



Submitted Electronically

November 25, 2025

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

Re: Request for Input on the Use of Tokenized Collateral Including Stablecoins in Derivatives Markets

Dear Mr. Kirkpatrick:

SIFMA¹ welcomes the opportunity to respond to the Commodity Futures Trading Commission (“CFTC” or “Commission”) request for input on the use of tokenized collateral including stablecoins in derivatives markets.² SIFMA, on behalf of its members, engages on a wide range of issues related to the development and incorporation of new technologies in capital markets, including the significant promise of distributed ledger technology (“DLT”). We thank Acting Chairman Pham for her leadership regarding the use of tokenized collateral in the derivatives market and look forward to working with Commission, as well as other U.S. and global regulators and standard setters, on legal and regulatory certainty to support the further development and use of tokenized collateral including stablecoins in the derivatives and other markets.

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² Request for Input on the Use of Tokenized Collateral Including Stablecoins in Derivatives Markets (“RFI”) (<https://www.cftc.gov/PressRoom/PressReleases/9130-25>).

Background

SIFMA participates in industry-wide workstreams, such as the Commission’s Global Markets Advisory Committee’s Digital Assets Markets Subcommittee, which has made recommendations regarding the expanded use of non-cash collateral through the use of DLT.³ SIFMA also contributed to a recent joint trades associations report “The Impact of Distributed Ledger Technology in Capital Markets” through our affiliate, the Global Financial Markets Association (“GFMA”).⁴ Moreover, we have engaged in discussions with the CFTC on areas addressed by the President’s Working Group report “Strengthening American Leadership in Digital Financial Technology”⁵ and look forward to working with the Commission and market participants in turning those recommendations into reality, including regarding the use of tokenized collateral and other applications of DLT to derivatives markets.

In addition to engaging with the CFTC, we have provided and continue to provide input to the Securities and Exchange Commission’s (“SEC”) Project Crypto and Crypto Task Force, including a current workstream focusing on tokenization in securities markets, which will be the focus of further submissions in coming weeks. We believe this work will also be useful in informing the CFTC’s work regarding the use of tokenized collateral in derivatives markets and will share it with the Commission as soon as it is available.

SIFMA recently commented on the U.S. Department of the Treasury advanced notice on proposed rulemaking (“ANPRM”) requesting comment on questions relating to the implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (“GENIUS”) Act.⁶ We look forward to working with the Commission, SEC and U.S. prudential regulators on building a principles-based regulatory framework that enables the use of tokenized collateral including stablecoins, in addition to the modernization of regulations regarding crypto market structure and to support the use of DLT in capital markets.

We also note the recent submissions by the International Swaps and Derivatives Association (“ISDA”) and Futures Industry Association (“FIA”) in response to the RFI. We believe these letters

³ CFTC Global Markets Advisory Committee (“GMAC”), Recommendations to Expand Use of Non-Cash Collateral Through Use of Distributed Ledger Technology, November 21, 2024 (“GMAC Report”) (https://www.cftc.gov/media/11581/GMAC_DAM_UseofDLTasDerivativesCollateral_112124/download).

⁴ Joint Trade Associations, The Impact of DLT in Capital Markets: Ready for Adoption, Time to Act, August 19, 2025 (“DLT Report”) (<https://www.gfma.org/policies-resources/joint-trades-publish-report-on-the-impact-of-dlt-in-capital-markets/>).

⁵ The President’s Working Group on Digital Assets Markets, Strengthening American Leadership in Digital Financial Technology, July 30, 2025 (“PWG Report”) (<https://www.whitehouse.gov/crypto/>).

⁶ SIFMA and SIFMA Asset Management Group letter, November 4, 2025 (<https://www.sifma.org/resources/submissions/letters/advance-notice-of-proposed-rulemaking-on-genius-act-implementation-sifma-and-sifma-amg/>) (“GENIUS ANPRM Letter”) responding to the Treasury’s ANPRM requesting comment on questions relating to the implementation of the GENIUS Act (“GENIUS ANPRM”) (<https://www.federalregister.gov/documents/2025/09/19/2025-18226/genius-act-implementation>).

raise thoughtful points about the use of tokenized collateral including stablecoins and should be considered carefully.⁷

Benefits of Tokenized Collateral

Collateral management and optimization are at the forefront of developed tokenization use cases, addressing existing inefficiencies and incompatible systems, for example. As noted in the GMAC Report, there are impediments to the use of non-cash collateral to satisfy regulatory margin requirements. These include necessary involvement of multiple intermediaries making for a lengthy and/or complex settlement process, the need to redeem certain assets, such as money market funds, into cash to fund a redemption that can then be transferred, and that some relevant infrastructures are typically not open 24/7.

Cash collateral, however, has its own drawbacks, not least of which is the cost of foregoing the return available from investing in other assets relative to holding excess cash. Therefore, market participants' liquid reserves are held in income producing assets, which need to be liquidated to raise cash when it's needed for collateral, then reinvested again by the holder of the collateral into eligible non-cash assets.

Tokenization and the use of DLT have the potential to address these issues. Tokenized collateral can be easily transferred without the need for multiple intermediaries, liquidation or waiting for infrastructure to "open". In addition to addressing existing operational challenges to collateral mobility, the near instant settlement of tokenized collateral leads to capital efficiencies which could lead to significant savings, for cleared and uncleared derivatives.⁸

However, there are also challenges and considerations that need to be taken into account regarding use of tokenized collateral, some of which are discussed below under the header "Considerations on the Use of Tokenized Collateral."

Tokenized Eligible Collateral

Consistent with our previous submissions, as well as the principle of "same activity, same risk, same regulatory outcome," tokenized versions of currently eligible collateral for cleared and uncleared derivatives should be afforded the same regulatory treatment to their non-tokenized versions, with appropriate consideration for the legal, beneficial, or economic rights or interests afforded to token holders. "[C]ollateral eligibility rules turn on whether the asset itself falls into a category exhibiting acceptable credit, market and liquidity risks. Use of DLT does not affect those innate asset characteristics, so long as relevant ledger entries constitute an entitlement to the relevant non-cash asset, not a separate financial instrument."⁹ The CFTC should make clear that assets currently eligible as collateral remain equally eligible when issued or held in tokenized form, where

⁷ ISDA letter, November 21, 2025 (<https://comments.cftc.gov/Handlers/PdfHandler.ashx?id=35746>) and FIA letter, November 25, 2025 (<https://comments.cftc.gov/Handlers/PdfHandler.ashx?id=35749>).

⁸ BCG, Ripple "Approaching the Tokenization Tipping Point," April 2025.

⁹ GMAC Report, p. 8.

tokenization has not changed the fundamental character of the underlying asset, consistent with the GMAC Report and PWG Report recommendations.

The Commission does not need to expand the types of non-cash assets eligible to post as collateral for tokenized versions to be eligible. Similarly, with respect to haircuts, assets should be treated alike, regardless of whether they are held in traditional or tokenized form, where the tokenized form satisfies existing registered intermediaries' frameworks for collateral and confers the appropriate legal, beneficial or economic rights and interests to holders to merit similar treatment.

Permitted Payment Stablecoins as Eligible Collateral

Under current rules, eligible collateral is limited generally either to cash (in the case of variation margin) and / or high-quality liquid assets (in the case of initial margin). As stated in our recent GENIUS ANPRM Letter, permitted payment stablecoins (compliant with the GENIUS Act) - backed 1:1 by cash and short-term Treasuries and subject to rigorous supervision - should be deemed eligible collateral for cleared and uncleared derivatives transactions, with appropriate risk management conditions and provisions.¹⁰ Recognizing permitted payment stablecoins as margin collateral would provide important efficiency and risk-management benefits as discussed above for tokenized eligible collateral, e.g., faster settlement, reducing liquidity stress during periods of market volatility, mitigating collateral scarcity, reducing procyclical demand for non-cash collateral in stress scenarios.

SIFMA also urges coordinated and consistent regulatory action related to the collateral treatment of payment stablecoins for margin requirements for both cleared and uncleared derivatives; such coordinated action is necessary to avoid a scenario in which regulated financial institutions are subject to conflicting rules across the CFTC, SEC and/or federal banking regulators.

Considerations on the Use of Tokenized Collateral

Risk Assessment and Management

The considerations that are applied to currently eligible collateral are also applicable to their tokenized versions, as well as to stablecoins. These considerations include, but are not limited to, legal enforceability; segregation and custody arrangements; credit and custodial risk; and information security and operational risk. While SIFMA believes these considerations may be addressed by tokenized assets, not all tokenized assets offer the same level of protection and/or mitigation from all risks. Therefore, market participants, including swap dealers, in the case of uncleared derivatives, and futures commission merchants and derivatives clearing organizations, in the case of cleared derivatives, should analyze token structures and mechanics to ensure no adverse impact on legal certainty and rely on their established risk assessment and management policies, procedures and practices to satisfy relevant requirements, such as mentioned above.¹¹

¹⁰ As noted in the ISDA letter, however, "any future expansion of cleared VM beyond cash would have to be vetted to ensure users can accept such expanded eligible collateral." p. 6.

¹¹ GMAC Report, pp. 11-12.

Capital Treatment

Currently, U.S. swap dealers that are banks or are part of a banking organization are constrained by uncertainty over the capital treatment of tokenized assets on a public blockchain. While the U.S. prudential regulators have yet to act in this area, the Basel Committee on Banking Supervision (“BCBS”) published amendments to its crypto standard in 2024 which effectively apply a 1250% risk weight to all assets on a public blockchain. In August 2025, a group of associations, including SIFMA’s affiliate GFMA, requested the BCBS pause implementation of its crypto standard in order to seek updated information on the use of DLT and consider appropriate amendments to account for recent and ongoing developments.¹² Among several recommendations to improve the standard, the associations proposed that regulated stablecoins and certain cryptoassets be recognized as eligible collateral. Most recently, on November 19, the chair of the BCBS confirmed that the growth of stablecoins and the US and UK decisions not to adopt the standard “calls for a different approach.”¹³

Cross-Border Considerations

Derivatives markets are global, and both cleared and uncleared markets rely on cross border flows of collateral. Tokenized collateral has the potential to clear many operational hurdles as discussed above and could also improve cross border collateral mobility. There are, however, issues that will need to be addressed including how custody requirements apply to cross border transfers, interoperability for cross border transactions, and varying margin eligibility rules across jurisdictions.

For permitted payment stablecoins, the GENIUS Act includes standards for recognizing foreign-issued payment stablecoins, but rules are yet to be issued. In addition to the GENIUS Act mandated rulemakings regarding cross border recognition standards, the Commission will need to consider and address how such recognized non-U.S. stablecoins would interact with the existing CFTC substituted compliance orders for non-U.S. swap dealers and non-US DCOs. Furthermore, SIFMA supports the CFTC working closely with the International Organization of Securities Commissions and other global standard setters on the development of harmonized approaches to tokenized and stablecoin collateral frameworks, including issues related to interoperability, recognition, and operational resilience and cybersecurity standards to support broader use of tokenized collateral and avoid market fragmentation.

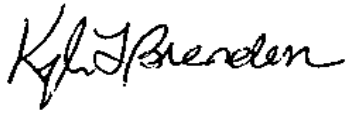
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¹² Joint Associations letter to the BCBS on it Cryptoasset Exposures Standard, August 19, 2025 (<https://www.gfma.org/correspondence/joint-trades-submit-letter-to-bcbs-calling-for-recalibration-of-cryptoasset-prudential-standards/>).

¹³ Erik Thedeen, Chair of the BCBS, as quoted in the Financial Times, “Global crypto rules for banks need reworking, says Basel chair,” November 19, 2025.

SIFMA appreciates the Commission's consideration of these comments and would be pleased to discuss any of these views in greater detail in support of the CFTC's deliberations on this issue. SIFMA would welcome the opportunity to continue to participate in this valuable process. Please feel free to contact me at kbrandon@sifma.org if you would like to discuss these issues further.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle L. Brandon". The signature is fluid and cursive, with the first name "Kyle" and last name "Brandon" clearly distinguishable.

Kyle L. Brandon
Managing Director, Head of Derivatives Policy
SIFMA

cc: The Honorable Caroline D. Pham, Acting Chairman