

MEMORANDUM

To: Harmonization Initiative Meeting Log
From: Harmonization Initiative Staff
Re: Meeting with Representatives of the American Perpetuals Exchange Corporation, Arktouros PLLC, Gibson, Dunn & Crutcher LLP, and BGR Group

On June 4, 2026, Harmonization Initiative Staff met with representatives from the American Perpetuals Exchange Corporation, Arktouros PLLC, Gibson, Dunn & Crutcher LLP, and BGR Group.

The topic discussed was how to approach SEC-CFTC harmonization efforts. The American Perpetuals Exchange Corporation, Arktouros PLLC, Gibson, Dunn & Crutcher LLP, and BGR Group representatives provided the attached document, which was discussed during the meeting.

The Case for Regulated Perpetual Futures

on Single-Name Equities

Reducing cost and complexity in equity derivatives
through regulated, exchange-traded perpetual contracts

American Perpetuals Exchange Corporation

Disclosures

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What Are Perpetual Futures?

A perpetual future is a derivative contract that tracks the price of an underlying asset with no fixed settlement date.

A funding rate, exchanged periodically between long and short holders, anchors the contract price to the spot market.

Standard futures require periodic contract rollovers at expiry. Options carry additional sensitivity parameters that affect P&L independently of the underlying price. Perpetual futures have neither cost nor the abstract complexities.

PROVEN IN CRYPTO MARKETS

\$100B+

Traded daily in cryptocurrency perpetual futures globally

90%

Share of total crypto derivatives volume attributable to perps

\$1B+

Daily equity perp volume on unregulated offshore platforms

Why Perpetual Futures on Equities

Perpetual futures eliminate expiration, rollover costs, and pricing complexity. They give participants direct, leveraged exposure to individual equities without the overhead of the options framework.

Simpler Structure

Perpetual futures have only one contract per underlying. The price depends only on spot price and a funding rate. There are no strike prices and no expiration dates. Participants get leveraged exposure without navigating instrument complexity unrelated to their trade thesis.

Concentrated Liquidity

Options fragment liquidity across hundreds of strike and expiry combinations. A perpetual future consolidates all activity into a single order book per underlying, producing tighter spreads and more efficient price discovery.

Lower Cost

There is no roll costs, no time decay, and no volatility premium. Perpetual futures pricing is straightforward enough to be fully automated, reducing transaction costs for both market makers and retail users compared to the options framework.

Comparative Advantages of Perpetual Futures

EQUITY OPTIONS

Liquidity fragmented across hundreds of strike/expiry combinations

Price depends on five complex variables (spot, vol, time, rate, strike)

Contracts expire and holders must roll positions at recurring cost

Requires volatility modeling and multi-leg strategy knowledge

Wider bid-ask spreads from fragmented market-maker capital

PERPETUAL FUTURES

Single contract per underlying; all liquidity in one order book

Price depends on spot and funding rate; only two inputs total

No expiration date; positions can be held indefinitely

Linear payoff: long gains when price rises, short when it falls

Tighter spreads from concentrated liquidity in a single venue

Why Regulated Perpetual Futures Matter

The absence of a regulated U.S. venue does not eliminate demand for equity perpetual futures. It redirects that demand to offshore platforms outside the reach of U.S. oversight, where participants have no recourse and regulators have no visibility.

WITHOUT REGULATION

- Trading moves to offshore, unregulated venues with no investor protections
- No transparency in pricing, settlement, or counterparty risk management
- U.S. investors disadvantaged relative to non-U.S. participants who already trade these products freely
- Increased likelihood of fraud and manipulation as activity concentrates in unregulated venues

WITH REGULATION

- Centralized exchange trading with transparent price discovery and clearing
- Proper margin requirements, position limits, and market surveillance
- Investor protection through KYC/AML, suitability standards, and disclosure
- Swaps already trade similar economics off-exchange; bringing them on-exchange is strictly better

The Future of Futures

The intention is for APEC to apply for a Designated Contract Market license with a special exemption to list perpetual futures on single-name equities under joint CFTC/SEC oversight. Such CFTC and SEC harmonization will be critical. APEC intends to work directly with regulators to advance rulemaking for perpetual futures and bring this technological opportunity to fruition.

LICENSING PROFILE

- DCM designation under CFTC, with clearing through a registered DCO
- Special exemption to list contracts on securities under joint CFTC/SEC oversight
- Purpose-built for compliance with team experience in derivatives market structure

MARKET OPPORTUNITY

- Bring existing offshore activity under U.S. jurisdiction and clearing
- Give investors a more efficient and lower-cost alternative to options for directional equity exposure
- Position the U.S. to set the standard for regulated perpetual futures

Team and Financing

TEAM



Theodore Gillibrand

APEC

ADVISORS



Rebecca Rettig

Arktouros



Jeffrey Steiner

Gibson Dunn



Keaghan Ames

BGR

FINANCING

Capital Requirements

APEC seeks significant capital infusion as part of the licensing process, as the DCM/DCO registration requires demonstrated financial resources and extensive legal expenditure.

Use of Funds

Capital is allocated towards regulatory capital and compliance infrastructure, building out the compliance team, technical systems, and legal framework required for exchange operations.

Value Capture

The company that most aptly navigates the licensing process will have a considerable market edge, and as the first regulated perpetuals exchange there is endless potential for value capture.