

The SEC and CFTC Are Redrawing the Lines

Why the June 2026 Request for Comment Matters for Derivatives, Prediction Markets, and Tokenized Finance

On June 18, 2026, the U.S. Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) jointly issued a [Request for Comment](#) [1] on whether longstanding definitions governing swaps, security-based swaps, mixed swaps, and related products remain fit for modern markets. The request signals a broader willingness by both agencies to revisit foundational jurisdictional boundaries that increasingly struggle to accommodate modern financial products, digital infrastructure, and emerging market structures. The request also reflects renewed SEC-CFTC coordination on core Title VII questions under the Dodd-Frank Act.

For firms operating at the intersection of finance, technology, digital assets, tokenization, prediction markets, structured products, and derivatives, this development warrants close attention. The 60-day comment period presents an opportunity to engage before any future rulemaking begins.

Why This Matters

At its core, the request raises the question: how should regulators classify financial products that no longer fit neatly within categories developed more than a decade ago? That question has become increasingly important as firms develop tokenized securities, tokenized debt instruments, real-world asset platforms, prediction and event-based markets, perpetual products, on-chain derivatives, and other hybrid instruments.

Regulatory classification is not merely an academic exercise. How a product is classified can determine:

- whether SEC or CFTC registration is required,
- which disclosure obligations apply,
- whether broker-dealer, exchange, swap dealer, or futures registration may be implicated,
- reporting and recordkeeping requirements,
- margin and clearing obligations,
- custody considerations,
- ongoing supervisory and compliance obligations.

In other words, the definitional question often determines the business model.

Implications for Emerging Products, Digital Assets, and Tokenization

The request may also create an opportunity for regulators and market participants to revisit how emerging products such as tokenized securities, tokenized debt instruments, synthetic assets, and other exposure-based products should be analyzed. Many of these structures do not fit comfortably within traditional ownership paradigms because they are designed to provide economic exposure rather than legal ownership. Whether future frameworks continue to rely primarily on historical product labels or evolve toward a more rights-based and exposure-based analysis may become one of the most consequential questions raised by this proceeding.

Tokenization

The request may be particularly significant for firms involved in tokenization. Across the market, participants increasingly are exploring the tokenization of:

- pre-IPO equity, private credit,
- fund interests,
- structured finance products,
- real estate-backed instruments,
- and other real-world assets.

In many of these structures, the economic exposure looks familiar, while ownership, transfer, settlement, and recordkeeping mechanisms look entirely different. The SEC and CFTC are effectively asking whether existing definitions adequately address those developments. For trading systems of tokenized assets, token issuers, and other market participants, the answer could influence future product structuring, registration analysis, platform design, and compliance obligations.

Prediction Markets

Comments by SEC Chairman Paul Atkins suggest that event-based products are very much on the agencies' radar. That is significant. Prediction markets and event contracts have become one of the most active areas of jurisdictional debate in financial regulation because they sit at the intersection of derivatives regulation, securities regulation, gaming law, and emerging market structure. Products may be tied to:

- elections and political outcomes
- economic indicators and macroeconomic events,
- corporate actions and earnings-related events,
- the occurrence of a risk factor impacting financial condition or performance,
- sporting outcomes,
- weather events,
- geopolitical developments, and
- other future events or contingencies.

The growing popularity and development of these products raise fundamental questions as to when a market that provides economic exposure to an event becomes a regulated financial product, and how to classify and regulate the financial product. The agencies appear interested in hearing where those lines should be drawn.

Why This Request Is Different

Regulators routinely issue requests for comment. This one is different. The SEC and CFTC are not asking whether a single rule should be modified; they are asking whether the core framework governing swaps, security-based swaps, mixed swaps, and related products still works as financial markets evolve. Those same definitional lines increasingly determine the treatment of tokenized financial products, structured digital assets, synthetic exposures, perpetual products, and other market innovations.

The agencies are also soliciting input on potential alternative compliance approaches and areas where overlapping regulatory requirements may be streamlined. For firms operating across both securities and derivatives markets, that aspect of the request could prove especially important.

Are Traditional Product Categories the Right Framework

One way to view the SEC-CFTC request is as a recognition that modern financial regulation: many financial products no longer fit neatly within traditional legal categories because economic rights increasingly can be separated, transferred, and recombined independently. Tokenization, prediction

markets, structured products, and other innovations frequently separate and recombine ownership rights, control, payment rights, governance rights, collateral rights, settlement mechanisms, and economic exposure in ways that challenge regulatory frameworks built around traditional product categories. As financial products become more modular, regulators may increasingly be forced to ask not simply what a product is called, but what economic rights it actually transfers, and to regulate based on the actual risks or market structural issues that regulation is supposed to mitigate or correct.

Emerging Shift to Economic Exposure

Many modern financial products are designed not to transfer ownership of an asset, but to transfer economic exposure to an asset, an issuer, an event, an index, or a risk factor. The security-based swap framework already reflects this concept. A market participant may acquire economic exposure to a security without acquiring the security itself and remain within a securities regulatory framework. The current definitions of a swap and security-based swap are remarkable in their breadth.[2] The current request for comment may therefore present an opportunity to revisit whether the existing definitions have become so expansive that they increasingly overlap with a growing universe of innovative financial products that were not contemplated when Title VII was enacted. That question is becoming increasingly important as markets evolve toward more modular forms of financial engineering.

Practical Considerations for Market Participants

- **Reassess product classifications.** Firms should reassess existing analyses to identify products that combine attributes traditionally associated with securities, commodities, swaps, security-based swaps, event contracts, lending products, or other regulated instruments.
- **Evaluate economic rights and risk exposures, not labels alone.** Market participants should evaluate the specific bundle of rights, risks, and exposures embedded within a product. Products may appear technologically similar yet create fundamentally different legal rights. Firms should assess whether existing regulatory analysis is aligned with the actual risks presented by the product.
- **Evaluate whether definitions and regulatory obligations appropriately are overly broad, inaccurate, or otherwise do not match the underlying risks.** Market participants should consider whether current definitions and frameworks appropriately address the risks associated with emerging products. Firms should also assess whether they rely on regulatory assumptions that may be revisited through guidance, interpretation, or future rulemaking.
- **Assess overlapping and potential conflicting obligations.** Businesses operating at the intersection of securities, derivatives, tokenization, prediction markets, and digital assets should identify where multiple regulatory frameworks may apply simultaneously, resulting in duplicative registration, reporting, or compliance burdens, or conflicting requirements may arise.
- **Consider your comment strategy.** Market participants whose products operate near SEC-CFTC jurisdictional boundaries may wish to consider submitting comments. The request presents a rare opportunity to engage directly on how emerging products, including tokenized assets, event contracts, synthetic instruments, and other innovative financial structures, should be analyzed under future regulatory frameworks.
- **Plan for product design implications.** For some firms, the outcome may influence not only compliance obligations, but the future design of products, platforms, and markets themselves.

How Bellementis Can Help

The Joint Request for Comment is a meaningful signal that the SEC and CFTC are prepared to revisit foundational regulatory concepts that have governed derivatives markets since the aftermath of the 2008 financial crisis. Bellementis advises clients on product classification, tokenization, derivatives regulation, digital asset market structure, SEC and CFTC jurisdictional issues, exchange and platform

design, and regulatory strategy. We regularly assist clients in evaluating, creating, and launching novel financial products, preparing regulatory submissions, and navigating complex questions at the intersection of securities law, commodities regulation, and emerging technologies. If your business involves derivatives, prediction markets, tokenization, digital assets, or innovative financial products, now is an appropriate time to assess how these developments may affect your regulatory strategy.

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Sources

[1] SEC Press Release No. 2026-57, SEC, CFTC Seek Public Comment to Further Clarify and Harmonize Derivatives Product Definitions (June 18, 2026). See also CFTC Release No. 9258-26 (June 18, 2026); Joint Request for Comment on Further Definition of “Swap” and “Security-Based Swap” and on Alternative Compliance.

[2] For example, the definition of a security-based swap extends beyond instruments tied directly to a security and includes agreements, contracts, or transactions based on: “the occurrence, nonoccurrence, or extent of the occurrence of an event relating to a single issuer of a security or the issuers of securities in a narrow-based security index, provided that such event directly affects the financial statements, financial condition, or financial obligations of the issuer.” 15 USC § 78c(a)(68). Similarly, the Commodity Exchange Act defines a swap to include agreements, contracts, or transactions “that provide[] for any purchase, sale, payment, or delivery . . . that is dependent on the occurrence, nonoccurrence, or the extent of the occurrence of an event or contingency associated with a potential financial, economic, or commercial consequence.” 7 USC § 1a(47)(A).

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