U.S. COMMODITY FUTURES TRADING COMMISSION
Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581
www.cftc.gov

Division of
Market Oversight

Rahul Varma
Acting Director

Re: Extension of No-Action Positions with respect to Sections 2(h)(8) and 5(d)(9) of the Commodity Exchange Act and Commission Regulations 37.3(a)(2) and 37.9, for Swaps Executed as Part of Certain Package Transactions

This letter responds to a request received by the Division of Market Oversight ("DMO") of the Commodity Futures Trading Commission ("Commission" or "CFTC") from the International Swaps and Derivatives Association ("ISDA") and the Securities Industry and Financial Markets Association ("SIFMA") (collectively, the "Associations").[1] The Associations request an extension of certain no-action positions that DMO first granted in CFTC Letter No. 14-12, and most recently extended in CFTC Letter No. 22-15, for swaps executed as part of certain package transactions.[2]

More specifically, the Associations request a further extension of no-action positions provided by DMO for those package transactions where at least one individual swap component is made available to trade and therefore subject to the trade execution requirement under CEA section 2(h)(8), and all other components are contracts for the purchase or sale of a commodity for future delivery, i.e. futures contracts ("MAT/Futures Package Transactions").

I. Background

DMO has continued to assess how to enable swap execution facilities ("SEFs") and designated contract markets ("DCMs") to facilitate trading of certain package transactions in a

---

1 Letter from the Associations to Rahul Varma, Acting Director, DMO, dated September 16, 2025 ("Associations' Letter").

2 The Division previously took no-action positions regarding certain package transactions in CFTC Letter Nos. 14-12, 14-62, 14-137, 15-55, 16-76, 17-55, 20-31, and 22-15. For purposes of the no-action positions taken in this letter, a "package transaction" is a transaction involving two or more instruments: (1) that is executed between two or more counterparties; (2) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; (3) that has at least one component that is a swap that is made available to trade and therefore is subject to the trade execution requirement under section 2(h)(8) of the Commodity Exchange Act ("CEA" or "Act"); and (4) where the execution of each component is contingent upon the execution of all other components.

manner that balances the utility of package transactions against the policy goals of the trade execution requirement. As this assessment has continued, DMO has issued a series of no-action letters regarding certain package transactions.[3] In December 2020, the Commission adopted final rules which, among other things, codified some of DMO's no-action positions for certain types of package transactions ("SEF Package Transaction Rules").[4] The SEF Package Transaction Rules did not codify existing no-action positions for MAT/Futures Package Transactions.[5] DMO has continued to extend its no-action positions with respect to such transactions, most recently in CFTC Letter No. 22-15.

II. Request for Extension of No-Action Positions

The Associations request a further extension of the no-action positions provided by DMO for MAT/Futures Package Transactions. The Associations state that there continue to be unresolved challenges surrounding the execution of these transactions.[6] The Associations represent that trading of the swap components of MAT/Futures Package Transactions on a SEF in a manner that is fully compliant with the CEA and the Commission's regulations remains impracticable.[7] Accordingly, the Associations request that the no-action positions provided in CFTC Letter No. 22-15 for MAT/Futures Package Transactions be extended "until a viable resolution of this issue is reached."[8]

III. Extension of No-Action Positions

Based on the foregoing and the representations in the Associations' Letter, DMO has determined that a further extension of the following no-action positions, most recently provided in CFTC Letter No. 22-15, is warranted. The extension of these no-action positions will enable the Commission to continue to consider permanent solutions for swap components of MAT/Futures Package Transactions including, if appropriate, amendments to Commission regulations.

1) No-Action Position Regarding CEA Section 2(h)(8)

For MAT/Futures Package Transactions:

a) DMO takes a no-action position regarding entities or counterparties executing the swap components of MAT/Futures Package Transactions that are subject to the requirements of CEA section 2(h)(8).

---

3 *See supra* note 2.

4 *See* Swap Execution Facility Requirements, 85 FR 82313 (Dec. 18, 2020).

5 The Commission stated that it "continues to evaluate MAT/Futures package transactions and their regulatory treatment." *Id*. at 82314.

6 Associations' Letter at 3.

7 *Id.* at 3-4.

8 *Id*. at 4.

b) DMO will not recommend that the Commission take enforcement action against any entity or counterparty that executes the swap components of a MAT/Futures Package Transaction without complying with CEA section 2(h)(8), if such swaps are executed before or at the expiration of the no-action position.

2) No-Action Position Regarding Commission Regulations 37.3(a)(2) and 37.9 and CEA Section 5(d)(9)

For MAT/Futures Package Transactions:

a) DMO takes a no-action position regarding SEFs and DCMs, with respect to the swap components of MAT/Futures Package Transactions for which they facilitate trading, that are subject to the requirements of Commission regulations 37.3(a)(2)[9] and 37.9, and CEA section 5(d)(9). During this period of time, SEFs and DCMs may provide a trading system, facility, or platform that facilitates trading of swap components through methods of execution that do not comply with the required methods of execution in Commission regulation 37.9 or CEA section 5(d)(9), respectively,[10] and entities or counterparties may execute such swap components through any method of execution offered on a SEF or DCM pursuant to the no-action position stated herein.

b) DMO will not recommend that the Commission take enforcement action against any SEF or DCM that facilitates trading in swap components of MAT/Futures Package Transactions without complying with Commission regulations 37.3(a)(2) or 37.9, or CEA section 5(d)(9), respectively, if such swaps are executed before or at the expiration of the no-action position.

These no-action positions shall remain in effect from the date of issuance of this letter until the later of the applicable effective date or compliance date of a Commission action addressing the statutory and regulatory requirements covered by the no-action positions, as the requirements apply to MAT/Futures Package Transactions. For purposes of the foregoing sentence, the term "Commission action" may include, without limitation, a rulemaking or Commission order.

****

This letter, and the positions taken herein, represent the views of DMO only, and do not necessarily represent the positions or views of the Commission or of any other division or office of the Commission. This letter and the no-action positions taken herein are not binding on the

---

[9] The Division notes that to the extent that such swap components are not executed as part of a package transaction qualifying for the no-action positions herein, Commission regulation 37.3(a)(2) requires SEFs to offer Order Book functionality as a method of execution for such transactions.

[10] The Division expects that SEFs and DCMs will continue to implement and enforce rules that will allow them to verify that only eligible swap components are executed in reliance on the no-action positions taken in this letter.

Commission or other Commission staff.[11] The positions provided in this letter do not excuse persons relying on it from compliance with any other applicable requirements contained in the CEA, Commission regulations, or any other applicable laws. Further, this letter, and the positions taken herein, are based upon the facts and circumstances presented to DMO staff. Any different, changed, or omitted material facts or circumstances may render the positions taken in this letter void. Finally, as with all staff letters, DMO retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the positions herein, in its discretion.

If you have any questions concerning this correspondence, please contact Roger Smith, DMO, at (202) 418-5344 or RSmith@CFTC.gov.

Sincerely,

_____

Rahul Varma
Acting Director
Division of Market Oversight

[11] See Commission regulation 140.99(a)(2), 17 C.F.R. § 140.99(a)(2) ("A no-action letter binds only the issuing Division . . . and not the Commission or other Commission staff.")

APPENDIX A: SUMMARY OF PACKAGE TRANSACTION NO-ACTION POSITIONS

This appendix reflects a summary of the no-action positions that the Division of Market Oversight of the Commodity Futures Trading Commission ("Commission") is taking herein; this summary is intended to be used for reference only and does not represent any no-action position regarding the Commodity Exchange Act ("CEA") or the Commission's regulations.

Package Transaction Category	No-Action Positions
MAT/Futures: At least one individual swap component is subject to the CEA section 2(h)(8) trade execution requirement, and all other components are contracts for the purchase or sale of a commodity for future delivery, i.e., futures contracts. This category may include: • MAT swap v. Treasury futures • MAT swap v. SOFR futures	No-action position regarding CEA section 2(h)(8) for MAT/Futures Package Transactions. Under this no-action position, the swap components subject to the trade execution requirement are not required to be executed on a SEF or DCM. No-action position regarding Commission regulation 37.9 and CEA section 5(d)(9) for MAT/Futures Package Transactions. Under this no-action position, a SEF or DCM may offer any method of execution for the swap components. No-action position regarding Commission regulation 37.3(a)(2) for MAT/Futures Package Transactions. Under this no-action position, a SEF need not offer an Order Book as a minimum trading functionality for the swap components.