OSTTRA

Mr. Christopher Kirkpatrick
Secretary
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Re: Conflicts and Affiliations (RIN 3038–AF65)

5th October 2026

Dear Mr. Kirkpatrick,

Introduction

OSTTRA is a leading provider of progressive post-trade solutions for the global OTC markets across interest rate, FX, equity, credit and commodity asset classes, as well as ETDs, Repo and cash equity instruments. OSTTRA brings together the people, processes and networks to solve the market's most pressing problems through innovating, integrating and optimising the post-trade workflow. The combined force of the product suite ensures a streamlined post-trade ecosystem that helps clients drive even greater efficiencies. As the demands for automation continue to transform the post-trade landscape, OSTTRA is at the forefront of helping market participants build a secure and sustainable market infrastructure.

Headquartered in London, with a substantial global presence, including regulated entities in the UK and Sweden, OSTTRA employs over 1,600 staff in 7 countries.
OSTTRA is the home of:

MarkitServ: Our end-to-end trade processing and workflow solutions connect more than 2,500 counterparties across the global OTC derivatives and FX markets. We process 10 million trades per month and have $500 trillion of the notional outstanding on our platforms.

Traiana: A network of over 2,000 counterparties, Traiana processes 37 million trades and $22 trillion in notional per month.

TriOptima: We have supported the OTC industry for over 20 years, compressing more than 2 quadrillion gross notional across 28 currencies and connecting 2,000 counterparties to reconcile 34 million trades per month. We are the market leader in counterparty risk optimisation and collateral management.

Reset: Reset provides leading basis risk mitigation services in the derivatives marketplace. We connect 2,500 counterparties, 145 banking groups and 38 countries with our state-of-the-art matching engine.

OSTTRA SEF: OSTTRA also operates a swap execution facility and UK Multi-lateral trading facility for clients who wish to execute the administrative transactions resulting from post-trade risk reduction services ("**PTRRS"**) on a SEF / UK MTF.

As the leading end-to-end post-trade solutions provider and the leading PTTRS provider, OSTTRA is pleased to provide its comments to the Commission's notice of proposed rulemaking on Conflicts and Affiliations (the "**Consultation"**).

Executive Summary

OSTTRA welcomes the opportunity to comment on Commission's proposed approach to amend certain rules in connection with Conflicts and Affiliations ("Proposal")[1]. As mentioned by the CFTC in the proposal, CEA currently regulates Basic Conflict Scenarios effectively. The CEA requires its registrants to recognize that conflicts of interest can arise and the need to have flexible rules and procedures to mitigate conflicts of interest in their decision making. OSTTRA believes such flexibility was intentional, as no two businesses are exactly alike and therefore prescriptive regulatory standards would either serve as unworkable in practice or fail to address unforeseen scenarios. CFTC further comments that "facilitating market structure innovation and competition, subject to appropriate safeguards, advances the CFTC's mission of promoting integrity, resilience and vibrancy of the US derivatives market." OSTTRA agrees, but cautions that codifying prescriptive safeguards may potentially stifle innovation in the market.

OSTTRA generally supports ISDA and its members comments and the Commission's intention to retain principles-based approach to regulation, rather than to impose prescriptive regulatory measures. OSTTRA, however, would like to make additional nuanced comments and requests apart from ISDA and its members.

Each of these requests are discussed in further detail, below.

1. There is no "one size fits all" regulation

The Commodity Exchange Act's (CEA) Core Principle framework was deliberately designed to be principles-based precisely because market structures vary. There are differences in risks and conflicts between business structures that are vertically organized from those whose affiliated relationships are less integrated. There are also differences in risks and conflicts for those business models with affiliates that engage in proprietary, directional trading or market making than for those that utilize the affiliated Introducing Broker (IB) to facilitate Post-Trade Risk Reduction (PTRR). No two of these risks and potential conflicts are the same, because neither of the existing markets offer the same exact list of products and trading functionality.

As noted by CFTC, the registered entities contemplated under this Proposal, are already subject to requirements addressing conflicts of interest, reporting, and disclosure. For SEFs, Core Principle 12 already requires the SEF to establish and enforce rules to minimize conflicts of interest in its decision-making process and to establish a process for resolving the conflicts of interest. SEFs are granted self-regulatory authority intentionally, in order to enforce for non-compliance with its own rules on the platform and establish a comprehensive compliance program that best fits its needs.

As each SEF is different in how it forms part of a larger corporate structure of a parent company, what kind of affiliated relationships it has and how it operates in terms of functionality and product offerings, means there is no prescriptive regulation that would be applied fairly and appropriately to all 26 SEFs currently in the marketplace. Not all affiliated models present identical risks, particularly when the affiliated Introducing Broker (IB) facilitates Post-Trade Risk Reduction (PTRR) rather than engaging in proprietary, directional trading or market making, where affiliated intermediaries are agents for their customers, so no self-interest conflict would arise.

OSTTRA partially agrees with the proposal adding a principles based requirement to 37.1201 that "that an exchange with an affiliate market participant maintain procedures

[1] Conflicts and Affiliations, 91 Fed. Reg. 50926 (Aug. 6, 2026)

to identify, address, and manage the related conflicts of interest, together with conforming acceptable practices in Appendix B." OSTTRA agrees with adding the requirement to identify, address and manage the related conflicts of interest, but disagrees with mandating compliance with acceptable practices outlined in Appendix B. Not all of these scenarios may be applicable to all SEFs, and including them within the regulation explicitly prescribes strict compliance to these named safeguards for all SEFs. OSTTRA therefore recommends that the practices outlined in Appendix B, not be prescriptive, with an understanding that certain SEFs may consider something else more appropriate given their structure, than what is prescribed on the list in the Appendix. For instance, mandating separate office space and separate staffing, may be unwarranted, given a particular SEF's vertical business model and prove overly prescriptive and unduly burdensome. See discussion in Point 2 below.

2. **Undue financial burdens**

Certain structural safeguards outlined in Appendix B —such as requiring completely duplicate IT infrastructures, entirely separate physical office spaces, or mandatory third-party regulatory service providers (RSPs)—impose massive, unjustified overhead on all platforms, even those that do not have affiliates engaged in proprietary trading or market making on its platform, only to address risks posed by few platforms. Furthermore, due to the shared service models employed by many firms on a group level, staff and resources cannot be fully separated. Appendix B, therefore, if adopted as a prescriptive measure it will not be proportional to the risks posed by all platforms.

Separate Resources. Regarding CFTC's proposal to exclude compliance and legal staff from administrative staff, OSTTRA believes that while CCOs and certain compliance staff in the office of the CCO should not be shared, the reality is that legal and compliance typically sits across multiple business lines and often it is not practicable or is prohibitively expensive to maintain separate legal and compliance roles in silos. Instead, just like law firms maintain a conflicts registrar, so do in-house legal departments of financial firms. OSTTRA would like to propose that CFTC mandate that SEFs form a Regulatory Oversight Committee ("ROC") and mandate a specific cadence with which to hold a ROC meeting. This will be less costly than to silo legal and compliance staff, and more closely align with current regulatory requirement for DCMs to form a ROC and will help tailor conflict management of the specific SEF business model. This ROC would also be empowered to design and oversee the customer affiliated relationships. Afterall, ROC is a strong conflicts management tool for DCMs/SEFs and will only aid in conflict management and resolution. OSTTRA also urges the CFTC to require that CCO's maintain ethical walls and to document conflicts resolution, as part of its governance and conflicts of interest processes. This will aid in maintaining compliance and legal staff independence and prevent any potential misuse of non-public information.

Separate Office. Separate office space for technology staff that maintains system safeguards also means separate technology staff and additional resources. Certain staff should certainly be walled off, as needed and depending on the venue's structure and affiliations, but this would not work cleanly with firms under shared service models, which are meant to provide cost and organizational efficiencies to firms.

OSTTRA would appreciate guidance on how CFTC envisions the financial impact of these acceptable practices in Appendix B, to impact efficiency and cost reducing benefits of the shared service models in the industry. OSTTRA urges the CFTC to consider, under CEA Section 15(a) cost-benefit analysis for imposing this Appendix B. Specifically, the costs of enforcing strict segregation would artificially inflate compliance costs and introduce unnecessary data-transfer risks without delivering market integrity benefits and may even force risk reduction services out of the market entirely.

3. **Transparency as an alternative to Structural Prohibition**

CFTC raised a concern about “perceived preferential treatment” where there is an affiliated relationship. OSTTRA would underscore CFTC’s observation that many SEFs already post governance policies publicly and provide disclosures of affiliated relationships within their Rulebooks. Furthermore, the rights of market participants that are sought to be protected by this Proposal are not captive retail consumers; rather, these are sophisticated institutions (defined as Eligible Contract Participants[2] or “ECPs”), who are capable of evaluating public rulebooks, are fully equipped with bargaining abilities and capacity to manage their own risks. There is nothing in the rules promulgated under the CEA that would prohibit prospective participants from conducting a more thorough review of conflict management process prior to choosing to go onboard to a particular venue or clearing house. OSTTRA proposes that SEFs can address specific concerns raised by ECPs regarding data, affiliate routing and latency by providing enhanced and standardized due diligence packs, such as Standardized Information Gathering (“SIG”) questionnaires, already heavily utilized by the industry participants when assessing vendors as part of their Third Party Risk Management processes.

As codified by the Dodd-Frank Act in CEA Section 5h(f)(1)(B), Congress explicitly granted a SEF 'reasonable discretion in establishing the manner in which [it] complies with the core principles.’[3] Consistent with this statutory mandate, the Commission should allow SEFs the discretion to manage affiliate conflicts through transparency and governance rather than prescriptive operational barriers. By mandating enhanced disclosures rather than rigid structural prohibitions, the Commission can empower ECPs to enforce market discipline without artificially constraining venue liquidity or stifling operational innovation.

Conclusion

In summary, as wisely noted by the CFTC, given the broad nature these regulations there is a need to allow for flexibility in the specifics of how industry participants can tailor their policies, procedures, and internal controls to more accurately address the potential conflicts of interest that may arise in practice within the parameters of their specific business model. OSTTRA is therefore in favor of largely keeping the current regulations the same, with some clarifying inclusions of mechanisms already employed by the industry to structure governance and market transparency.

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We would be happy to further discuss our comments with you or your colleagues at the Commission. If you have any comments or questions regarding this submission, please feel free to contact us at your convenience.

Yours faithfully,

Kirston Winters

Head of Legal, Risk, Compliance and Government and Regulatory Affairs

OSTTRA

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[2] 7 U.S.C. § 1a(18)

[3] CEA § 5h(f)(1)(B); 7 U.S.C. § 7b-3(f)(1)(B)