

October 27, 2026

Via Electronic Submission

Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, D.C. 20581

Re: Request for Comment on the Listing of Compute Derivatives Contracts (RIN 3038-AF77)

Dear Mr. Kirkpatrick:

MFA¹ appreciates the opportunity to respond to the U.S. Commodity Futures Trading Commission's ("**Commission**" or "**CFTC**") request for comment on the listing of "compute derivatives"—*i.e.*, derivatives that reference the price of access to computing power, including the compute capacity used to train and operate artificial-intelligence models ("**RFC**").²

MFA supports the responsible introduction and development of compute derivatives. Significant capital is being deployed across data centers, cloud capacity, specialized hardware, and the broader artificial-intelligence infrastructure ecosystem, creating identifiable exposures to changes in the price and value of compute capacity. Properly designed, compute derivatives can help market participants manage those exposures, improve price discovery, promote standardization, and move risk transfer from a largely bilateral and opaque environment toward regulated markets. The absence of a single standardized cash market that maps precisely to all

¹ Managed Funds Association (MFA), based in Washington, D.C., New York City, Brussels, and London, represents the global alternative asset management industry. MFA's mission is to advance the ability of alternative asset managers to raise capital, invest it, and generate returns for their beneficiaries. MFA advocates on behalf of its membership and convenes stakeholders to address global regulatory, operational, and business issues. MFA has more than 180 fund manager members, including traditional hedge funds, private credit funds, and hybrid funds, that employ a diverse set of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors diversify their investments, manage risk, and generate attractive returns throughout the economic cycle.

² Request for Comment on the Listing of Compute Derivatives Contracts, 91 Fed. Reg. 52159 (Aug. 21, 2026), available at: <https://www.govinfo.gov/content/pkg/FR-2026-08-21/pdf/2026-17163.pdf>.

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compute exposures presents important contract-design challenges, but it should not foreclose the development of contracts that provide meaningful partial hedges and reliable price signals.

The Commission should allow the cash and derivatives markets to develop together under its existing principles-based framework. Neither an evolving cash market nor the presence of basis risk should, by itself, preclude a contract that can provide a meaningful partial hedge or useful pricing information. At the same time, designated contract markets (“**DCMs**”) should demonstrate that each contract is supported by a sufficiently reliable benchmark, effective governance and surveillance, identifiable commercial utility, and appropriate clearing and risk-management arrangements. The Commission should apply those safeguards on a product-specific basis, calibrate them to the risks presented by the contract and its settlement mechanism, and permit them to evolve as reliable data, liquidity, and participation develop.

I. Executive Summary

Although the absence of a single standardized cash market creates meaningful contract-design and basis-risk challenges, carefully designed compute derivatives can still provide investors and other market participants with useful hedging and price-discovery tools under the Commission’s existing principles-based framework. Investors have a particular interest in the responsible development of these products because compute prices may affect asset valuations, financing costs, collateral values, liquidity, and portfolio risk management.

Accordingly, MFA submits the following views for the Commission’s consideration:

- **Compute derivatives can provide meaningful risk-management and price-discovery benefits.** A contract need not eliminate all basis risk or perfectly match every user’s exposure to provide a useful partial hedge, and the cash and derivatives markets should be permitted to develop together.
- **Benchmark integrity and effective surveillance should be the Commission’s principal market-integrity considerations.** DCMs should demonstrate that settlement benchmarks are sufficiently representative, transparent, auditable, and subject to appropriate governance, conflicts controls, regulatory access, and fallback procedures.
- **The Commission should apply a principles-based and product-specific framework.** Contract design, clearing, margining, disclosure, and other safeguards should reflect the characteristics and maturity of the particular product and should be recalibrated as reliable data, liquidity, and market participation develop.

II. Compute Derivatives Can Support Risk Management and Responsible Market Development

The Commission correctly recognizes the potential for compute futures to manage and assume price risk, discover prices, and disseminate information about trends in artificial-intelligence demand. Compute has become an important, capital-intensive input across the AI production stack. Market participants exposed to changes in the price or value of compute capacity should have access to regulated tools for managing that exposure.

Potential commercial users include compute and data-center infrastructure investors, capital providers, AI companies, capacity purchasers, cloud providers, and other firms with compute-price or residual-value exposure. Capital providers illustrate this utility. An investor financing GPU infrastructure may underwrite primarily to contracted revenues while retaining exposure to the future value of the underlying assets and the rates at which that capacity could be re-leased following a counterparty default or expiration of the initial contract. Those risks can become more significant when borrower economics and collateral values are affected by the same deterioration in compute-market conditions. Compute derivatives could provide a partial hedge against that exposure, while central clearing could reduce reliance on bilateral counterparties exposed to similar market conditions. Even before liquidity supports a full hedge, a transparent forward curve extending beyond the front months could provide an independent reference for underwriting and collateral valuation.

These products should not be expected to hedge every risk associated with an AI-related enterprise. Compute prices may be only one component of a company's performance, which also may depend on financing, commercialization, customer adoption, technological development, and competition. That limitation does not detract from the value of a targeted hedge against compute-price exposure. Clear contract terms and disclosures should enable market participants to evaluate the exposure the product does, and does not, address.

Compute also is heterogeneous. Prices can differ based on GPU generation, provider, geography, service level, availability, commitment duration, contract terms, and whether capacity is purchased on demand or reserved. These differences may create basis risk between a listed contract and a market participant's particular economic exposure, but basis risk is common in commodity derivatives markets and does not mean that a contract lacks utility. A futures contract can provide meaningful price discovery or a partial hedge without replicating every characteristic of a user's physical or commercial exposure.

Established commodity markets have developed benchmark contracts and related basis products to manage differences in grade, geography, delivery terms, and commercial arrangements. The appropriate inquiry under the Commission's existing framework is whether the

contract specifications are clear, the benchmark bears a reasonable relationship to identifiable commercial exposures, and market participants can understand and manage the residual basis risk. The Commission should allow competing product designs to test which specifications best meet commercial demand. Contracts tied to different hardware generations, regions, or purchasing structures may serve different users, and market development may support complementary basis products over time.

Accordingly, the Commission should not require the cash market to become fully standardized or transparent before responsible derivatives development can begin. Regulated exchange trading, standardized terms, public price formation, and central clearing can themselves support greater transparency and standardization in the underlying market. Requiring a single definition of “compute” at the outset could unnecessarily inhibit useful innovation. The Commission instead should apply the DCM Core Principles in a manner that protects market integrity while allowing responsible experimentation and market-led development.

III. Benchmark Integrity Should Be the Central Market-Integrity Focus

For a cash-settled compute derivative, the settlement benchmark is central to both commercial utility and resistance to manipulation. The RFC notes that compute pricing may occur through private bilateral arrangements, that pricing can vary across providers, regions, and contract structures, and that consensus continues to form regarding the appropriate underlying compute commodity. These characteristics warrant careful review of benchmark construction and governance, but they do not justify a categorical barrier to listing.

A DCM seeking to list a cash-settled compute contract should explain the nature and hierarchy of the inputs used to calculate the benchmark, including the extent to which it relies on executed transactions, firm bids or offers, posted rates, or other data. The DCM should also address the number and diversity of data contributors, the frequency and representativeness of the observations, the coverage of relevant providers, regions, hardware, service levels, and contract structures, and the manner in which the methodology addresses periods of limited data.

Benchmark governance should include transparent methodology and methodology-change procedures, controls for identifying and managing conflicts of interest, independent verification and auditability, appropriate recordkeeping and regulatory access, and credible fallback and cessation procedures. Particular attention may be warranted where a benchmark administrator or data contributor can trade a product tied to the benchmark or otherwise benefit from a particular settlement outcome. The Commission should articulate principles in these areas without endorsing a particular exchange, benchmark administrator, data source, or product. A principles-based approach will allow methodologies to improve as the cash market develops and avoid freezing a rapidly evolving market into a single design.

DCMs also must be able to detect and deter efforts to distort the derivative, the settlement process, or relevant underlying activity. For compute contracts, exchanges should demonstrate that they can obtain sufficient information to identify attempts to influence benchmark inputs, posted rates, transactions during an observation window, or allocations of capacity used in the benchmark. Information-sharing arrangements with relevant compute venues, capacity providers, benchmark administrators, and data contributors may be appropriate where those entities supply material inputs to settlement. The necessary arrangements should depend on the contract and benchmark design, contributor concentration, and the extent to which the DCM otherwise can observe and verify the input data.

The Commission should avoid a rigid, one-size-fits-all requirement, but it should expect each DCM to show that its surveillance program has access to the information necessary to investigate anomalous pricing or trading. The Commission also should distinguish between physically settled products, which may present questions concerning deliverable supply and susceptibility to squeezes or corners, and cash-settled products, which may present questions concerning influence over index inputs or the settlement observation period. Position limits, accountability levels, concentration thresholds, and other controls should be calibrated to the settlement structure, available market data, and demonstrated liquidity of the particular product.³

IV. Clearing, Risk Management, and Customer Protection

Central clearing and standardized margining can improve transparency around exposures and reduce bilateral counterparty uncertainty. Those benefits are particularly relevant where compute-related financial exposures otherwise may be transferred through customized bilateral arrangements.

At the same time, derivatives clearing organizations, DCMs, intermediaries, and market participants should account for the novelty and potential volatility of compute products in their risk-management frameworks. Margin methodologies should address relevant volatility, concentration, basis risk, and limitations in historical data. Default-management and liquidation assumptions should reflect available liquidity, while stress testing and default resources should account for severe but plausible price movements and potential degradation of benchmark inputs.

³ The same principles should apply to perpetual compute derivatives, with particular attention to the reliability of the reference price and operation of the funding-rate mechanism. Because a perpetual contract may repeatedly transmit weaknesses in its reference price, the listing DCM should clearly explain the benchmark, funding-rate methodology, governance, surveillance, stress behavior, and applicable controls. These considerations warrant careful, product-specific review, but do not support a categorical presumption against perpetual compute derivatives.

Market participants also will need sufficiently reliable and, where practicable, independent pricing sources for daily valuation, fund administration, financial reporting, and audit.

These expectations should be proportionate and adaptable. Early products may warrant conservative assumptions, but requirements should be recalibrated as reliable data and liquidity develop. The Commission should avoid treating limited historical data as a permanent obstacle to listing when prudent risk controls can address the uncertainty.

Compute derivatives also should be accompanied by clear, product-specific disclosure of material features and risks. Disclosures should describe the benchmark methodology and its principal inputs; the potential for limited or concentrated input data; relevant conflicts; the nature and limits of regulatory and exchange visibility into underlying transactions; material basis risk; benchmark-change and fallback procedures; and the product's economic exposure and settlement mechanics. The level and form of disclosure should reflect the product and participant base, including whether the product is offered to retail participants. Novelty alone should not trigger duplicative requirements, but neither should a novel label obscure the need for understandable disclosure.

Government actions, including export controls, semiconductor restrictions, sanctions, foreign-investment rules, and national-security policies, may affect compute supply, pricing, benchmark formation, and liquidity. DCMs should consider those risks in contract terms, benchmark governance, contingency planning, and disclosure where they are material to a particular product. The Commission also should monitor concentration, correlated positions, and common benchmark exposures as the market develops and should address demonstrated risks through its existing product- and entity-specific authorities rather than imposing requirements based on speculative systemic-risk concerns at this early stage.

V. Conclusion

MFA supports the responsible introduction and development of compute derivatives. These products can help market participants manage an increasingly important cost and asset-value exposure, improve price discovery, promote standardization, and reduce reliance on opaque bilateral risk transfer. A principles-based and product-specific approach, focused on benchmark integrity, effective surveillance, and proportionate risk controls, will best advance responsible innovation and fair competition without compromising the Commodity Exchange Act's market-integrity objectives. Accordingly, the Commission should apply the existing DCM Core Principles on a product-specific basis, permit responsible experimentation with competing contract designs, and recalibrate applicable safeguards as reliable data, liquidity, and market participation develop.

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MFA appreciates the opportunity to comment on the RFC. Please do not hesitate to contact Matthew Daigler (mdaigler@mfaalts.org) or the undersigned (jhan@mfaalts.org) with any questions regarding this letter.

Sincerely,

/s/ Jennifer W. Han

Jennifer W. Han
Chief Legal Officer & Head of Regulatory Affairs
MFA

Cc: The Hon. Michael S. Selig, Chairman
DJ Hennes, Acting Director, Division of Market Oversight