

CFTC's Tokenized Collateral Guidance: Integrating Blockchain into Derivatives Markets

Key Takeaways:

- The staff of three CFTC divisions have issued joint guidance outlining standards for the use of tokenized assets as collateral in futures and swaps trading.
- This guidance takes a technology-neutral approach, clarifying that existing regulatory requirements applicable to non-cash collateral can accommodate tokenized assets without requiring new rulemaking.
- The guidance covers five key areas: 1. Eligible tokenized assets; 2. Legal enforceability; 3. Segregation and custody arrangements; 4. Haircuts and valuation; and 5. Operational risks.
- Alongside this guidance, the CFTC launched a pilot program permitting Bitcoin, Ether, and payment stablecoins to be used as margin collateral by futures commission merchants.
- This guidance represents a culmination of the CFTC's "Crypto Sprint" initiative and implements recommendations from the President's Working Group on Digital Asset Markets report.
- Integrating tokenized collateral with futures requires coordination among customers, futures commission merchants, and derivatives clearing organizations.
- For swaps, it would primarily impact mandatory initial margin that is required to be held by third-party custodians – therefore, coordination by swap dealers with custodians will be critical.

Background

On December 8, 2025, the Commodity Futures Trading Commission ("CFTC") issued CFTC Letter No. 25-39 providing staff guidance on the use of tokenized assets as collateral in derivatives markets (the "Guidance").¹ The Guidance directly impacts the regulatory framework applicable to futures commission merchants ("FCMs"), derivatives clearing organizations ("DCOs"), and swap dealers ("Swap Dealers").²

¹ CFTC Letter No. 25-39, Re: Tokenized Collateral Guidance (Dec. 8, 2025), available at: <https://www.cftc.gov/csl/25-39/download>. It was jointly issued by the CFTC's Market Participants Division, Division of Market Oversight, and Division of Clearing and Risk.

² It technically also applies to major swap participants, a regulatory category with no current registrants.

This Guidance emerges from several parallel CFTC initiatives. These include the CFTC's September 2025 request for public comment on expanding the use of tokenized non-cash collateral.³ This was part of the CFTC's broader "Crypto Sprint,"⁴ established to implement the recommendations in the report of the President's Working Group on Digital Asset Markets.⁵

The Guidance builds directly upon the November 2024 report of the CFTC's Global Markets Advisory Committee ("GMAC") recommending the expansion of non-cash collateral through the use of blockchain technology.⁶ The GMAC had noted that blockchain technology could address operational challenges that have historically impeded broader use of non-cash collateral in derivatives markets.

The Guidance also follows the passage of the GENIUS Act, which created a comprehensive regulatory framework for payment stablecoins and is referenced in the Guidance as an important factor in the evolving regulatory landscape.⁷

Tokenized Collateral Guidance

The Guidance takes a technology-neutral approach, clarifying that existing regulatory requirements applicable to non-cash collateral can accommodate tokenized assets without requiring new rulemaking. The Guidance emphasizes that the use of digital ledger technology (such as blockchain technology⁸) to tokenize an asset "need not change the fundamental characteristics of that asset."⁹ It acknowledges that different tokenization methods may provide different rights or levels of protection to token-holders.¹⁰

In the context of futures, the integration of tokenized collateral will require coordination among customers, FCMs, and DCOs. For swaps, it will primarily impact mandatory initial margin which is required to be held by third-party custodians. This means that coordination between swap dealers and third-party custodians will be required.

The Guidance can also potentially be applied to variation margin for trades between swap dealers and financial end-users¹¹ and to initial margin voluntarily exchanged between swap counterparties. In both of these cases, there would be more flexibility since a third-party custodian is not typically used.

The Guidance addresses five principal areas of regulatory concern:

1. **Eligible tokenized assets:** Standards for liquidity, maturity, and credit quality.

³ CFTC, *Acting Chairman Pham Launches Tokenized Collateral and Stablecoins Initiative* (Sept. 23, 2025), available at: <https://www.cftc.gov/PressRoom/PressReleases/9130-25>.

⁴ CFTC, *Acting Chairman Pham Announces CFTC Crypto Sprint* (Aug. 1, 2025), available at: <https://www.cftc.gov/PressRoom/PressReleases/9104-25>.

⁵ President's Working Group on Digital Asset Markets, *Strengthening American Leadership in Digital Financial Technology* (July 30, 2025), available at: <https://www.whitehouse.gov/crypto/>.

⁶ CFTC Global Markets Advisory Committee, *Recommendations to Expand Use of Non-Cash Collateral Through the Use of Distributed Ledger Technology* (Nov. 21, 2024), available at: https://www.cftc.gov/media/11581/GMAC_DAM_UseofDLTasDerivativesCollateral_112124/download. The report has a slightly broader focus on "blockchain or other distributed technology." *Id.* at 2.

⁷ Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025, 12 U.S.C. §§ 5901–5916 (the "GENIUS Act").

⁸ Kristen E. Busch, Cong. Rsch. Serv., R47064, *Blockchain: Novel Provenance Applications* 4 (2022), available at <https://crsreports.congress.gov/product/pdf/R/R47064>: "[B]lockchain is one example of the larger category of distributed ledger technologies. . . ."

⁹ CFTC Letter No. 25-39 at 2.

¹⁰ CFTC Letter No. 25-39 at 2.

¹¹ 17 C.F.R. § 23.156(b)(1)(ii).

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2. **Legal enforceability:** Standards for legal status and documentation.
 3. **Segregation, custody, and control arrangements:** Standards to ensure perfected security interests and compliance with segregation requirements.
 4. **Haircuts and valuation:** Application of risk-based haircut methodologies to tokenized forms.
 5. **Operational risks:** Application of existing risk management frameworks to innovative technologies.¹²

The Guidance notes that these factors require an individual analysis of tokenized assets, including tokenization structures, in combination with regulatory requirements and applicable internal policies. This case-by-case individualized approach is consistent with the CFTC's effort to establish a high-level technology-neutral framework. Each factor is discussed below.

Eligible Tokenized Assets

The Guidance defines a “tokenized asset” as 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 Guidance recognizes that tokenization permits digital ownership, fractional ownership, and faster transfers.

Consistent with the GMAC recommendations, the Guidance encourages market participants to focus tokenized collateral efforts on assets that are already currently eligible to serve as regulatory margin. In this regard, the Guidance specifically references CFTC rules requiring DCOs to limit initial margin assets to those with minimal credit, market, and liquidity risks,¹³ and CFTC rules which specify non-cash assets that can be posted as margin for uncleared swaps.¹⁴

Importantly, the Guidance notes that none of the Commission's regulations “require any particular technology or operational infrastructure” for transferring or holding eligible collateral.¹⁵ In other words, assets retain their margin eligibility so long as they satisfy applicable regulatory requirements, regardless of whether they are held in traditional or tokenized form.

Legal Enforceability

The Guidance emphasizes that registered entities and registrants must demonstrate that non-cash assets collected as regulatory margin meet legal enforceability requirements. The Guidance cites to existing CFTC rules requiring DCOs to operate pursuant to a “well-founded, transparent, and enforceable legal framework” that addresses netting arrangements, interests in collateral, and settlement finality.¹⁶ Swap Dealers must ensure initial margin is held pursuant to a “legal, valid, binding, and enforceable custodial agreement.”¹⁷ In some cases, tokenized assets can have characteristics that are different from the underlying traditional asset, making the legal analysis thereof an important area of focus for firms seeking to utilize tokenized collateral.

¹² CFTC Letter No. 25-39 at 2.

¹³ 17 C.F.R. § 39.13(g).

¹⁴ 17 C.F.R. § 23.156.

¹⁵ CFTC Letter No. 25-39 at 3.

¹⁶ CFTC Letter No. 25-39 at 3 citing 17 C.F.R. § 39.27(b) and 17 C.F.R. § 39.13(g)(14).

¹⁷ CFTC Letter No. 25-39 at 3 and 17 C.F.R. § 23.157(c)(2).

The Guidance encourages engagement with staff as market participants and industry groups¹⁸ continue to develop best practices for analyzing tokenized collateral within existing legal frameworks. This is particularly relevant as states continue to adopt Article 12 of the Uniform Commercial Code, which addresses “controllable electronic records,” including certain types of tokenized assets.

Segregation, Custody, and Control Arrangements

The guidance reminds market participants that collateral held as margin by FCMs, DCOs, and Swap Dealers is subject to existing segregation and custody requirements¹⁹ and must be held by eligible custodians.²⁰ These entities must maintain robust risk management programs addressing segregation, capital, liquidity, and settlement risks on an ongoing basis.

For FCMs, the Guidance highlights existing requirements 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.²¹ Similarly, Swap Dealers must develop policies designed to address market and liquidity risks implicated by use of tokenized collateral.²²

The Guidance notes that these policies and procedures are subject to regular review and refinement. FCM and Swap Dealer risk management programs must be reviewed and tested at least annually or upon any material change in business that is reasonably likely to alter the entity's risk profile.²³

Haircuts and Valuation

A key practical question for market participants is how to apply regulatory-mandated haircuts to tokenized forms of eligible collateral. The Guidance provides that haircuts for tokenized assets “can utilize the same risk-based approach already applied to underlying assets” under existing Commission regulations.²⁴

This will require analysis of whether the tokenized form of an asset has a sufficiently similar risk profile to merit an equivalent haircut to that applied to the traditional form. The Guidance specifically refers to settlement time differences or differences in credit, market, or liquidity risk as potentially pertinent, all factors that may merit higher or lower haircuts than those applied to the corresponding traditional form of asset.²⁵ Firms conducting this analysis will need to access internal or external experts with a deep understanding of the nature and functioning of tokenized assets.

¹⁸ The International Swaps and Derivatives Association, for example, has commissioned legal opinions regarding the enforceability of ISDA agreement netting arrangements for over 90 jurisdictions. Int'l Swaps & Derivatives Ass'n, *Opinions Overview*, <https://www.isda.org/opinions-overview/> (last visited Dec. 12, 2025).

¹⁹ See 17 C.F.R. § 23.157(c) (for uncleared swap initial margin); see also 17 C.F.R. §§ 1.20–30, 22.1–22.17, and 30.7 (segregation requirements for futures, foreign futures, and cleared swaps).

²⁰ See, e.g., 17 C.F.R. §§ 1.20(b), 22.4, 22.7, and 30.7(b) (permitted depositories).

²¹ 17 C.F.R. § 1.11(e)(3)(i)(J).

²² See 17 C.F.R. § 23.600(c)(4)(i), (iii).

²³ See 17 C.F.R. § 1.11(f) (for FCMs) and 17 C.F.R. § 23.600(e) (for Swap Dealers).

²⁴ *CFTC Letter No. 25-39* at 5.

²⁵ *CFTC Letter No. 25-39* at 5.

The Guidance also addresses the liquidity resource requirements for DCOs, noting that qualifying liquidity resources must be “readily available and convertible into cash pursuant to prearranged and highly reliable funding arrangements, even in extreme but plausible market conditions.”²⁶

Operational Risks

The Guidance acknowledges that implementation of new technologies may implicate operational risks, including information security risks. As with the other items, the Guidance notes that these are already addressed in existing risk management requirements applicable to FCMs, DCOs, and Swap Dealers.²⁷

The Guidance encourages FCMs, DCOs, and Swap Dealers that intend to accept tokenized assets as collateral to carefully evaluate their operational readiness. This includes assessing whether they possess the requisite technical capabilities and expertise, implementing appropriate cybersecurity protections and access controls, and addressing potential network-wide threats and interoperability challenges.²⁸

Digital Asset Pilot Program

Concurrent with the Guidance, the CFTC’s Market Participants Division, in response to a request from Coinbase Financial Market, Inc. (“CFM”), announced a pilot program (“Pilot Program”) permitting FCMs to accept Bitcoin (BTC), Ether (ETH), and payment stablecoins as margin collateral for derivatives positions.²⁹ Although “payment stablecoin” is not defined by the CFTC’s Market Participants Division, it is defined in CFM’s request letter as any U.S. dollar payment stablecoin issued by a state regulated money transmitter or trust company with reserve and reporting standards similar to those mandated by the GENIUS Act until the GENIUS Act is effective at which point it will be any permitted payment stablecoin issued under the GENIUS Act framework.³⁰ This Pilot Program represents one of the most significant regulatory developments for digital assets since the passage of the GENIUS Act.

To rely on the Pilot Program, an FCM must first file a notice of intent with the Market Participants Division specifying when it will commence accepting digital assets as margin collateral. For the first three months following commencement, the following conditions apply:

- **Collateral limitation:** Acceptance limited to BTC and ETH, valued at the haircut set by the applicable DCO,³¹ and payment stablecoins.
- **Reporting requirements:** Weekly reports must be filed with the CFTC detailing total digital assets held in each customer account class.
- **Notification obligations:** Prompt written notice must be given to the CFTC of any significant operational issues, system failures, or cybersecurity incidents affecting use of digital asset margin collateral.³²

²⁶ See 17 C.F.R. § 39.33(c)(3).

²⁷ CFTC Letter No. 25-39 at 5.

²⁸ CFTC Letter No. 25-39 at 5–6.

²⁹ CFTC No-Action Letter No. 25-40, *Staff No-Action Position Regarding Digital Assets Accepted as Margin Collateral* (Dec. 8, 2025), <https://www.cftc.gov/csl/25-40/download>.

³⁰ Letter from Eugene Ferrara, Chief Compliance Officer, Coinbase Fin. Mkts., Inc., to Thomas Smith, Acting Dir., Mkt. Participants Div., Commodity Futures Trading Comm’n, at 2 (Dec. 8, 2025), https://www.cftc.gov/csl/25-40/request_letter/0/download.

³¹ For 30.7 accounts where no DCO has accepted the asset as collateral, a minimum 20% haircut applies. CFTC No-Action Letter No. 25-40 at 13.

³² CFTC No-Action Letter No. 25-40 at 14.

In connection with the pilot program, a 2020 CFTC advisory that had restricted FCMs from accepting digital assets as customer collateral was withdrawn.³³ The agency noted that the advisory had become outdated following advances in tokenization technology and the legal changes introduced by the GENIUS Act.

Future Developments

The Guidance acknowledges that both technological and regulatory developments remain ongoing and that it “may be updated as technological and regulatory developments on these topics continue to progress,” consistent with the Commodity Exchange Act’s stated purpose to “promote responsible innovation and fair competition.”³⁴ The Pilot Program is framed as an interim placeholder for more permanent CFTC action at the commission-level.³⁵

Conclusion

The CFTC’s tokenized collateral guidance represents a significant step toward the integration of blockchain technology into traditional derivatives markets. By confirming that existing regulatory frameworks can accommodate tokenized assets, the guidance provides a pathway for market participants to leverage the operational efficiencies of tokenization – including faster settlement times, fractional ownership capabilities, and 24/7 trading – while maintaining the robust customer protections and risk management standards that underpin regulated derivatives markets.

For FCMs, DCOs, and Swap Dealers considering the use of tokenized collateral, the guidance emphasizes the importance of individual analysis for each tokenized asset or structure. Market participants should review their existing policies and procedures to determine how tokenized collateral can be integrated within current risk management frameworks and should engage with CFTC staff where questions arise. For Swap Dealers, coordination with third-party initial margin custodians will be required. In some contexts, such as variation margin for trades between a swap dealer and a financial end-user, it may be possible to apply the Guidance with greater flexibility due to the usual absence of a third-party custodian.

The concurrent launch of the digital asset pilot program, permitting BTC, ETH, and payment stablecoins to be used as margin collateral, provides an immediate opportunity for FCMs to begin accepting digital assets within a structured regulatory framework. With the CFTC expected to continue its Crypto Sprint initiative, we anticipate additional guidance and rulemaking to come.

Please contact us if you are associated with an FCM, DCO, Swap Dealer, or custodian considering the use of tokenized collateral or would like to generally discuss how these developments may impact your business.

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If you have any questions about the issues addressed in this alert, or if you would like a copy of any of the materials mentioned in it, please do not hesitate to call or email Gary E. Kalbaugh (partner) at 212.701.3505 or GKalbaugh@cahill.com.

³³ CFTC Staff Advisory No. 20-34, *Accepting Virtual Currencies from Customers into Segregation* (Oct. 21, 2020) (withdrawn Dec. 8, 2025), <https://www.cftc.gov/csl/20-34/download>.

³⁴ *CFTC Letter No. 25-39* at 6.

³⁵ *CFTC No-Action Letter No. 25-40* at 14.