August 24, 2026

Via Electronic Submission
Christopher Kirkpatrick, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Vanessa A. Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Joint Request for Comment on Further Definition of "Swap" and "Security-Based Swap" and on Alternative Compliance (CFTC RIN 3038-AF71; SEC Release Nos. 33-11424 and 34-105735; File No. S7-2026-21; RIN 3235-AN79)

Dear Ladies and Gentlemen:

Ondo Finance Inc., together with its affiliate Oasis Pro Markets LLC (together, "Ondo"), submits this comment in response to the Commissions' joint request for comment on further definition of "swap" and "security-based swap" and on alternative compliance (the "RFC").[1] Ondo Finance Inc. is one of the leading tokenizers of securities in the world, with approximately $4 billion in tokenized assets on-chain across tokenized U.S. Treasuries and tokenized stocks and ETFs, and the leading market share in tokenized equities.[2] Oasis Pro Markets LLC is a broker-dealer registered with the SEC and a member of FINRA, and also operates an SEC-regulated alternative trading system. Ondo Global Panama Inc. operates a live perpetual futures trading platform which runs primarily on technology developed by Ondo Finance Inc. That platform runs on the Ondo Network, a non-custodial, neutral execution layer based on trusted execution environments (enclaves) also designed by Ondo, that prepares, validates, attests to, and transmits each instruction under fixed, reviewable logic.[3]

Ondo expects to file separate comments on the Commissions' companion requests for comment on portfolio margining harmonization (CFTC RIN 3038- AF72; SEC File No. S7-2026-23), and on swap and security-based swap data reporting (CFTC RIN 3038- AF70; SEC File No. S7-2026-22). Our three comments should be read together: this comment letter addresses product classification, the portfolio-margin comment addresses risk and collateral treatment, and the data reporting comment addresses the data-recording consequences of modern market infrastructure.

Between them, our affiliates and partners give us direct, practical experience with many of the products and structures the RFC addresses. This letter responds to Questions 11, 12, and 13, and only as they apply to security futures products ("SFPs"). The RFC's questions about commodity and crypto-linked perpetual contracts, including the broader swap versus future classification question those products may raise, are a different matter, and this letter takes no position on them.[4] SFPs are a separate, established product category, with many features resolved by Congress in the Commodity Futures Modernization Act of 2000 ("CFMA") and tested in the market for nearly two decades. Nothing here depends on how that question is eventually resolved. Our answer, for this established product category specifically, is that the existing SFP framework is capable of evaluating cash-settled perpetual futures contracts on a single stock today. Neither Commission needs to write a new categorical rule, or revisit well-established positions, before market participants engage with staff on product-specific perpetual SFP filings and introduce such products into U.S. financial markets.

What We're Already Building

We know this product category well because we already operate in it. Ondo Global Panama Inc. runs a live, stablecoin-settled perpetual futures platform on individual U.S.-listed stocks today — exclusively outside the United States only, and not available to U.S. customers. Instead of achieving convergence through a fixed settlement date, funding payments move between longs and shorts on a regular schedule in place of a fixed settlement date, referenced to the underlying stock's own regular trading hours, with funding-rate limits and stale-price protections built in and risk-based margin applied from day one. The platform enables matching, margining, and settlement itself for its users. It runs on the Ondo Network — a non-custodial, neutral execution layer based on trusted execution environments (enclaves) also designed by Ondo, that prepares, validates, attests to, and transmits each instruction under fixed, reviewable logic. As of August 14, 2026 — roughly six weeks after launch — the platform had transacted $8 billion in cumulative trading volume.

This Is Settled Law

In 2000, under the CFMA, Congress created a category called “security futures products” and gave the SEC and CFTC joint authority over it.[5][6] That same law created a registration mechanism: a company already registered with one Commission can notice-register with the other, instead of standing up an entirely new, separately regulated entity.[7] Both the joint category and the notice-registration mechanism are enshrined in law today, exactly as Congress enacted them. That's the legal foundation for our comments below, and it lines up with the broader policy direction referenced at the end of this letter.

Question 11: A Cash-Settled Perpetual Contract Referencing an Equity Security Is a Security Futures Product Under Existing Law.

Question 11 asks whether a cash-settled perpetual contract on an equity security could be treated as a security future. Under existing law, the answer is straightforward.

Nothing in the statutory definition of a security futures product requires a fixed expiration date.[6] What makes a contract a security futures product is that it's a standardized futures contract, referencing a single security, cleared through a regulated market. None of that turns on when, or whether, the contract expires. A perpetual version of a security futures product is the same instrument Congress already defined, without a calendar date attached.

The statutory text confirms this directly. A “security future” is defined as a contract of sale for future delivery of a single security, or an option on such a contract; a “security futures product,” in turn, is a security future or an option on a security future.[5][6] Both definitions identify the type of contract and the reference asset. Neither specifies a maturity, a tenor, or an expiration date. The term “future delivery” is defined only by exclusion: it does not include “any sale of any cash commodity for deferred shipment or delivery.”[8] That exclusion distinguishes a futures contract from an ordinary cash forward sale of the underlying security; it does not require that a futures contract terminate on a predetermined date. A perpetual security futures product is not a cash forward sale of stock. It is a standardized, exchange-traded, centrally cleared instrument referencing the stock’s price, and it fits the statutory definition exactly as written, whether or not it carries a calendar expiration date.

A perpetual security product would include two elements that ensure frequent settlement, tracking how futures contracts have always settled economically, not just definitionally. Every futures contract, dated or perpetual, is marked to market: gains and losses are calculated and exchanged against the contract’s current price on a regular schedule, rather than left to accumulate silently until a single terminal date. A dated security futures product adds one further, final settlement at expiration on top of that ongoing process. A perpetual security futures product simply continues the same ongoing process indefinitely. The presence or absence of one last payment tied to a calendar date is not what makes an instrument a futures contract. The continuous, marked-to-market economics that both forms share is.

Second, a perpetual security futures product includes a further form of constant settlement by requiring funding payments to be exchanged between longs and shorts on a fixed schedule, based on the gap between the contract price and the underlying stock’s price. This is effectively the same convergence mechanism futures products rely on, but spread across many small payments instead of a single one at the end. Where the funding process is mandatory, objective, scheduled, and reflected in the product’s default and clearing mechanics, it is a product-level settlement feature rather than a discretionary risk management overlay.

The version of this perpetual futures product that the Ondo Global Panama Inc. platform makes available today outside the U.S. references prices from the underlying stock's regular trading hours, includes funding-rate limits and stale-price protections, uses risk-based margin from the outset rather than a flat rate, and references a limited number of stocks under close monitoring. None of this depends on an expansive reading of the statute. It depends only on reading the definition Congress wrote for what it says: the elements enumerated are the elements required, and a dimension the definition never addresses is not a further, unwritten one.

Question 12: For Security Futures Products, the CFMA Already Specifies When Compliance With One Commission's Framework Satisfies the Other's.

Question 12 asks whether, and how, compliance with one Commission's regulatory framework can satisfy substantially similar requirements of the other. For security futures products, the answer is not a close call, and reaching it does not require the Commissions to build a new standard: Congress made the substantially similar judgment itself, for this category, when it enacted the CFMA's notice registration provisions in 2000. A firm that notice registers under those provisions remains subject to the regulatory framework it did not itself join by full registration, precisely because Congress determined that the framework the firm did join, applied to its security futures product business, already reaches the financial responsibility, recordkeeping, market surveillance, and customer protection outcomes the other framework would otherwise require.

That is what "substantially similar" means in practice for the security futures product category: not identical rules, but the same regulatory objective reached through one framework instead of two. That mechanism has been available, and used, across all four registration roles Congress structured this way, since the CFMA's passage in 2000.[7] CME Group's own notice registration with the SEC in connection with its recent launch of single stock futures illustrates that practice operating today.[9] Because Congress already resolved the substantially-similar question for security futures products by statute, our description here isn't a request for confirmation, nor does it need Harmonization Initiative review: there's no gap to close and no disagreement between the two agencies to work out.

Question 13: The Coordination Practices Established by the CFMA for Securities Future Products Are Useful Reference Points for the Commissions to Consider.

Question 13 asks about joint or coordinated notice registration, as well as other joint or coordinated approaches to topics such as rules of procedure, tailored trade reporting rules, and deemed filing that may facilitate alternative compliance, specifically as contemplated for swaps and security-based swaps under Title VII of the Dodd Frank Act. Two different questions sit inside that one Question 13.

- For security futures products, as noted above, notice registration isn't something to propose or evaluate — it's the mechanism Congress already built with the CFMA in 2000, already in place, and already available to any market participant in this category. [7] A proven mechanism established by law.
- Effective coordination mechanisms of that kind matter beyond the registration category, as well: duplicative reporting and procedural requirements raise costs for market participants generally, and can frustrate policy by making reported data even more opaque or confusing, a subject Ondo addresses at greater length in its separate comment on the Commissions' joint request for comment on swap and security-based swap data reporting.

For security futures products specifically, though, that broader coordination question has already been answered. Whether the Commissions should construct an analogous process for other product categories the CFMA doesn't reach is a separate and legitimate question. This letter takes no position on it; it doesn't bear on anything security futures products need at this time.

Why Now

Two things are true right now that weren't true a few years ago. First, both agencies have made clear, through public statements and formal initiatives, that they want this kind of activity taking place in the United States rather than offshore.

- The administration's January 2025 executive order on digital financial technology made U.S. leadership in this space an explicit federal priority.[10]
- The SEC's Project Crypto initiative, and the innovation exemption it contemplates for novel products, reflect the same underlying idea: that regulatory clarity, delivered quickly, determines whether new products stay onshore or migrate away.[11]

- The CFTC has made a parallel argument in its own public statements: derivatives activity that migrates offshore for lack of a clear domestic path isn't a win for anyone, and bringing it back under U.S. oversight is the stated goal.[12]

Second, both agencies have signaled that jurisdictional lines aren't going to stand in the way of that goal. The March 2026 memorandum of understanding between the Commissions, the Joint Harmonization Initiative that followed it, and this RFC itself are all evidence of that posture.[13] We raise this not to persuade the Commissions of something new, but to note that there's no daylight between where existing law already points and where both agencies have said, institutionally, that they intend to go. Security futures already have sufficient statutory and regulatory clarity. The CFMA gave this category exactly the kind of settled, congressionally-defined pathway other novel products are still working toward.

One version of this is more specific to the perpetual version of security futures products — now trading exclusively outside the U.S. — described and commented upon in this letter. The securities underlying many of those security futures products are listed and principally traded on U.S. exchanges, regardless of where the listed company itself is organized. Ondo believes there is something backwards about such derivatives on a security trading entirely offshore, outside U.S. market oversight, when the security's own principal market is here. Bringing that activity back to the U.S. should not be an open question; it's something both agencies should actively pursue, applying priorities they've already committed to, to a case like security futures products that fits those priorities especially well.

The Rest of the RFC

We aren't commenting on the RFC's other questions here — they cover ground that isn't directly relevant to the considerations for security futures products described above. As first noted above, we expect to file separate comment letters on the Commissions' companion Joint Request for Comment on Further Implementation of Portfolio Margining and Cross-Margining of Securities and Derivatives (CFTC RIN 3038-AF72; SEC File No. S7-2026-23), as well as their Joint Request for Comment on Swap and Security-Based Swap Data Reporting (CFTC RIN 3038-AF70; SEC File No. S7-2026-22), addressing relevant collateral and margin and data reporting questions in more depth there.

Conclusion

Thank you for the opportunity to comment. We are prepared to provide further information or analysis, and would welcome the opportunity to discuss these matters further with staff at both Commissions.

Respectfully submitted,

Mark Janoff

Mark Janoff
General Counsel
Ondo Finance Inc.

Cc: The Honorable Michael S. Selig, Chairman, Commodity Futures Trading Commission
The Honorable Paul S. Atkins, Chairman, U.S. Securities and Exchange Commission
Commissioner Hester M. Peirce, U.S. Securities and Exchange Commission
Commissioner Mark T. Uyeda, U.S. Securities and Exchange Commission

SOURCES

[1] Joint Request for Comment on Further Definition of “Swap” and “Security-Based Swap” and on Alternative Compliance, CFTC RIN 3038-AF71; SEC Release Nos. 33-11424, 34-105735; File No. S7-2026-21, 91 Fed. Reg. 37,873 (June 24, 2026) (the “RFC”).

[2] Ondo Finance Inc., internal platform data (as of July 2026).

[3] Ondo Finance Inc., Introducing the Ondo Network: The Evolution of Ondo Infrastructure (July 27, 2026), available at https://ondo.finance/blog/introducing-the-ondo-network.

[4] See, e.g., Michael S. Selig, Chairman, CFTC, Remarks at the American Cotton Shippers Association Annual Convention (June 23, 2026) (distinguishing the suitability of perpetual contract structures across different asset classes); CME Group Inc. v. CFTC, No. 1:26-cv-02157 (D.D.C. June 18, 2026) (challenging the Commission’s approval of a bitcoin perpetual futures contract on the ground that it should be classified as a swap, rather than a future, under Section 1a(47)(A)(iii) of the Commodity Exchange Act, 7 U.S.C. § 1a(47)(A)(iii), because it lacks a fixed expiration date).

[5] Section 3(a)(55)(A) of the Securities Exchange Act of 1934, 15 U.S.C. § 78c(a)(55)(A); Section 1a(44) of the Commodity Exchange Act, 7 U.S.C. § 1a(44) (defining “security future”). Both definitions were added by the Commodity Futures Modernization Act of 2000, Pub. L. No. 106-554, 114 Stat. 2763 (2000).

[6] Section 3(a)(56) of the Securities Exchange Act of 1934, 15 U.S.C. § 78c(a)(56); Section 1a(45) of the Commodity Exchange Act, 7 U.S.C. § 1a(45) (defining “security futures product” as a security future or an option on a security future).

[7] Notice-registration of a broker-dealer as a futures commission merchant: Section 4f(a)(2) of the Commodity Exchange Act, 7 U.S.C. § 6f(a)(2). Notice-registration of a futures commission merchant as a broker-dealer: Section 15(b)(11) of the Securities Exchange Act of 1934, 15 U.S.C. § 78o(b)(11). Notice-registration of a national securities exchange as a designated contract market, and vice versa: Section 6(g) of the Securities Exchange Act of 1934, 15 U.S.C. § 78f(g), and Section 5f of the Commodity Exchange Act, 7 U.S.C. § 7b-1.

[8] Section 1a(27) of the Commodity Exchange Act, 7 U.S.C. § 1a(27) (defining “future delivery” only by exclusion, as not including “any sale of any cash commodity for deferred shipment or delivery”); see also 17 C.F.R. § 1.3.

[9] https://www.federalregister.gov/documents/2026/06/08/2026-11383/self-regulatory-organizations-chicago-mercantile-exchange-inc-notice-of-filing-of-a-proposed-rule

[10] Exec. Order No. 14178, Strengthening American Leadership in Digital Financial Technology, 90 Fed. Reg. 8,647 (Jan. 31, 2025).

[11] Paul S. Atkins, Chairman, SEC, The SEC's Approach to Digital Assets: Inside “Project Crypto” (Nov. 12, 2025), available at https://www.sec.gov/newsroom/speeches-statements/atkins-111225-secs-approach-digital-assets-inside-project-crypto.

[12] Michael S. Selig, Chairman, CFTC, Remarks at CFTC-SEC Event on Harmonization (Jan. 29, 2026), available at https://www.cftc.gov/PressRoom/SpeechesTestimony/opaselig1.

[13] SEC & CFTC, Memorandum of Understanding between the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission regarding Harmonization in Areas of Common Regulatory Interest (Mar. 11, 2026), available at https://www.sec.gov/files/mou-sec-cftc-2026.pdf; CFTC Press Release No. 9192-26 (Mar. 11, 2026); SEC Press Release No. 2026-26 (Mar. 11, 2026).