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July 31, 2026

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Re: Data Reporting Requirements for Certain Event Contracts; RIN 3038-AF73; 91 Fed. Reg. 40102 (July 1, 2026)

Dear Mr. Kirkpatrick:

De Silva Law Offices, LLC submits these comments on the Commission's proposed rule establishing an alternate data reporting framework for certain fully collateralized event contracts (the "Proposal").[1] The firm supports the Proposal. It writes to urge that the reporting framework be built for the market that is actually arriving, one in which the exchange, the clearinghouse, and the intermediary are increasingly the same firm, and to suggest that the Commission consider what the futures markets learned long ago, that publication of position data is itself a form of surveillance.

I. Statement of Interest

De Silva Law Offices is a Chicago financial regulatory and litigation firm, founded in 2002. Its practice centers on CFTC and NFA compliance, derivatives and futures regulation, event contracts and prediction markets, fund formation, and enforcement defense. Its Managing Partner

[1] Data Reporting Requirements for Certain Event Contracts, 91 Fed. Reg. 40102 (proposed July 1, 2026) (the "Proposal").

spent more than two decades in the industry, beginning on the floor of the Chicago futures exchanges as a floor trader and floor broker, and the firm's clients include designated contract markets, introducing brokers, futures commission merchants, commodity pool operators, commodity trading advisors, proprietary trading firms, and numerous event contract and fintech platforms.

The firm has commented twice this year on the regulation of these markets, on the prediction markets advance notice of proposed rulemaking and, earlier this month, on the fintech Request for Information, where it addressed the vertical integration now reshaping the event contract markets and urged the Commission to answer the questions integration raises by rule rather than through serial no-action letters.[2] This Proposal does exactly that for data reporting, and the comments below build directly on that submission.

II. Summary of Comments

The firm makes three points. First, it supports the codification of event contract reporting and the retirement of the no-action patchwork that has governed these markets since 2017, for the reasons the Commission itself has given. Second, the framework the Proposal adapts was written for an intermediated market of separate reporting parties, and the Commission should state expressly how each reporting obligation attaches when the reporting parties are one integrated firm, so that no platform can fall between reporting categories the way platforms have fallen between registration categories. Third, reporting is the precondition for surveillance in markets the Commission has committed to policing through the exchanges' own self-regulatory programs, and the data collected should therefore be sufficient to make the integrated firm's own activity visible, including the activity of any affiliated market maker. The firm also invites the Commission to consider whether aggregated position data for covered event contracts warrants periodic publication on the model of the Commitments of Traders reports.

[2]Comment Letter of De Silva Law Offices, LLC on the Commission's Prediction Markets Advance Notice of Proposed Rulemaking, RIN 3038-AF65 (Apr. 30, 2026) (Comment ID 115376); Comment Letter of De Silva Law Offices, LLC on the Request for Information: Identifying Regulations To Facilitate Innovation and Competition to Financial Products and Services for Fintech Firms, RIN 3038-ZA24 (July 8, 2026), https://www.regulations.gov/comment/CFTC-2026-1321-0006 (the "RFI Comment").

III. The Proposal Rightly Replaces the No-Action Patchwork with a Rule

Platforms listing fully collateralized event contracts have operated under staff no-action relief since 2017, and the record the Proposal recites is its own best argument: a succession of individually negotiated letters, growing more frequent as more applicants seek designation.[3] By May of this year the accumulation had reached its logical terminus, a staff letter whose purpose was to streamline the granting of further staff letters until a rule could be adopted.[4] When the machinery of individualized relief must be automated, the case for a rule has made itself.

The Chairman has said the Commission will no longer regulate market participants through a patchwork of no-action letters,[5] and the firm's comment on the fintech Request for Information urged the same course for the same reasons: a no-action letter binds only its beneficiary, turns on the facts it recites, creates nothing the next applicant can rely on, and leaves the operating terms of a market in staff correspondence rather than in the Code of Federal Regulations.[6] The Proposal replaces that arrangement with reporting obligations of general application, adopted through notice and comment, binding on everyone. The firm supports it without reservation as to its direction. Its comments below concern how the framework should be specified so that it functions in the market it will actually govern.[7]

IV. The Reporting Obligations Should Attach Expressly to Integrated, Non-Intermediated Entities

[3]See Proposal, 91 Fed. Reg. at 40103 (describing the Staff Event Contract Reporting No-Action Letters issued since 2017, including CFTC Letter Nos. 24-15, 25-02, 25-23, 25-26, 25-28, 25-35, 25-44, 25-45, 25-47, 25-48, and 26-12).

[4]CFTC Letter No. 26-14 (May 13, 2026), https://www.cftc.gov/csl/26-14/download (providing a no-action position permitting more streamlined grants of further staff no-action positions until a final rule is adopted).

[5]CFTC Press Release No. 9261-26 (June 25, 2026) (statement of Chairman Michael S. Selig that the Commission "will no longer regulate market participants through a patchwork of no-action letters, which serve as band-aids for unworkable regulations").

[6]See 17 C.F.R. 140.99(a)(2) (a staff no-action position rests on the specific facts presented and may be relied upon only by its beneficiary).

[7]RFI Comment, supra note 2, at Part IV.

The Proposal moves covered event contracts from the swap data reporting regime into the futures reporting regime of parts 15 through 18, adding a new section 16.03.[8] That regime is the right home for these products. But it was written for a market with a particular anatomy. Its reporting obligations are distributed across a chain of separate parties, the reporting market, the futures commission merchant, the clearing member, the foreign broker, each reporting what it sees from its own position in the chain, and the Commission's picture of the market is assembled from those overlapping, independently generated reports.

The event contract markets are dispensing with the chain. As the firm described in its comment on the fintech Request for Information, exchange, clearing, and brokerage functions are consolidating within single corporate families, and the fastest-growing platforms are fully collateralized, self-cleared, and non-intermediated: the customer faces the exchange directly, no futures commission merchant carries the account, and no independent clearing member stands in the middle.[9] In that structure, several of the reporting roles the futures regime distributes across separate firms collapse into one entity, and some of the enumerated reporting parties do not exist at all. A sitting Commissioner observed several years ago that the Commission's rules did not reach the questions the non-intermediated model raised;[10] this rulemaking is the occasion to make sure the reporting rules, at least, reach them expressly.

The firm therefore urges the Commission, in the final rule or its preamble, to state precisely how each obligation in parts 15 through 18 attaches when the reporting market, the clearing function, and the customer-facing function reside in one firm: which entity within an integrated family is the reporting party for each data element, how the obligations apply where no futures commission merchant or independent clearing member exists, and how they apply to hybrid structures in which a platform self-clears some flow and intermediates other flow. The point is not

[8]See 17 C.F.R. pts. 15-18 (imposing reporting obligations on reporting markets, futures commission merchants, clearing members, foreign brokers, and traders); Proposal, 91 Fed. Reg. at 40102 (proposing new 17 C.F.R. 16.03 for "Covered Event Contracts").

[9]See RFI Comment, supra note 2, at Part III (describing the consolidation of exchange, clearing, and brokerage functions within single corporate families in the event contract markets, and the operation of fully collateralized, self-cleared, non-intermediated platforms).

[10]See Statement of Commissioner Kristin N. Johnson, Preserving Trust and Preventing the Erosion of Customer Protection Regulation (Nov. 3, 2023), https://www.cftc.gov/PressRoom/SpeechesTestimony/johnstatement110323 (observing that existing Commission regulations did not reach the issues raised by non-intermediated clearing and urging rulemaking to ensure parallel retail customer protection).

that integrated platforms seek to evade reporting. It is that a regime built on overlapping reports from separate parties loses its redundancy when the parties merge. Registration categories have already shown how a novel structure can fall between definitions written for an older market. The reporting categories should not repeat the experience.

V. Reporting Is the Precondition for Surveillance, and the Data Should Make the Integrated Firm Visible to Itself and to the Commission

The Commission has committed to policing manipulation and insider trading in event contracts principally through the self-regulatory model, that is, through the exchanges' surveillance of their own markets. Whatever the merits of that reliance, and the firm has expressed its reservations where the surveilling entity is also the integrated operator whose affiliate is being surveilled, it has an unavoidable implication for this rulemaking: surveillance can only ever be as good as the data captured beneath it. A surveillance program, whether the exchange's, the Commission's, or a shared industry arrangement, cannot detect what the reporting framework never recorded.

The shared arrangements make the point concretely. Certain event contract exchanges are members of the Intermarket Surveillance Group and have cited that membership to the Commission, in their own product certifications, as evidence of surveillance adequacy, representing that membership obliges each member to share, on request, information relating to possible fraud and manipulation across members' markets.[11] Another exchange has publicly announced its admission.[12] The firm does not doubt the value of these arrangements. But the ISG is an information-sharing cooperative; it is not a surveillance system of its own, it is not subject to regulatory oversight, and it generates no data.[13] It shares what each member's own systems captured. Where the member is an integrated venue, the data available to be shared about that

[11] See, e.g., CDNA Certification of Cronos Event Contracts (Apr. 1, 2026), https://www.cftc.gov/sites/default/files/filings/ptc/26/04/ptc04012642979.pdf; CDNA Product Listing, SEI Event Contract (Apr. 9, 2026), https://www.cftc.gov/sites/default/files/filings/ptc/26/04/ptc0410261156.pdf. Exchange names appear solely as factual reference to publicly available filings.

[12] Press Release, Bitnomial Joins ISG, Opening Door to More Crypto Spot ETFs (Oct. 30, 2025) (announcing the exchange's admission to the Intermarket Surveillance Group effective October 29, 2025).

[13] See Intermarket Surveillance Group, Overview, https://isgportal.org (describing the ISG as an information-sharing cooperative governed by a written agreement among exchanges, market centers, and market regulators, not itself subject to regulatory oversight).

venue's own book, including the trading of any affiliated market maker against customer flow, is exactly and only what this rule requires to be recorded.

The firm accordingly urges the Commission to ensure that the reporting framework captures, for covered event contracts, the elements on which meaningful surveillance of an integrated venue depends: transaction-level and order-level data sufficient to reconstruct the handling of customer orders; large trader position reporting that actually reaches these contracts, with account identification sufficient to aggregate positions across related accounts and to associate accounts with natural persons; and identification of positions and flow attributable to the reporting market's own affiliates, including any affiliated market maker, so that the venue's house-side activity is distinguishable from customer activity in the data the Commission receives. These are contracts on discrete events that identifiable persons can influence or know in advance. In such markets, a concentrated position acquired before the event is not merely a view; it may be the manipulation or the insider trade itself, and the data must be granular enough to see it.

The firm recognizes that the large trader reporting infrastructure is itself in transition, with the compliance date for the amended part 17 requirements deferred by staff no-action relief and compliance now expected by July 26, 2027.[14] That transition is an argument for, not against, resolving the event contract questions now: the systems are being built in any event, and it is far cheaper to specify the right fields while the concrete is wet.

One further step deserves the Commission's consideration. For a century, the futures markets have answered doubts about their integrity not only with surveillance but with publication. The Commitments of Traders reports trace to 1924, when the Grain Futures Administration, amid public suspicion that grain prices were being manipulated by large speculators, began publishing its report of hedging and speculation in the regulated futures markets, and the Commission's predecessor commenced periodic publication in 1962 as, in its words, a step forward in the policy

[14]See Large Trader Reporting Requirements, 89 Fed. Reg. 47439 (June 3, 2024) (original compliance date June 3, 2026); CFTC Letter No. 26-02 (Jan. 27, 2026), https://www.cftc.gov/csl/26-02/download (Division of Market Oversight no-action position on the part 17 compliance date, running eighteen months from the Division's completion of specified implementation steps). Commission staff expect compliance by July 26, 2027. See Review of the Commitments of Traders Reporting Program, 91 Fed. Reg. 24207, 24210 n.16 (May 5, 2026).

of providing the public with current and basic data on futures market operations.[15] Publication answered the manipulation charge with evidence. It corrected the informational asymmetry between the markets' operators and their customers. And it deterred, because a concentrated position that will become visible is a position someone must be prepared to explain. Decades of academic research and market practice have been built on the reports, and the Commission is at this moment reviewing the program with a view to modernizing it. That review asks, among other things, whether particular categories of contracts, binary options among them, should be included in or excluded from the reports, and whether the implementation timing of the amended large trader reporting requirements should bear on the timing of any change.[16]

Every element of that rationale applies to the event contract markets, and the deterrence rationale applies with particular force, for the reason given above: these are contracts on discrete events that identifiable persons can influence. These markets are also, at present, where the grain futures markets stood a century ago, politically contested and accused of being manipulable, and defending themselves largely with assertion. A market that publishes its position structure has an answer that a market publishing nothing does not. The firm therefore invites the Commission, in answering those questions, to consider whether aggregated, anonymized position data for covered event contracts warrants periodic publication on the model of the Commitments of Traders reports, including a breakdown distinguishing positions attributable to a venue's affiliates from those of unaffiliated market makers and other participants. The design questions that thin or short-dated contracts raise, the risk that aggregation in a small market identifies an individual trader, are real, and they are answerable with the instruments the Commission has used in the COT framework for

[15] See U.S. Commodity Futures Trading Commission, About the COT Reports, https://www.cftc.gov/MarketReports/CommitmentsofTraders/AbouttheCOTReports/cot_about.html (tracing the reports' antecedents to the Grain Futures Administration's 1924 annual report of hedging and speculation and the commencement of periodic publication in June 1962).

[16] Review of the Commitments of Traders Reporting Program, 91 Fed. Reg. 24207 (May 5, 2026) (request for comment on the frequency of publication and content of the COT Reports; comments due June 4, 2026); see id. at 24210 (Questions 9 and 12).

sixty years: minimum trader counts, reporting thresholds, publication lags, and aggregation levels calibrated to preserve anonymity.[17] The Commission's existing authority is ample.[18]

VI. Scope and Implementation

Two narrower points. First, the definition of the covered contracts should be drawn by function rather than by the current inventory of platforms, so that a contract economically identical to those the Proposal describes cannot be structured outside the definition, and so that the framework reaches new entrants without further staff relief, which would defeat the Proposal's purpose. Second, the firm supports a reasonable implementation period. The Commission has itself recognized, in the part 17 transition, that reporting systems take time to build,[19] and designated contract markets and clearing organizations in these markets, many of them young firms, should be given a runway commensurate with the build. The firm's clients in this industry do not seek less reporting; they seek reporting obligations that are knowable in advance, uniform across competitors, and achievable on a stated schedule. The Proposal, refined as suggested above, delivers exactly that.

VII. Conclusion

The Proposal does what the firm asked of the Commission three weeks ago: it answers a recurring question by rule rather than by another decade of no-action letters. The firm supports it. Its requests are that the reporting obligations be attached expressly to the integrated and non-intermediated structures that increasingly define these markets, that the data captured be sufficient to make an integrated venue's own activity, including that of its affiliates, visible in the record, and that the Commission consider extending to these markets the instrument that has served the futures markets' legitimacy longer than any other, the publication of aggregated position data. The

[17]The Commission's longstanding practice publishes COT data only for markets in which twenty or more traders hold positions at or above the applicable reporting levels, on a lag, and in aggregated form. See About the COT Reports, supra note 15.

[18]See CEA sec. 8a(5), 7 U.S.C. 12a(5); CEA sec. 4(c), 7 U.S.C. 6(c); CEA sec. 8(a), 7 U.S.C. 12(a) (Commission publication of market data in aggregated, non-identifying form).

[19]See CFTC Letter No. 26-02, supra note 14 (deferring the part 17 compliance date so that reporting firms would have the intended period to test their reporting).

separated market structure generated visibility as a byproduct. The integrated market structure will have exactly as much visibility as this rule requires, and no more.

The firm would welcome the chance to provide further information or to answer any questions the Commission or its staff may have.

Respectfully submitted,

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