CFR 23.157(c) (for uncleared swap initial margin); *see also* 17 CFR 1.20-30, 22.1-22.17, and 30.7 (segregation requirements for futures, foreign futures, and cleared swaps).

[13] *See, e.g.*, 17 CFR 1.20(b), 22.7, and 30.7 (permissible depositories).

[14] *See* 17 CFR 1.11(e)(3) (for FCMs) and 23.600(c)(4) (for Swap Entities).

[15] 17 CFR 1.11(e)(3)(i)(J).

[16] *See* 17 CFR 23.600(c)(4)(i), (iii).

[17] *See* 17 CFR 1.11(e)(3)(i)(J) (for FCMs) and 23.600(c)(4)(iii) (for Swap Entities).

[18] *See, e.g.*, 17 CFR 1.11(e)(3)(i) (for FCMs) and 23.600(c)(4)(ii)(C) (for Swap Entities).

[19] *See* 17 CFR 1.11(f) (for FCMs) and 23.600(e) (for Swap Entities).

[20] *See* 17 CFR 1.11(e)(2).

[21] *See* 17 CFR 39.13(e), (g)(6), (h).

application of separate account treatment under Commission regulation 1.44 and eligible depository rules under Commission regulation 1.49 applicable to FCMs and DCOs.[22]

4. Haircuts and Valuation

DCOs are required to "apply appropriate reductions in value to reflect credit, market, and liquidity risks (haircuts), to the assets that [it] accepts in satisfaction of initial margin obligations, taking into consideration stressed market conditions, and shall evaluate the appropriateness of the haircuts on at least a monthly basis" pursuant to Commission regulation 39.13(g)(12).[23] The collateral eligibility rules for Swap Entities also include rules related to haircuts.[24]

The Divisions believe that haircuts for tokenized assets can utilize the same risk-based approach already applied to underlying assets in accordance with these rules. Registered entities and registrants should be prepared to analyze whether a tokenized form of an asset can be subject to an equivalent haircut as the asset in traditional form, subject to adjustment for any settlement-time differences or other differences in credit, market, or liquidity risks.

DCOs are subject to additional requirements, such as financial resource requirements, to ensure that they are able to meet their financial obligations to clearing members notwithstanding potential member default. Commission regulations 39.11(e) and 39.33(c) address liquidity of financial resources.[25] Commission regulation 39.33(c)(3) specifies qualifying liquidity resources for a systemically important DCOs and subpart C DCOs to meet minimum liquidity resource requirements, including highly marketable collateral, which must be readily available and convertible into cash pursuant to prearranged and highly reliable funding arrangements, even in extreme but plausible market conditions.[26]

5. Operational Risks

As noted above, FCMs, DCOs, and Swap Entities are subject to risk management requirements that apply to operational risks, such as information security risks,[27] that may be implicated by the implementation of new technologies. The Divisions encourage entities considering holding or transferring DLT-enabled tokenized assets as collateral to consider operational readiness, including technical capabilities or expertise that may be required to support them. These may include identifying measures to address potential cybersecurity, access/authorization, or network-wide threats, among others.

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[22] 17 CFR 1.44; 1.49.

[23] 17 CFR 39.13(g)(12).

[24] *See* 17 CFR 23.156.

[25] 17 CFR 39.11(e); 39.33(c).

[26] *See* 17 CFR 39.33(c)(3).

[27] *See, e.g.*, 17 CFR 1.11(e)(3)(ii); 17 CFR 23.600(c)(4)(vi); NFA Interpretive Notice 9070; 17 CFR 39.10(d), and 39.18(b).

Many comments addressed interoperability as an important factor to achieve benefits related to tokenization related to liquidity, collateral management, and other operational risks. The extent to which common standards develop to allow seamless movement of collateral may impact the analysis of some of the factors above.

The Divisions are aware of a number of developments, both with respect to the technologies in question and applicable legal and regulatory considerations, that remain ongoing, such as, for example, implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025[28] ("**GENIUS Act**"). Consistent with the stated purpose in the Commodity Exchange Act ("**Act**" or "**CEA**") to promote responsible innovation and fair competition,[29] and the Commission's goal of leading in responsible innovation and safe modernization,[30] this Guidance may be updated as technological and regulatory developments on these topics continue to progress.

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This Guidance is not intended to, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable by law by any party in any matter. This Guidance does not provide any no-action position with respect to a recommendation by any Division that the Commission initiate an enforcement action for failure to comply with the Act or Commission regulations. Further, this Guidance is not intended to, does not, and may not be relied upon to create any new binding rules or regulations, or to amend existing rules or regulations. This Guidance represents only the views of the Divisions and does not necessarily represent the views of the Commission or of any other division or office of the Commission.

[28] 12 U.S.C. §§ 5901–5916.

[29] CEA Section 3, 7 U.S.C. § 5.

[30] CFTC, *Keynote Address by Acting Chairman Caroline D. Pham, FIA EXPO* (Nov. 18, 2025), available at: https://www.cftc.gov/PressRoom/SpeechesTestimony/opapham19.

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Sincerely,

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