

Law360

CFTC Chair's Speech Hints At Innovation-Friendly Policies

By **Chelsea Pizzola, Kari Larsen and Tamika Bent** (April 15, 2026)

On March 9, U.S. Commodity Futures Trading Commission Chair Michael Selig delivered a landmark address at the Futures Industry Association's Global Cleared Markets Conference, in which he discussed "the next era of American market leadership."^[1]

The speech outlined Selig's comprehensive agenda for the CFTC, emphasizing principles-based regulation, harmonization with the U.S. Securities and Exchange Commission, support for digital asset innovation and the responsible development of prediction markets.

This article summarizes the key aspects of Selig's remarks and their implications for market participants.

Regulatory Philosophy

Selig's address reflects the broader regulatory philosophy that he has articulated since **taking office** as the chair of the CFTC in December.^[2] On Jan. 29, at the "Joint Event on Harmonization" held by the CFTC and U.S. Securities and Exchange Commission, Selig **emphasized** that U.S. financial regulators must modernize and harmonize their approach to regulation in order to future-proof markets.^[3]

At the event, both Selig and SEC Chair Paul Atkins pledged to calibrate regulatory intervention to the "minimum effective dose" necessary. This principles-based approach prioritizes regulatory clarity and cross-agency coordination in order to support responsible innovation, while maintaining robust protections against fraud, manipulation and abuse. Selig has emphasized his commitment to providing clear regulations that support the responsible development of markets, including in areas such as digital assets and prediction markets.

In addition, Selig emphasized that the CFTC will refrain from setting policy through enforcement actions. He directed the CFTC's Division of Enforcement to focus on its core purpose of policing fraud, abuse and manipulation, rather than setting policy through enforcement, and reducing the amount of no-action relief or other piecemeal guidance that can easily change with the political winds.

Traditional Commodity Markets Initiatives

Selig announced several initiatives that aim to reduce regulatory burdens for traditional market participants. Among the most notable, Selig directed CFTC staff to revive the Agricultural Advisory Committee, and the commission is exploring publishing the Commitment of Traders report more frequently.

CFTC staff will also consider whether capital margin and reporting rules should be amended where the rules currently exceed what is necessary for risk management. In connection with those efforts, the commission



Chelsea Pizzola



Kari Larsen



Tamika Bent

will support prudential regulators' efforts to reduce burdens under the Basel III and global systemically important banks capital framework, with an aim to help facilitate easier access to clearing for market participants.[4]

The commission will also consider enhancing cross-margining in order to allow agriculture and energy participants to more efficiently manage margins across their futures and options positions.

Digital Assets and Project Crypto

Selig announced several concrete work streams for the CFTC under Project Crypto.

On March 17, shortly after Selig's speech, the SEC and CFTC followed through on his preview by **issuing** a joint interpretive release clarifying how U.S. federal securities laws apply to crypto-assets.[5] Notably, the release establishes a five-category token taxonomy for crypto-assets, and identifies certain blockchain activities that do not require SEC registration.

The following day, the SEC approved Nasdaq's rule change enabling tokenized Russell 1000 securities and exchange-traded funds to trade on the exchange.[6]

In addition, Selig announced that he has directed CFTC staff to:

- Provide guidance concerning the application of CFTC intermediary registration requirements to developers of noncustodial software systems;[7]
- Consider new rules that "could clarify when leveraged, margined, or financed retail commodity transactions in crypto may be offered off-exchange under an 'actual delivery' exception";[8] and
- Consider how to clarify whether true perpetual derivatives, i.e., perpetuals with no expiration date, should be classified as futures or swaps.

Swap Dealer and Market Structure Reforms

Selig introduced a series of significant initiatives aimed at reforming swap dealer regulation and broader market structure.

With respect to swap dealer registration and cross-border compliance, the commission is considering, through a pilot program, removing energy commodity end-user swaps from the swap dealer de minimis threshold calculation, with a potential extension to agricultural and critical minerals swaps. In addition, the commission will consider whether any other types of swaps should be excluded from the threshold.

To reduce regulatory burdens on registrants operating in multiple jurisdictions, the commission is considering issuing comparability determinations that would allow swap dealers that are subject to European Union or U.K. capital and financial reporting requirements to satisfy corresponding CFTC obligations.

With respect to market access and trade execution, Selig asked staff to undertake a rulemaking process to address the model of designated contract markets, or DCMs, and derivatives clearing organizations that allow retail participants direct market access without futures commission merchant intermediation. The commission is also drafting a rule to address how certain swaps that are traded similarly to futures are reported.

The CFTC will further review whether and how the trade execution requirement applies to package transactions, and what trading functionality swap execution facilities must provide for permitted transactions that are not subject to the trade execution mandate.[9]

Selig also directed staff to work on a rule to reinstate the exemption from commodity pool operator registration that existed before 2012 for registered investment advisers managing private funds that are commodity pools, provided that the pool investors consist solely of qualified eligible persons.[10]

In coordination with the SEC, the CFTC is also preparing a proposal to revise Form PF to streamline data reporting and eliminate redundancies.

Prediction Markets

Selig reaffirmed the CFTC's role as the primary regulator of prediction markets, commonly known as event contracts. His remarks were consistent with the commission's recent enforcement advisory highlighting disciplinary cases brought by KalshiEX LLC.[11]

On March 12, the commission again followed through on Selig's preview by issuing two coordinated actions: a staff advisory to DCMs from the Division of Market Oversight, setting near-term supervisory expectations for listing and overseeing event contracts,[12] and an advance notice of proposed rulemaking, inviting public comment on how the Commodity Exchange Act and existing CFTC regulations should apply to event contracts based on prediction markets.[13]

The advisory establishes immediate expectations for DCMs that operate, or seek to operate, prediction markets. It directs DCMs to conduct rigorous manipulation analysis under DCM Core Principle 3. Product submissions must specify resolution methodologies, identify data sources and assess manipulation resistance. The advisory also cautions that overly broad self-certifications could impede robust antimanipulation and general Commodity Exchange Act compliance analyses.[14]

For sports-related event contracts, the Division of Market Oversight recommends presubmission engagement with relevant sports leagues, reliance on official league data as settlement sources and establishment of information-sharing arrangements with sports integrity monitoring organizations.

The advance notice of proposed rulemaking solicits input across several key areas that will shape the long-term regulatory framework for prediction markets, including:

- What factors should inform public interest determinations under Section 5c(c)(5)(C) of the Commodity Exchange Act and how to define key terms, such as "unlawful activity" and "gaming";

- Whether allowing trading by persons with asymmetric or inside information serves the public interest;
- The proper classification of event contracts as swaps, futures or commodity options; and
- Whether to amend or provide guidance for exchange and clearing core principles for prediction markets, including with respect to contract design, market surveillance, position limits and financial integrity.

Comments are due by April 30.

In addition to setting out the above agenda, Selig addressed ongoing state-level challenges to the CFTC's authority over prediction markets. Selig characterized the state lawsuits challenging the CFTC's jurisdiction over prediction markets as unlikely to succeed and noted that the agency's authority over a broad definition of "commodity" has historically been upheld in federal courts.[15]

These views are consistent with the Feb. 17 amicus brief that the CFTC **filed** in the U.S. Court of Appeals for the Ninth Circuit, in *North American Derivatives Exchange Inc. v. The State of Nevada*, in support of Crypto.com's appeal against the state.[16]

Climate Policy

Selig announced that the CFTC is formally disavowing the Market Risk Advisory Committee's 2020 climate risk report, which contained recommendations regarding climate-related risks to the financial system.

Key Takeaways

Selig's remarks represent the most comprehensive articulation of his regulatory agenda since taking office and signal a fundamental shift in the CFTC's regulatory posture. Several overarching themes emerged from the address that market participants should consider carefully.

First, the speech reflects a renewed commitment to clear, transparent and prospective principles-based regulation. By directing the Division of Enforcement to focus on policing fraud, abuse and manipulation, rather than setting policy through enforcement actions, Selig is drawing a clear line between the commission's regulatory and enforcement functions.

This distinction underscores his commitment to notice-and-comment rulemaking and is particularly consequential for the digital asset industry, which has long argued that regulatory policy should be established through such rulemaking instead of through enforcement proceedings.

Second, the emphasis on interagency harmonization with the SEC represents a significant development for market participants that have long grappled with the agencies' overlapping and sometimes conflicting

regulatory regimes. The joint collaboration on a crypto-asset taxonomy, Form PF revisions and the shared commitment to a "minimum effective dose" of regulation suggest a level of coordination between the two agencies that has been rare in recent history.

This harmonization effort could materially reduce compliance costs for registrants that are subject to both agencies' oversight and provide the regulatory clarity necessary to attract capital to emerging asset classes, particularly as markets are again considering products like security-based swaps and single stock futures.

Third, the breadth of Selig's agenda is notable. The speech covered virtually every major area of the CFTC's jurisdiction, including digital assets, prediction markets, swap dealers, swap trading platforms, asset managers and clearinghouses. Market participants across these sectors should anticipate an active rulemaking calendar in the coming months.

Finally, Selig's agenda signals a return to the deregulatory and innovation-friendly policies associated with the administrations of former CFTC Chairs J. Christopher Giancarlo and Heath P. Tarbert. The focus on reducing unnecessary regulatory burdens, embracing new market structures — such as prediction markets and perpetual derivatives — and providing clear regulatory frameworks for digital assets aligns with Selig's stated commitment to "future-proof our markets for the innovations of tomorrow."^[17]

Market participants should monitor for forthcoming action on the rule proposals and guidance that Selig has directed staff to prepare, as these will provide the first concrete indications of how the chair's broad policy vision translates into binding regulatory action.

Chelsea Pizzola is a partner at Willkie Farr & Gallagher LLP. She previously served as deputy chief of staff and counsel to Tarbert at the CFTC.

Kari S. Larsen is a partner and co-chair of the digital works practice at the firm.

Tamika P. Bent is counsel at the firm. She previously served as chief counsel to commissioner Kristin N. Johnson at the CFTC and led the agency's Market Risk Advisory Committee.

Willkie senior counsel J. Christopher Giancarlo and associate Leanne Aban contributed to this article.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of their employer, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] Michael S. Selig, Chairman, Commodity Futures Trading Comm'n, The Next Era of American Markets Leadership (Mar. 9, 2026), available at <https://www.cftc.gov/PressRoom/SpeechesTestimony/opaselig2>.

[2] Press Release, Willkie Farr & Gallagher LLP, Willkie Alum Michael Selig Confirmed as 16th CFTC Chairman (Dec. 19, 2025), available at <https://www.willkie.com/news/2025/12/willkie-alum-michael-selig-confirmed-as-16th-cftc-chairman>.

[3] For a more detailed discussion of Selig's remarks at the CFTC-SEC Joint Event on Harmonization, see Matthew Comstock et al., SEC and CFTC Chairmen Pledge to Harmonize U.S. Crypto Regulation (Feb. 3, 2026), available at <https://www.willkie.com/-/media/files/publications/2026/02/sec-and-cftc-chairmen-pledge-to-harmonize-us-crypto-regulation.pdf>.

[4] On March 27, 2026, the Federal Deposit Insurance Corporation, Federal Reserve Board and the Office of the Comptroller of the Currency issued repropoals to address bank capital requirements under Basel III. For more information on the releases, see Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-Weighted Assets, 91 Fed. Reg. 15,332 (proposed Mar. 27, 2026) (to be codified at 12 C.F.R. pts. 3, 217, 238, 252, 324); Regulatory Capital Rule: Category I and II Banking Organizations, Banking Organizations With Significant Trading Activity, and Optional Adoption for Other Banking Organizations, 91 Fed. Reg. 14,952 (proposed Mar. 27, 2026) (to be codified at 12 C.F.R. pts. 3, 6, 32, 208, 217, 225, 238, 252, 324); Regulatory Capital Rule: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FRY-15), 91 Fed. Reg. 14,908 (proposed Mar. 27, 2026) (to be codified at 12 C.F.R. pt. 217).

[5] Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets, Release Nos. 33-11412; 34-105020 (Mar. 17, 2026), available at <https://www.sec.gov/files/rules/interp/2026/33-11412.pdf>.

[6] Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Order Approving a Proposed Rule Change, as Modified by Amendment No. 2, to Amend the Exchange's Rules to Enable the Trading of Securities on the Exchange in Tokenized Form, Exchange Act Release No. 34-105047, 91 Fed. Reg. 13900 (Mar. 18, 2026), available at <https://www.federalregister.gov/documents/2026/03/23/2026-05563/self-regulatory-organizations-the-nasdaq-stock-market-llc-order-approving-a-proposed-rule-change-as>.

[7] See CFTC No-Action Letter No. 26-09, No-Action Position Regarding Introducing Broker Registration Requirement Under Section 4d(g) and Associated Person Registration Requirement Under Section 4k of the Commodity Exchange Act (Mar. 17, 2026) (addressing the application of registration requirements to noncustodial software providers).

[8] FIA Speech, *supra* note 1.

[9] See CFTC No-Action Letter No. 25-24 (July 30, 2025) (providing no-action relief to SEFs that do not provide a central limit order book in connection with swaps that are not required to be executed on a SEF or DCM).

[10] Managed Funds Association, CFTC No-Action Letter No. 25-50 (Dec. 19, 2025) (providing relief for SEC-registered investment advisers from CPO registration if they only advise QEPs).

[11] Press Release No. 9185-26, CFTC Enforcement Division Issues Prediction Markets Advisory (Feb. 25, 2026), available here. For more information on the enforcement advisory, see J. Christopher Giancarlo et al., CFTC Issues Prediction Markets Enforcement Advisory: Agency Highlights Disciplinary Cases Brought by KalshiEx (Mar. 4, 2026), available at <https://www.willkie.com/-/media/files/publications/2026/03/cftcissuespredictionmarketsenforcementadvisoryagencyhighlightsdiscipl>

inarycasesbroughtbykalshiex.pdf.

[12] Div. of Mkt. Oversight, Commodity Futures Trading Comm'n, Prediction Markets Advisory, CFTC Staff Letter No. 26-08 (Mar. 12, 2026), available at <https://www.cftc.gov/csl/26-08/download>.

[13] Commodity Futures Trading Comm'n, Advance Notice of Proposed Rulemaking; Prediction Markets, 91 Fed. Reg. 12526 (Mar. 16, 2026), available at <https://www.federalregister.gov/documents/2026/03/16/2026-05105/prediction-markets>.

[14] Section 5(c) of the CEA permits a registered entity to list a new contract by filing a written certification with the Commission. 7 U.S.C. § 7a-2. Under CFTC Rule 40.2, a registered entity must submit a self-certification to the Commission that includes the contract rules, the intended listing date, a certification of compliance with the CEA and CFTC regulations and an explanation and analysis of how such contract complies with the CEA and CFTC regulations, among other items. 17 C.F.R. §§ 40.2, 40.6.

[15] For more information on Kalshi's event contracts litigation, see Kari S. Larsen et al., Betting on Uncertainty in the Regulation of Event Contracts (Nov. 21, 2025), available at <https://www.willkie.com/-/media/files/publications/2025/11/betting-on-uncertainty-in-the-regulation-of-event-contracts.pdf>.

[16] Brief for CFTC as Amicus Curiae Supporting Appellant, *N. Am. Derivatives Exch. Inc. v. State of Nevada*, No. 25-7187 (9th Cir. Feb. 17, 2026).

[17] Chairman Michael S. Selig, The Next Phase of Project Crypto: Unleashing Innovation for the New Frontier of Finance, Remarks of Chairman Michael S. Selig at CFTC-SEC Event on Harmonization (Jan. 29, 2026), available at <https://www.cftc.gov/PressRoom/SpeechesTestimony/opaselig1>.