

## CLIENT ALERT

# CFTC Seeks Public Input on Tokenized Collateral and Stablecoins Initiative

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### AUTHORS

Gabriel Acri | Tamika P. Bent | Kari S. Larsen | Rita M. Molesworth  
Chelsea Pizzola | Jenna Fattah | Leanne Aban

The Commodity Futures Trading Commission is seeking public comment regarding the use of tokenized collateral, including stablecoins, in derivatives markets.<sup>1</sup> This Initiative continues the CFTC's "crypto sprint,"<sup>2</sup> which has progressed alongside the SEC's "project crypto"<sup>3</sup> in response to the President's Working Group Report on Digital Asset Markets<sup>4</sup> and its directive to strengthen U.S. leadership in digital financial technology.

<sup>1</sup> Acting Chairman Pham Launches Tokenized Collateral and Stablecoins Initiative, CFTC Release No. 9130-25 (Sep. 23, 2025), available [here](#).

<sup>2</sup> For more information on the Crypto Sprint, see J. Christopher Giancarlo, Kari S. Larsen, A. Kristina Littman, Chelsea Pizzola and Jenna Fattah, CFTC's Spot Trading Crypto Initiative and Request for Comment (Aug. 11, 2025) available [here](#).

<sup>3</sup> See the SEC's Division of Corporate Finance "Statement on Stablecoins" (Apr. 4, 2025), available [here](#). In July 2025, the GENIUS Act became law. It provides a framework for regulatory payment stablecoins and licensed issuers in the U.S. For more information on stablecoins, see J. Christopher Giancarlo, Kari S. Larsen, A. Kristina Littman, Chelsea Pizzola, Jenna Fattah and Leanne Aban, The GENIUS Act: A New Pathway for Stablecoin Issuance (July 24, 2025), available [here](#).

<sup>4</sup> President's Working Group on Digital Asset Markets, *Strengthening American Leadership in Digital Financial Technology* (July 30, 2025), available [here](#) (the "PWG Report").

Among other areas, the CFTC seeks comment on: (i) the report of the Global Markets Advisory Committee (“**GMAC**”) Digital Asset Markets Subcommittee, published on November 21, 2024 (the “**GMAC Report**”); (ii) CFTC observer status on industry efforts; (iii) potential digital asset markets pilot programs; (iv) amendments to CFTC regulations in connection with the PWG Report; and (v) other related issues. Comments from market participants may clarify how the existing legal and regulatory framework can apply to tokenized collateral<sup>5</sup> and stablecoins in the derivatives markets as well as identify areas for new rulemaking.

### **GMAC Report Recommendations**

The GMAC Report describes legal and regulatory requirements relevant to the use of distributed ledger technology (“**DLT**”). It recommends using DLT, including tokenization, to expand the use of non-cash collateral already eligible to satisfy regulatory margin requirements.<sup>6</sup> With respect to accepting eligible tokenized non-cash collateral, the GMAC Report states that CFTC registrants should be able to satisfy relevant requirements by following their existing policies, procedures, and practices to address risks related to: (i) legal enforceability, (ii) segregation and custody arrangements, (iii) credit and custodial risk, and (iv) information security and other operational risks. The GMAC Report also calls for CFTC guidance on the following:

- (i) How existing policies, procedures, and practices should be adapted for each implementation model under CFTC regulations (futures commission merchant (“**FCM**”),<sup>7</sup> swap entity, and derivatives clearing organization (“**DCO**”) risk management programs);
- (ii) Whether tokenized assets on a blockchain are sufficiently segregated and standards for public versus private blockchain segregation compliance;
- (iii) Whether blockchain infrastructure provides appropriate collateral protection under depository requirements;
- (iv) How registration and licensing requirements apply to tokenized asset custodians; and
- (v) The parameters for DLT security, business continuity, diligence and risk management frameworks.

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<sup>5</sup> For more information on tokenized collateral, see Kari Larsen, Cindy J. Chernuchin and Alexandra Calabro, *The Tokenized Collateral Transformation* (April 2025), available [here](#).

<sup>6</sup> Commodity Futures Trading Commission, CFTC’s Global Markets Advisory Committee Advances Recommendation on Tokenized Non-Cash Collateral, Release No. 9009-24 (Nov. 21, 2024), available [here](#).

<sup>7</sup> For more information on futures commission merchants, see Rita M. Molesworth and Alexandra K. Calabro, *Do You Want to Run a Futures Commission Merchant?* (Aug. 25, 2025), available [here](#) and Rita M. Molesworth, Tamika P. Bent and Imani Martinez, *CFTC Amends Regulation on the Investment of Customer Funds* (Jan. 31, 2025), available [here](#).

## **PWG Report**

The PWG Report acknowledged specific topics and issues that would require CFTC review of existing regulations that affect tokenized collateral and stablecoins in derivatives markets. The PWG Report also identified a number of key market issues in need of CFTC clarification. These and related issues are summarized below.

- (i) *Custody*: The PWG Report identified concerns related to: (i) the application of eligible depository rules to accounts holding digital assets as collateral; (ii) whether nonbanks qualify as acceptable depositories; (iii) the application of existing bank depository standards to entities that custody tokenized collateral; and (iv) depository criteria for wallet and blockchain infrastructure providers.
- (ii) *DCO Acceptance of Digital Asset Collateral*: The PWG Report called for CFTC clarification on (i) how tokenized collateral should be considered under DCO capital and liquidity requirements; (ii) methodologies for valuing digital assets and appropriate haircuts; (iii) settlement finality; (iv) whether DCOs can self-custody tokenized collateral; and (v) reporting requirements, among other issues.
- (iii) *Regulatory Margin*: The PWG Report recommends that the CFTC provide guidance on the use of tokenized non-cash collateral for regulatory margin.
- (iv) *Classification of Swaps on Digital Assets*: The report called for CFTC clarification on the classification of swaps with a digital asset underlier to address the application of margin, reporting, and other requirements.
- (v) *GENIUS Act Integration*: The CFTC will need to address the integration of the GENIUS Act payment stablecoin regulatory framework with CFTC margin and collateral requirements.
- (vi) *Multi-Regulator Coordination Framework*: Rulemaking regarding stablecoins and custody likely will require coordinated efforts among the SEC, CFTC, FinCEN, OCC, Treasury, and/or state regimes.

## **Other Key Considerations**

In addition to the issues raised in the GMAC and PWG Reports, key considerations on which industry participants may wish to comment include:

*Stablecoins vs. Tokenized Collateral*: How should the CFTC address the different functions and purposes of tokenized non-cash collateral (which are like a warehouse receipt or representation of title) versus a stablecoin (which often represents a fiat currency)? Because the value of tokenized asset collateral is still dependent on the underlying asset it represents, how should the CFTC consider the varying liquidity and volatility of stablecoins and tokenized collateral? Notably, counterparty and credit risks differ between stablecoins and certain types of tokenized asset collateral.

*Enforceable Interest in Collateral*: Should the CFTC provide guidance on a legal framework to address a DCO's enforceable interest in collateral and similar controllable electronic records? While Article 12 of the Uniform

Commercial Code (“**UCC**”) addresses certain types of tokenized collateral, many states, including New York, have not yet adopted UCC Article 12.

*Intermediary Registration:* Should the CFTC clarify how existing registration and licensing requirements apply to intermediaries and custodians involved in the handling of tokenized collateral and stablecoin? Specifically, the CFTC should address how requirements for regulated entities (e.g., FCM, swap entity, or DCO risk management programs) may differ depending on the implementation model and whether blockchain infrastructure providers or wallet operators may be subject to registration or other regulatory obligations.

*Money Transmitter Licenses:* Many states have incorporated digital assets into their money transmission regimes or created digital asset-specific licensing regimes, and a number require entities that custody digital assets to register as money transmitters or to be otherwise registered or licensed if they have customers in such states. Depending on a registrant’s activities, state money transmission licensure or similar licensure may need to be considered. For example, New York requires a BitLicense or trust charter for entities engaged in virtual currency business activity. Illinois and California have enacted similar regulatory regimes. The CFTC should consider how these state-level requirements interact with federal regulation of tokenized collateral and stablecoins to the extent not preempted, and whether additional federal guidance is needed to harmonize these regimes.

*Valuation:* Should the CFTC provide guidance on appropriate methodologies for valuing tokenized collateral and stablecoins when used as margin or collateral in derivatives markets? Should the guidance include how to determine fair market value, how to account for potential volatility or illiquidity, and whether specific haircuts or risk management measures should be applied, consistent with the PWG Report’s recommendations?

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### ***The CFTC’s Requests for Comment and Implications***

This Initiative could foster more efficient collateral transfers and reduce operational friction, all within the existing regulatory framework. Continued industry engagement through comments as well as participation in any pilot programs on the transfer, custody, and settlement of tokenized collateral and stablecoins will help identify potential operational, custodial, and regulatory challenges and legal uncertainties. This Initiative gives market participants an important opportunity to offer insights on novel market developments. Meaningful input from the industry on operational infrastructure, registration and compliance implications of tokenized asset and stablecoin collateral would benefit the CFTC and all derivatives market stakeholders. If new regulations are necessary, industry comments will help the CFTC tailor them in a sustainable manner. **Comments are due by October 20, 2025.**

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If you have any questions regarding this client alert or would like to submit input to the CFTC regarding this Initiative, please contact one of the authors, any member of our CFTC team listed below, or the Willkie attorney with whom you regularly work.

**Willkie has a dedicated team of attorneys with extensive knowledge and experience in all aspects of the Commodity Exchange Act and the CFTC regulatory regime. We would be pleased to assist on your matters.**

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**Gabriel Acri**

212 728 8802

[gacri@willkie.com](mailto:gacri@willkie.com)

**Tamika P. Bent**

212 728 3935

[tbent@willkie.com](mailto:tbent@willkie.com)

**J. Christopher Giancarlo**

212 728 3816

[jcgiancarlo@willkie.com](mailto:jcgiancarlo@willkie.com)

**Kari S. Larsen**

212 728 3297

[klarsen@willkie.com](mailto:klarsen@willkie.com)

**Steven C. Matos**

212 728 8757

[smatos@willkie.com](mailto:smatos@willkie.com)

**Rita M. Molesworth**

212 728 8727

[rmolesworth@willkie.com](mailto:rmolesworth@willkie.com)

**Chelsea Pizzola**

202 303 1092

[cpizzola@willkie.com](mailto:cpizzola@willkie.com)

**Deborah A. Tuchman**

212 728 8491

[dtuchman@willkie.com](mailto:dtuchman@willkie.com)

**Leanne Aban**

212 728 8168

[laban@willkie.com](mailto:laban@willkie.com)

**Alexandra K. Calabro**

202 303 1456

[acalabro@willkie.com](mailto:acalabro@willkie.com)

**Jenna Fattah**

212 728 3066

[jfattah@willkie.com](mailto:jfattah@willkie.com)



BRUSSELS CHICAGO DALLAS FRANKFURT HAMBURG HOUSTON LONDON LOS ANGELES  
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