CFTC Letter No. 26-24 No-Action September 02, 2026

UNITED STATES
COMMODITY FUTURES TRADING COMMISSION
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Division of
Market Oversight

DJ Hennes
Acting Director

Re: Electron Exchange DCM, LLC – Request for a No-Action Position With Respect to Exclusively Self-Cleared Contracts

This letter responds to a request received by the Division of Market Oversight ("Division" or "DMO") of the Commodity Futures Trading Commission ("Commission" or "CFTC") from Electron Exchange DCM, LLC ("ElectronX"), a designated contract market ("DCM").[1] ElectronX requested a no-action position on its own behalf and on behalf of its clearing members that would allow application of the Commission's reporting regulations applicable to "exclusively self-cleared contracts"[2] to contracts traded by a mix of direct and intermediated participants.

I. Regulatory Background

Part 17 of the Commission's regulations generally sets out large trader position reporting and ownership and control reporting requirements for futures commission merchants ("FCMs"), clearing members, and foreign brokers.[3] FCMs, clearing members, and foreign brokers are well-positioned to provide such data because they carry the customer accounts to which the data pertains. Regulation 16.00 requires DCMs to submit daily reports showing each clearing member's open long and short positions, purchases and sales, exchanges of futures, and futures delivery notices.[4]

The Commission's large trader reporting rules were designed to obtain information for markets in which a select group of well-capitalized intermediaries had direct access to the exchange.[5] However, the Commission has recognized that for non-intermediated markets in which retail customers directly access the exchange to trade fully collateralized contracts, an alternative reporting scheme is more appropriate.[6] Accordingly, the Commission promulgated reporting

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[1] *See* Letter from D. Hoban to D. Hennes re: Request for No-Action Relief Under Parts 16 and 17 of Commission Regulations (August 12, 2026) (the "Request").
[2] *See* 17 C.F.R. §§ 15.00(h), 17.00(i), 17.01(d).
[3] *See* 17 C.F.R. part 17. FCMs, clearing members, and foreign brokers submit daily position reports for "special accounts." A "special account" is an account with a "reportable position." 17 C.F.R. § 15.00(r). A "reportable position" is a position that equals or exceeds the applicable reporting level specified in regulation 15.03. 17 C.F.R. § 15.00(p). Special account status triggers a requirement to report ownership and control information pursuant to 17 C.F.R. § 17.01(a). Separately, reportable volume threshold account status also triggers a requirement to report ownership and control information pursuant to 17 C.F.R. § 17.01(b). *See* 17 C.F.R. §§ 15.00(x), 17.01(b).
[4] 17 C.F.R. § 16.00(a).
[5] *See* Final Rule, Market and Large Trader Reporting, 71 Fed. Reg. 37809, 37812 (July 3, 2006).
[6] *See id.*

regulations tailored specifically to "exclusively self-cleared contracts."[7] Regulation 15.00(h) defines "exclusively self-cleared contract" as "a cleared contract for which no persons, other than a reporting market and its clearing organization, are permitted to accept any money, securities, or property (or extend credit in lieu thereof) to margin, guarantee, or secure any trade."[8] Whereas the intermediaries and clearing members that typically submit large trader reporting are Commission registrants with rigorous internal controls, substantial resources, and extensive experience with regulatory compliance, traders in exclusively self-cleared contracts may generally lack the resources or regulatory experience to perform large trader reporting.[9] Additionally, in a market structure in which a DCM has a direct relationship with traders, the DCM generally possesses the information necessary to report pursuant to Part 17.[10] Accordingly, for exclusively self-cleared contracts, the obligation to submit large trader position reporting and ownership and control reporting shifts from the clearing member to the DCM.[11] Because the DCM is providing large trader position reporting on behalf of all clearing members, the ordinary clearing member reporting requirements contained in regulation 16.00 become in significant part duplicative of regulation 17.00(a) reporting, and are therefore not required.[12]

II. Background and Request for No-Action Position

ElectronX is a DCM that lists for trade "cash-settled bounded futures with underlying commodities relating to electricity and/or power markets" (the "Contracts").[13] ElectronX's Contracts are fully collateralized.[14] On August 10, 2026 the Commission issued an amended Order of Designation for ElectronX, which permitted intermediation.[15] ElectronX intends to permit both intermediated participants and direct participants to trade the Contracts.[16]

ElectronX states that, to date, it has provided large trader position reporting and ownership and control reporting on behalf of its participants because it has listed exclusively self-cleared contracts.[17] However, following receipt of the amended Order of Designation, ElectronX now intends to amend its rules to permit intermediaries to participate alongside direct participants. The

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[7] *See generally* 71 Fed. Reg. 37809.
[8] 17 C.F.R. § 15.00(h).
[9] *See* 71 Fed. Reg. at 37813.
[10] Intermediated DCMs often do not possess trader-identifying information.
[11] *See* 17 C.F.R. §§ 17.00(i) ("Unless determined otherwise by the Commission, reporting markets that list exclusively self-cleared contracts shall meet the requirements of [regulations 17.00(a) through (h)], as they apply to trading in such contracts by all clearing members, on behalf of all clearing members."); 17.01(d) ("Unless determined otherwise by the Commission, reporting markets that list exclusively self-cleared contracts shall meet the requirements of [regulations 17.01(a) and 17.01(b)], as they apply to trading in such contracts by all clearing members, on behalf of all clearing members.").
[12] *See* 17 C.F.R. § 16.00(c) ("Unless determined otherwise by the Commission, [regulation 16.00(a)] shall not apply to transactions involving exclusively self-cleared contracts.").
[13] Request at 1-2.
[14] *Id.* at 2. The Commission's regulations define "fully-collateralized position" to mean "a contract cleared by a derivatives clearing organization that requires the derivatives clearing organization to hold, at all times, funds in the form of the required payment sufficient to cover the maximum possible loss that a party or counterparty could incur upon liquidation or expiration of the contract." 17 C.F.R. § 39.2.
[15] *See* Amended Order of Designation, In re Petition of Electron Exchange DCM, LLC to Amend Its Order of Designation (Aug. 10, 2026), https://www.cftc.gov/filings/documents/2026/orgdcmetronordersign260810.pdf.
[16] Request at 2.
[17] *Id.* at 3.

"exclusively self-cleared contracts" reporting scheme only applies to contracts for which *no* intermediary is "permitted to accept any money, securities, or property (or extend credit in lieu thereof) to margin, guarantee, or secure any trade."[18] Therefore, after introducing FCM intermediation, ElectronX and its direct participants will no longer be able to rely on the exclusively self-cleared contracts reporting scheme to report the Contracts. Instead, ElectronX will be required to submit regulation 16.00 clearing member reports, and ElectronX's direct participants, including any retail participants, will be required to submit large trader position reporting and ownership and control reporting on their own behalf.

In the Request, ElectronX seeks a no-action position that will allow it to continue to apply the exclusively self-cleared contracts reporting scheme to its direct participants.[19] Specifically, ElectronX requests the Division take a no-action position with respect to (1) the requirement that ElectronX submit regulation 16.00 clearing member reports that include information for clearing members that are direct participants, and (2) the requirement that ElectronX's direct participants submit larger trader position reports and ownership and control reports required by regulation 17.00 and 17.01. ElectronX represents that it will submit such reports required by regulations 17.00 and 17.01 on behalf of its direct participants.[20]

ElectronX argues that the requested no-action position is consistent with the Commission's rationale for promulgating the exclusively self-cleared contracts rules.[21] ElectronX states that the Commission promulgated the exclusively self-cleared contracts rules in order to allocate reporting responsibilities from traders, who are not well-positioned to provide routine regulatory reporting, to DCMs, which are well-positioned to provide routine regulatory reporting.[22] Additionally, ElectronX argues that the requested no-action position does not alter the information the Commission receives, but rather reallocates reporting responsibilities.[23] Finally, ElectronX represents that it possesses the ownership and control information for its direct participants that is necessary to provide such reporting, complies with the form and manner requirements in regulation 17.02, and has the ability to provide the same data that direct participants would be required to provide under Part 17.[24]

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[18] 17 C.F.R. § 15.00(h). The Division notes that the definition of exclusively self-cleared contract incorporates the definition of an FCM. *See* 17 C.F.R. § 1.3 (an FCM "accepts . . . money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result thereform").
[19] Request at 4.
[20] *Id.* at 4.
[21] *Id.* at 5.
[22] *See id.*
[23] Request at 5. ElectronX does acknowledge that exempting ElectronX from submitting regulation 16.00 clearing member reports for direct participants would result in some gap in reporting, given that the Commission would only receive regulation 17.00(a) large trader position reports for "special accounts" whereas regulation 16.00 clearing member reports reflect positions of all clearing members. However, this gap is contemplated by the exclusively self-cleared contracts regime. *See* 71 Fed. Reg. at 37813 (observing that "[t]he submission of clearing member reports for every trader that takes a position in an exclusively self-cleared contract will not typically facilitate the Commission's aggregation of large positions" and that clearing member reports are typically used "to spot account aggregation issues and audit the filings of reporting firms").
[24] Request at 6.

III. No-Action Position

The Commission promulgated the "exclusively self-cleared contracts" reporting rules to shift reporting obligations from traders, who are generally not well-positioned to perform routine regulatory reporting, to DCMs, which, "by virtue of their regulated status, substantial resources, internal controls, and lines of communication with the Commission, are better able to submit position and identifying data to the Commission on a daily basis."[25] The Division believes that permitting ElectronX's direct participants to continue to rely on ElectronX to perform regulatory reporting on their behalf is consistent with the exclusively self-cleared contract rules' purpose of allocating reporting responsibilities by capabilities.[26]

Based on the foregoing and the representations in ElectronX's Request, the Division has determined to issue a no-action position. Specifically, and subject to the terms and conditions set forth below, the Division will not recommend the Commission take an enforcement action against ElectronX or its participants on the basis that (1) ElectronX does not provide reporting required by regulation 16.00 in connection with positions of clearing members that are direct participants on ElectronX; or (2) ElectronX's direct participants do not provide reporting required by regulations 17.00 or 17.01 in connection with their positions in ElectronX Contracts. This no-action position is subject to the following conditions: (1) ElectronX provides regulation 16.00 reporting in connection with positions of FCM clearing members that carry accounts for non-direct participants; (2) ElectronX provides regulation 17.00 and 17.01 reporting on behalf of its direct participants; (3) ElectronX timely collects from its direct participants all information necessary to perform regulation 17.00 and 17.01 reporting on behalf its direct participants; and (4) ElectronX's direct participants remain responsible for all reporting required by Part 18.[27]

This letter will expire upon the compliance date of any final action taken by the Commission with respect to this matter.

This letter, and the position taken herein, represent the views of the Division 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 position taken herein are not binding on the Commission or other Commission staff.[28] 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 (*i.e.*, securities laws). Further, this letter, and the position taken herein, are based upon the facts and circumstances presented to Division staff. Any different, changed, or omitted material facts or circumstances may render the

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[25] 71 Fed. Reg. at 37813.

[26] Although the "exclusively self-cleared contracts" rules as written apply only to contracts for which *no* clearing intermediation occurs, the Division observes that, when promulgating the exclusively self-cleared contracts rules, the Commission contemplated the possibility of, "at some future date, . . . amending the reporting obligations of clearing members with respect to contracts with low notional values that are not exclusively self-cleared." 71 Fed. Reg. at 37813 n.54.

[27] *See* 17 C.F.R. part 18 (concerning special calls for Form 40 directed to traders); *see also* 71 Fed. Reg. at 37813 ("Individual traders remain subject to the special call provisions of part 18 of the Commission's regulations.").

[28] *See* 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.")

position taken in this letter void. Finally, as with all staff letters, the Division retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the position herein, in its discretion.

Should you have any questions concerning this correspondence, please contact Paul Chaffin, Division of Market Oversight, at (202) 418-5185 or pchaffin@cftc.gov.

Sincerely,

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DJ Hennes
Acting Director
Division of Market Oversight