surface to and including 2,000 feet MSL within a one NM radius of latitude 26°40′37″ N, longitude 080°02′16″ W.

§ 93.111 General operating procedures.

(a) No person may operate an aircraft in the DJT SFRA unless the person is conducting an operation—

(1) In accordance with the operating restrictions and requirements of a temporary flight restriction issued pursuant to § 91.141 for the DJT SFRA; or

(2) In accordance with the special air traffic rules in paragraphs (b) and (c) of this section when a temporary flight restriction has not been issued pursuant to § 91.141 for the DJT SFRA.

(b) Operations in the DJT SFRA are restricted to the following:

(1) Aircraft arriving to President Donald J. Trump International Airport on an active IFR or VFR flight plan on an approved instrument approach procedure;

(2) Aircraft departing from President Donald J. Trump International Airport on an active IFR or VFR flight plan on an assigned departure procedure or radar vector;

(3) Military aircraft directly supporting the United States Secret Service or the Office of the President;

(4) Aircraft conducting an active law enforcement flight;

(5) Aircraft conducting an active firefighting flight;

(6) Aircraft conducting an active air ambulance flight;

(7) Aircraft otherwise authorized by ATC for safety of flight;

(8) Aircraft otherwise authorized by ATC for the safety of persons and property on the ground.

(c) Aircraft operating within the DJT SFRA must:

(1) Remain in two-way radio communication with ATC;

(2) Receive an ATC authorization to enter the DJT SFRA; and

(3) Transmit a discrete transponder code assigned by ATC.

Issued under authority provided by 49 U.S.C. 106(f), 40103, and 44701(a) in Washington, DC.

Franklin J. McIntosh,

Chief Operating Officer, Air Traffic Organization.

[FR Doc. 2026–17957 Filed 9–1–26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 240

[Release No. 34–106225; File No. S7–2026–29]

RIN 3235–AN82

Exemption of Debt Obligations Issued by the European Union Under the Securities Exchange Act of 1934 for Purposes of Trading Futures Contracts on Those Securities

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission (the ‘‘Commission’’ or the ‘‘SEC’’) is proposing an amendment to designate debt obligations issued by the European Union as ‘‘exempted securities’’ for the purposes of marketing and trading futures contracts on those securities in the United States or to U.S. persons. The amendment is designed to permit futures trading on debt obligations issued by the European Union to be regulated as futures on ‘‘exempted securities,’’ subject to the Commodity Exchange Act. The proposal is intended to increase U.S. persons' access to the market for these products, which may improve opportunities for hedging; lower transaction costs; contribute to greater market depth; reduce operational friction; and increase competition.

DATES: This release was published in the **Federal Register** on September 2, 2026. Comments should be received on or before November 2, 2026.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/comments/s7-2026-29/exemption-debt-obligations-issued-european-union-under-securities-exchange-act-1934-purposes-trading*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number S7–2026–29 on the subject line.

Paper Comments

- Send paper comments to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number S7–2026–29. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's website (*https://www.sec.gov/rules-regulations/public-comments/s7-2026-29*). All comments received will be posted without change. Do not include personally identifiable information in submissions; you should submit only information that you wish to make available publicly. The Commission may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

Studies, memoranda, or other substantive items may be added by the Commission or staff to the comment file during this rulemaking. A notification of the inclusion in the comment file of any such materials will be made available on the Commission's website. To ensure direct electronic receipt of such notifications, sign up through the ‘‘Stay Connected’’ option at *www.sec.gov* to receive notifications by email.

A summary of the proposal of not more than 100 words is posted on the Commission's website (*https://www.sec.gov/rules-regulations/2026/08/s7-2026-29*).

FOR FURTHER INFORMATION CONTACT: Alexandra Oprea, Special Counsel, John Guidroz, Assistant Director, Office of Derivatives Policy, or Carol McGee, Associate Director, Office of Derivatives Policy and Trading Practices, at (202) 551–5870, Division of Trading and Markets, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Commission is proposing amendments to 17 CFR 240.3a12–8 (‘‘Rule 3a12–8’’ or the ‘‘Rule’’) under the Securities Exchange Act of 1934 (‘‘Exchange Act’’).[1]

I. Introduction

The Commission is proposing to amend Rule 3a12–8 to designate the debt obligations of the European Union (‘‘EU’’) as ‘‘exempted securities’’ for purposes only of the offer, sale or confirmation of futures contracts on the EU's debt obligations. As discussed throughout this release, the proposed amendment would harmonize the regulatory treatment of the debt obligations of the EU with the regulatory treatment of the debt obligations of 11 EU member states that are currently listed in Rule 3a12–8, which would subject futures contracts on the EU's debt obligations to the exclusive jurisdiction of the Commodity Futures

[1] 15 U.S.C. 78a *et seq.*

Trading Commission (''CFTC''), consistent with the CFTC's exclusive jurisdiction over future contracts on debt obligations of the 11 EU member states.

Prior to the Commodity Futures Modernization Act of 2000 (''CFMA''),[2] it was unlawful under the Commodity Exchange Act (''CEA'') to trade a futures contract on any individual security unless the security in question was an exempted security (other than a municipal security) under the Securities Act of 1933 (the ''Securities Act'') or the Exchange Act.[3] Debt obligations of foreign governments are not exempted securities under the Securities Act nor the Exchange Act.[4] The Commission, however, adopted Rule 3a12–8 [5] under the Exchange Act to designate debt obligations issued by certain foreign governments (the ''Designated Foreign Governments'') as exempted securities under the Exchange Act solely for the purposes of the offer, sale or confirmation of sale (herein also referred to as ''trading'') of futures contracts on debt obligations of those governments (''Qualifying Foreign Futures Contracts'') in the U.S. or to U.S. persons.[6] The foreign governments currently designated in the Rule include twenty-one countries.[7]

In 2000, Congress enacted the CFMA,[8] which lifted the ban on single security futures and granted joint jurisdiction to the Commission and the CFTC with regards to security futures.[9] Security futures [10] based on individual securities and narrow-based indexes of securities, or any interest therein or based on the value thereof, are subject to the joint jurisdiction of the Commission and the CFTC, whereas commodity futures are subject to the exclusive jurisdiction of the CFTC. The definition of ''security future'' excludes a contract of sale for future delivery of an exempted security (other than a municipal security) under the Exchange Act.[11]

For the purposes of the Rule, the debt obligations of Designated Foreign Governments (''Designated Foreign Government Securities'') are exempted securities for purposes only of the trading of Qualifying Foreign Futures Contracts and therefore are excluded from the definition of security futures. As a result, futures contracts on the debt obligations of the governments listed in the Rule may be sold in the U.S. or to U.S. persons subject to the applicable futures regulations under the CEA and in a manner consistent with the definitions in the Rule.

The Commission is proposing to amend Rule 3a12–8 to designate the debt obligations of the EU as exempted securities solely for the purposes of the offer, sale or confirmation of sale of Qualifying Foreign Futures Contracts on those securities, thereby applying the same regulatory treatment (*e.g.,* board-of-trade execution, non-registration of the underlying securities, and foreign delivery) to futures on EU debt obligations as is applicable to futures on the debt obligations of Designated Foreign Governments that are EU member states. By deeming EU debt obligations to be exempted securities for this purpose, the amendment would remove futures on EU debt from the security futures regime and place them under the CFTC's futures framework, which would permit them to be traded on U.S. futures exchanges and accessed by a broader population of U.S. market participants. The increased access, in turn, may improve opportunities for hedging, lower transaction costs, contribute to greater market depth, reduce operational friction, and increase competition.

In March 2026, the CFTC and the SEC entered into a Memorandum of Understanding.[12] The SEC and CFTC have committed to coordinate, as appropriate, in areas of common regulatory interest where collaboration can enhance regulatory effectiveness and market integrity.[13] In matters involving common jurisdiction, the SEC and CFTC seek to coordinate to reduce regulatory gaps and provide greater certainty regarding regulatory responsibility in support of efficient markets and lawful innovation.[14] The revisions proposed herein to Rule 3a12–8 further these harmonization goals by eliminating asymmetric treatment and split jurisdictional oversight of futures on EU debt obligations and futures on debt obligations of Designated Foreign Governments that are EU member states, when the disparate treatment is not grounded in meaningful legal or economic distinction.

II. Background

Prior to the passage of the CFMA, it was unlawful to trade a futures contract on any individual security other than exempted securities under section 3 of the Securities Act or section 3(a)(12) of the Exchange Act.[15] Debt obligations of foreign governments are not exempted securities under either of these statutes, and thus the trading of futures contracts (and options thereon) in the U.S. or to U.S. persons on single (non-exempt) securities and narrow-based indexes of such securities was prohibited.[16]

In 1984, the Commission adopted Rule 3a12–8 to designate debt obligations issued by the UK or Canadian government as exempted

[2] Commodity Futures Modernization Act of 2000, Public Law 106–554, 114 Stat. 2763 (2000), *available at https://www.govinfo.gov/content/pkg/PLAW-106publ554/pdf/PLAW-106publ554.pdf.*

[3] *See* Futures Trading Act of 1982, Public Law 97–444, 96 Stat. 2294 (1983), *available at https://www.congress.gov/bill/97th-congress/house-bill/5447/text* (''Futures Trading Act of 1982'' or ''1982 Act'') sec. 101(a) adding section 2(a)(l)(B)(v) of the CEA, which provided that '' (n]o person shall offer to enter into, enter into, or confirm the execution of any contract of sale (or option on such contract) for future delivery of any security, or interest therein or based on the value thereof, except an exempted security under section 3 of the Securities Act . . . or section 3(a)(12) of the . . . Exchange Act. . .''

[4] *See* 15 U.S.C. 77c; and 15 U.S.C. 78c(a)(12)(A).

[5] 17 CFR 240.3a12–8.

[6] *See* 17 CFR 240.3a12–8(b). *See also* Exemption of Certain Foreign Government Securities for Purposes of Futures Trading, Exchange Act Release No. 20708 (Mar. 2, 1984), 49 FR 8595 (Mar. 8, 1984) (''UK and Canada Release'').

[7] 17 CFR 240.3a12–8(a)(1)(i) through (xxi). The Designated Foreign Governments are the United Kingdom of Great Britain and Northern Ireland (''UK''), Canada, Japan, the Commonwealth of Australia (''Australia''), the Republic of France (''France''), New Zealand, the Republic of Austria (''Austria''), the Kingdom of Denmark (''Denmark''), the Republic of Finland (''Finland''), the Kingdom of the Netherlands (''Netherlands''), Switzerland, the Federal Republic of Germany (''Germany''), the Republic of Ireland (''Ireland''), the Republic of Italy (''Italy''), the Kingdom of Spain (''Spain''), the United Mexican States (''Mexico''), the Federative Republic of Brazil (''Brazil''), the Republic of Argentina (''Argentina''), the Republic of Venezuela (''Venezuela''), the Kingdom of Belgium (''Belgium'') and the Kingdom of Sweden (''Sweden'').

[8] *See supra* note 2.

[9] This regime applies to a ''security futures product,'' which is a security future or any put, call, straddle, option, or privilege on any security future. *See* Exchange Act section 3(a)(56), 15 U.S.C. 78c(a)(56); CEA section 1a(45), 7 U.S.C. 1a(45).

[10] The term ''security future'' is defined in Exchange Act Section 3(a)(55) and in CEA section 1a(44) as ''a contract of sale for future delivery of a single security or of a narrow-based security index, including any interest therein or based on the value thereof, except an exempted security under [section 3(a)(12) of the Exchange Act as in effect on January 11, 1983] (other than any municipal security as defined in [section 3(a)(29) of the Exchange Act as in effect on January 11, 1983]).'' The term ''security future'' does not include any agreement, contract, or transaction excluded from the CEA, 7 U.S.C. 1 *et seq.,* under section 2(c), 2(d), 2(f), or 2(g) of the CEA, 7 U.S.C. 2(c), (d), (f), (g), (as in effect on December 21, 2000) or Title IV of the CFMA. 15 U.S.C. 78c(a)(55); 7 U.S.C. 1a(44). The Securities Act provides that the term ''security future'' has the same meaning as in the Exchange Act. *See* 15 U.S.C. 77b(a)(16).

[11] 15 U.S.C. 78c(a)(55)(A).

[12] *See* SEC & CFTC, Memorandum of Understanding between the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission regarding Harmonization in Areas of Common Regulatory Interest (Mar. 11, 2026), *available at https://www.sec.gov/files/mou-sec-cftc-2026.pdf.*

[13] *See id* at 1.

[14] *See id.*

[15] *See supra* note 3.

[16] *Id.*

securities under the Exchange Act solely for the purposes of trading futures contracts on those securities in the U.S. or to U.S. persons.[17] As a result, futures contracts on the debt obligations of the UK and Canada were permitted to be sold in the United States, as long as the other terms of the Rule were satisfied. In proposing Rule 3a12–8, the Commission explained that the Rule was designed to address the Commission's understanding that, in adopting the Futures Trading Act of 1982, Congress did not intend to bar futures trading on certain foreign government debt obligations in the U.S., so long as the futures were not settled in the U.S. and the underlying securities were not traded in the U.S.[18] Over time, the Commission broadened the Rule's coverage beyond the debt obligations issued by the UK and Canadian governments to include the debt obligations of additional government issuers.[19] The most recent modification (adding Sweden in 1999) occurred prior to the passage of the CFMA, while the trading of futures on individual securities was still banned.

The Rule includes definitions that are intended to facilitate the trading of futures contracts on Designated Foreign Government Securities in the U.S. or by U.S. persons while requiring offerings of the underlying securities to comply with the Federal securities laws. Specifically, for the exemption to apply, the definition of Qualifying Foreign Futures Contracts requires that: (1) the futures contract be traded on or through a board of trade as defined in 7 U.S.C. 2 and (2) the futures contracts require delivery outside the United States, including any of its possessions or territories.[20] Furthermore, the definition of Designated Foreign Government Security requires that the underlying securities not be registered under the Securities Act nor be the subject of any registered American depositary receipts.[21]

In 2000, the CFMA lifted the ban on single security futures and created a new regime for security futures products, granting joint jurisdiction to the Commission and the CFTC.[22] Under the CFMA, trading facilities offering security futures products to U.S. persons must be dually registered with the Commission and the CFTC [23] and must ensure that the security futures products comply with the listing requirements filed with both agencies.[24]

The Food, Conservation and Energy Act of 2008 required the Commission, the CFTC, or both, as appropriate, to take action under their existing authorities to permit, by June 30, 2009, the trading of futures on certain security indexes by resolving issues related to foreign security indexes.[25] In response, in 2009, the Commission granted conditional exemptive relief via an exemptive order (the ''2009 Exemptive Order''),[26] allowing specified U.S. investors conditional access to foreign security futures products traded on certain foreign boards of trade.[27] Under

[17] *See* UK and Canada Release, *supra* note 6 (''[Rule 3a12–8] would designate [UK and Canadian government bonds] as 'exempted' securities under section 3(a)(12) for the purpose of permitting futures trading in this country.'').

[18] *See* Exemption for Certain Foreign Government Securities for Purposes of Futures Trading, Exchange Act Release No. 19811 (May 25, 1983), 48 FR 24725 (June 2, 1983) (citing 128 Cong. Rec. H7492 (daily ed. Sept. 23, 1982) (statements of Representatives Daschle and Wirth)). *See also* 128 Cong. Rec. H24925 (daily ed. Sept. 23, 1982), *available at https://www.govinfo.gov/content/pkg/GPO-CRECB-1982-pt18/pdf/GPO-CRECB-1982-pt18-6-2.pdf* (statement of Representative Wirth) (''I understand from the SEC that it intends promptly to take the necessary administrative action to [exempt futures contracts based on the long gilt from the ban] so long as actual trading of the underlying gilt-edged securities does not occur in this country. The SEC may also in the future wish to take administrative action for the purpose of permitting transactions in foreign futures contracts on other securities issued by foreign governments.'').

[19] *See* Exemption of Japanese Government Securities Under the Securities Exchange Act of 1934 for Purposes of Futures Trading, Exchange Act Release No. 23423 (July 11, 1986), 51 FR 25996 (July 18, 1986) (''Japan Release''); Exemption of Certain Foreign Government Securities for Purposes of Futures Trading, Exchange Act Release No. 25072 (Oct. 29, 1987), 52 FR 42277 (Nov. 4, 1987) (Australia, France and New Zealand) (''Australia, France and New Zealand Release''); Exemption of Certain Foreign Government Securities for Purposes of Futures Trading, Exchange Act Release No. 26217 (Oct. 26, 1988), 53 FR 43860 (Oct. 31, 1988) (Austria, Denmark, Finland, the Netherlands, Switzerland, and Germany); Designation of the Securities of Certain Foreign Governments as Exempted Securities Under the Securities Exchange Act of 1934 Solely for Purposes of Trading Futures Contracts on Those Securities, Exchange Act Release No. 30166 (Jan. 8, 1992), 57 FR 1375 (Jan. 14, 1992) (Ireland and Italy) (''Ireland and Italy Release''); Exemption of the Securities of the Kingdom of Spain Under the Securities Exchange Act of 1934 for Purposes of Trading Futures Contracts on Those Securities, Exchange Act Release No. 34908 (Oct. 27, 1994), 59 FR 54812 (Nov. 2, 1994) (''Spain Release''); Exemption of the Securities of the United Mexican States Under the Securities Exchange Act of 1934 for Purposes of Trading Futures Contracts on Those Securities, Exchange Act Release No. 36530 (Nov. 30, 1995), 60 FR 62323 (Dec. 6, 1995) (Mexico) (''Mexico Release''); Exemption of the Securities of the Federative Republic of Brazil, the Republic of Argentina, and the Republic of Venezuela Under the Securities Exchange Act of 1934 for Purposes of Trading Futures Contracts on those Securities, Exchange Act Release No. 36940 (Mar. 7, 1996), 61 FR 10271 (Mar. 13, 1996) (''Brazil, Argentina, and Venezuela Release''); Exemption of the Securities of the Kingdom of Belgium Under the Securities Exchange Act of 1934 for Purposes of Trading Futures Contracts on Those Securities, Exchange Act Release No. 41116 (Feb. 26, 1999), 64 FR 10564 (Mar. 5, 1999) (''Belgium Release''); Exemption of the Securities of the Kingdom of Sweden Under the Securities Exchange Act of 1934 for Purposes of Trading Futures Contracts on those Securities, Exchange Act Release No. 41453 (May 26, 1999), 64 FR 29550 (June 2, 1999) (''Sweden Release'').

[20] 17 CFR 240.3a12–8(a)(2).

[21] 17 CFR 240.3a12–8(a)(1).

[22] This regime applies to a ''security futures product,'' which is a security future or any put, call, straddle, option, or privilege on any security future. *See* Exchange Act section 3(a)(56), 15 U.S.C. 78c(a)(56); CEA section 1a(45), 7 U.S.C. 1a(45).

[23] Section 6(h)(1) of the Exchange Act prohibits any person from effecting transactions in security futures products that are not listed on a national securities exchange or a national securities association. Exchange Act section 6(h)(1), 15 U.S.C. 78f(h)(1). A CFTC-registered designated contract market may notice-register with the Commission. *See* Exchange Act section 6(g), 15 U.S.C. 78f(g). *See also* Registration of National Securities Exchanges Pursuant to section 6(g) of the Securities Exchange Act of 1934 and Proposed Rule Changes of Certain National Securities Exchanges and Limited Purpose National Securities Associations, Exchange Act Release No. 44692 (Aug. 13, 2001), 66 FR 43721 (Aug. 20, 2001). A board of trade offering security futures must also be registered with the CFTC. *See* CEA 2(a)(1)(D)(i), 7 U.S.C. 2(a)(1)(D)(i). Intermediaries must also be dually registered. *See* Registration of Broker-Dealers Pursuant to section 15(b)(11) of the Securities Exchange Act of 1934, Exchange Act Release No. 44730 (Aug. 21, 2001), 66 FR 45138 (Aug. 27, 2001).

[24] Security futures must conform with listing standards filed with the Commission and must meet the criteria specified in section 2(a)(1)(D)(i) of the CEA. *See* Exchange Act section 6(h)(2) through (3), 15 U.S.C. 78f(h)(2) through (3). Notably, under Exchange Act section 6(h)(3), the underlying security of a security future must itself be registered under section 12 of the Exchange Act. Exchange Act section 6(h)(3), 15 U.S.C. 78f(h)(3). Additionally, section 5 of the Securities Act requires the registration of any offer or sale of a security in the U.S. unless it is exempt. *See* Securities Act section 5, 15 U.S.C. 77e(a). A security future that is traded on a registered national securities exchange and cleared at a registered clearing agency is exempted from the section 5 registration requirement. Securities Act section 3(a)(14), 15 U.S.C. 77c(a)(14). The security futures products are also subject to statutorily set minimum margin requirements. *See* Customer Margin Rules Relating to Security Futures, Exchange Act Release No. 90244 (Oct. 22, 2020), 85 FR 75112 (Nov. 24, 2020). These requirements are intended to prevent systemic risk and preserve the financial integrity of markets trading security futures products. *See* Exchange Act section 7(c)(2)(B)(i) through (ii); 15 U.S.C. 78g(c)(2)(B)(i) through (ii).

[25] Public Law 110–246, Sec. 13, 106, 122 Stat. 1651, 2197 (2008), reprinted U.S.C.A. Sec. 2.

[26] *See* Order Under section 36 of the Securities Exchange Act of 1934 Granting an Exemption From Exchange Act section 6(h)(1) for Certain Persons Effecting Transactions in Foreign Security Futures and Under Exchange Act section 15(a)(2) and section 36 Granting Exemptions From Exchange Act section 15(a)(1) and Certain Other Requirements, Exchange Act Release No. 60194 (June 30, 2009), 74 FR 32200 (July 7, 2009) (''Because of this prohibition [imposed by Section 6(h)(1)], U.S. persons are currently unable to enter into contracts for narrow-based index or single stock futures traded on or subject to the rules of a foreign board of trade'').

[27] The term ''foreign boards of trade'' is used here in the same manner as it is used in the 2009 Exemptive Order: to refer to foreign exchanges or contract markets. *See* 2009 Exemptive Order, 74 FR 32200 (''U.S. persons are currently unable to enter into contracts for [security futures] traded on or

Continued

the 2009 Exemptive Order, although foreign boards of trade that are not otherwise required to register with the Commission under section 5 of the Exchange Act cannot offer direct electronic access to persons located in the U.S., they can offer security futures to other U.S. persons who are qualified institutional buyers (''QIBs'') [28] and to certain intermediaries effecting transactions on behalf of a QIB or non-U.S. person.[29] By contrast, a foreign board of trade registered with the CFTC as an ''FBOT'' may permit persons located in the United States to trade its listed futures contracts via ''direct access'' [30] to its electronic trading system or access other foreign boards of trade through certain types of brokers.[31]

In addition to the above access-related requirements, the conditional pathway established by the 2009 Exemptive Order also imposes requirements with respect to the lifecycle of the transactions and types of underliers that qualify under the 2009 Exemptive Order. With respect to the lifecycle-related requirements, it conditions applicability on several of the relevant activities occurring abroad; for instance, the foreign security futures must be issued, cleared, and settled outside of the U.S., in addition to satisfying other requirements.[32] With respect to the underlier, the pathway established by the 2009 Exemptive Order is available for security futures that are based on debt that is issued or guaranteed by a foreign government that is eligible to be registered with the Commission under Schedule B of the Securities Act or that is based on a security that is issued by a ''foreign private issuer'' [33] and has a primary trading market outside of the U.S.[34] The conditional pathway established by the 2009 Exemptive Order is one of the only currently-available pathways for U.S. persons to trade futures on debt issued by the EU.

Although the 2009 Exemptive Order allows for the trading of futures on EU debt obligations under certain conditions,[35] because the debt obligations of the EU are not exempted securities, futures on EU debt are subject to different U.S. regulatory treatment [36] than futures on the debt of the eleven EU member states that are Designated Foreign Governments.[37]

As such, the Commission is proposing to amend Rule 3a12–8 to expand the definition of ''Designated Foreign Government Securities'' to include ''a debt obligation of the EU,'' which would render such debt obligations ''exempted securities'' under the terms of the Rule for purposes only of the trading of Qualifying Foreign Futures Contracts.[38] As discussed in section III.E, below, the Commission is proposing that the existing definitions in the Rule apply to futures on EU debt obligations.

III. Discussion

For the reasons discussed throughout, the Commission is proposing to allow the debt obligations of the EU to be considered exempted securities for the purposes only of the offer, sale or confirmation of sale of Qualifying Foreign Futures Contracts in the U.S. or to U.S. persons and to expand the definition of Designated Foreign Government Securities to include debt obligations of the EU.[39] The trading of futures contracts on the debt of the EU is consistent with the public interest and the protection of investors because it would provide U.S. investors and dealers with a vehicle for hedging the risks involved in holding debt instruments of the EU; to facilitate this,

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subject to the rules of a foreign board of trade'') & 32202 (''Foreign Exchange: The transaction must be effected on, or be subject to the rules of, an exchange or contract market that is not required to register with the Commission under section 5 of the Exchange Act.'').

[28] 17 CFR 230.144A(a)(1).

[29] *See* 2009 Exemptive Order, 74 FR 32201.

[30] An ''FBOT'' is a specific type of board of trade that is registered with the CFTC. While generally foreign boards of trade may provide access to U.S. customers to trade commodity futures through a Part 30 intermediary, a subset of foreign boards of trade that are registered with the CFTC under Part 48 and that meet certain eligibility criteria are permitted to provide ''direct access'' to customers located in the U.S. seeking to trade commodity futures under the CFTC's ''FBOT'' framework. *See generally* 17 CFR part 48 (regulations establishing the FBOT framework) & 17 CFR part 30 (regulations governing the offer and sale of foreign futures to U.S. investors). Throughout this release, ''FBOT'' is used to refer to a foreign board of trade that is registered with the CFTC and permitted to provide direct access to customers located in the U.S. seeking to trade commodity futures. *See* 17 CFR 48.2–48.4. For the avoidance of doubt, under the 2009 Exemptive Order, neither traditional foreign boards of trade nor registered FBOTs may offer direct access to persons located in the U.S. (QIBs or otherwise) to trade security futures; the FBOT framework is only applicable to commodity futures and futures on exempted securities.

[31] *See* sections 4(a) and 4(b) of the CEA; 17 CFR 48.4(b) (permitting registered FBOTs to grant direct access to the following: any member or other participant entering orders for their proprietary accounts; futures commission merchants (''FCMs'') submitting orders on behalf of their customers; and commodity pool operators, commodity trading advisors, or introducing brokers (''IBs'') submitting orders for or on behalf of U.S. customers, provided that a registered FCM or firm exempt from registration as an FCM acts a clearing firm and guarantees all transactions). *See also* 17 CFR part 30 (describing the brokers that can intermediate foreign futures and options transactions to U.S. customers).

[32] *See* 2009 Exemptive Order, 74 FR 32204 (noting the additional requirements of foreign physical delivery and foreign offsetting transactions).

[33] A ''foreign private issuer'' is a foreign issuer other than a foreign government, except for an issuer that as of the last business day of its most recently completed second fiscal quarter has more than 50% of its outstanding voting securities directly or indirectly held of record by U.S. residents and meets any of the following: a majority of its executive officers or directors are citizens or residents of the United States, more than 50% of its assets are located in the United States, or its business is principally administered in the United States. 17 CFR 230.405; 17 CFR 240.3b–4.

[34] The underlying security must be (1) issued by a foreign private issuer and have its primary trading market outside the U.S. or (2) a debt security issued or guaranteed by a foreign government that is eligible to be registered with the Commission under Schedule B of the Securities Act of 1933. *See* 2009 Exemptive Order, 74 FR 32202. The Commission has not addressed the status of the EU under either condition.

[35] For example, if the issuer of EU debt obligations is a foreign private issuer or the debt security is issued or guaranteed by a foreign government and is eligible to be registered with the Commission under Schedule B of the Securities Act of 1933 and the other conditions of the Exemptive Order are met, the 2009 Exemptive Order would be available. *See* 2009 Exemptive Order, 79 FR 32202 (explaining the requirements for the underlying security). Apart from underlier-related requirements, the 2009 Exemptive Order also imposes lifecycle-related requirements, including foreign settlement and clearing; foreign physical delivery; and foreign offsetting transaction requirements. *See* 2009 Exemptive Order, 74 FR 32207. In addition, as the foreign underliers would not be registered in the U.S., the 2009 Exemptive Order only permits access to the products by QIBs, who were determined to be ''in the category of persons able to fend for themselves and ha[ve] access to the same kind of information that would be disclosed in registration.'' 2009 Exemptive Order, 74 FR 32202 n.39. Lastly, the 2009 Exemptive Order requires the transactions to ''be effected on, or subject to the rules of, an exchange or contract market that has its principal place of business outside the U.S. and that is regulated as an exchange or contract market in a country other than the U.S.'' 2009 Exemptive Order, 79 FR 32204.

[36] *See infra* section IV.B.1.

[37] Eleven of the twenty-one countries listed in the Rule are member states of the EU. These include France, Austria, Denmark, Finland, the Netherlands, Germany, Ireland, Italy, Spain, Belgium and Sweden. *See* 17 CFR 240.3a12–8(a)(1)(v), (vii) through (x), (xii) through (xv), (xx), and (xxi).

[38] Under section 3(a)(12) of the Exchange Act, the term ''exempted security'' includes ''such other securities . . . as the Commission may [exempt], by such rules and regulations as it deems consistent with the public interest and the protection of investors . . .'' Exchange Act section 3(a)(12), 15 U.S.C. 78c(a)(12).

[39] Rule 3a12–8 applies solely to the futures contracts on the debt and does not affect the regulatory treatment of the underlying debt securities. *See* 17 CFR 240.3a12–8. The underlying debt securities remain subject to the registration requirements of the Securities Act, unless an exemption from registration is available. *See* Schedule B, 15 U.S.C. 77aa *and* 15 U.S.C. 77g(1)(a) (permitting foreign governments and political subdivisions to register securities). *See also* 15 U.S.C. 77d(a)(2) (exempting transactions not involving a public offering from section 5 registration requirements of the Securities Act); 17 CFR 230.144A (providing a safe-harbor exemption from the registration requirements for resales of restricted securities to QIBs); Resale of Restricted Securities; Changes to Method of Determining Holding Period of Restricted Securities under Rules 144 and 145, Securities Act Release No. 6862 (Apr. 23, 1990), 55 FR 17933 (Apr. 30, 1990).

futures on the debt of the EU should be subject to the same regulatory treatment under the Rule as futures on the debt of eleven of its member states, which are included in the Rule as Designated Foreign Governments. The proposed amendment would address the regulatory treatment of EU debt obligations by: (i) adding the debt obligations of the EU to the Rule's definition of Designated Foreign Government Securities, which would designate such debt as exempted securities solely for purposes of the offer, sale, or confirmation of sale of Qualifying Foreign Futures Contracts on those obligations; and (ii) adding a definition of ''debt obligation of the European Union'' to identify the instruments within the Rule's scope.

A. The Status of the EU Under the Rule Relative to Other Designated Foreign Governments

As a general matter, the regime established by the CFMA for security futures, as well as the Commission's 2009 Exemptive Order, address the regulation of security futures under the Federal securities laws. Since the passage of the CFMA, the Rule has remained unchanged, and as a result, market participants have continued to rely upon the Rule for transactions in Qualifying Foreign Futures Contracts. U.S. investors, however, currently experience differing access to hedging, asset allocation and risk management opportunities via futures referencing debt obligations of the eleven member states of the EU that are Designated Foreign Governments than they do for futures referencing EU debt obligations, as the latter are not currently included in Rule 3a12–8. Their inclusion would create additional avenues, outside of the CFMA regulatory framework and apart from the 2009 Exemptive Order, for investors to trade futures on EU debt obligations: as futures on exempted securities, futures on EU debt obligations would be accessible to investors on FBOTs providing direct access.[40]

The EU and its debt obligations present distinctive economic and institutional characteristics.[41] Accordingly, and as discussed further below, the Commission is proposing to include the debt obligations of the EU in the list of Designated Foreign Government Securities in Rule 3a12–8.

The Commission has considered the classification of the EU, particularly in the context of bond issuance.[42] While it is not a nation-state (as the sovereigns included in the Rule), the EU is a unique issuer[43] that appears to be increasingly viewed by market participants as a sovereign issuer in capital markets.[44] Correspondingly, EU bonds are often viewed as comparable to those of sovereign member states of the EU.[45] In terms of classification, the European Central Bank ''ECB'') assigns EU bonds to the same haircut category as sovereign bonds.[46]

Rule 3a12–8 applies to the debt obligations of 21 sovereign nations,[47] over half of which are EU member states.[48] Thus, as detailed below, the EU

[40] *See supra* notes 30 through 32 and accompanying text.

[41] *See* European Commission, Facts and Figures on the European Union, *available at https://european-union.europa.eu/principles-countries-history/facts-and-figures-european-union_en* (describing the EU's shared market, integrated economic area, regulatory alignment, and partial monetary integration (21 out of 27 countries use the Euro as official currency)). Elsewhere, Commission staff has noted the ''integration of the capital markets within the European Union as a result of application of EU-wide laws and regulations relating to prospectuses, transparency, trading and other matters.'' *See,* SEC, Staff Guidance, Corporate Finance Interpretations: Securities Act Rules (Dec. 8, 2016), *available at https://www.sec.gov/rules-regulations/staff-guidance/corporation-finance-interpretations/securities-act-rules#277.03* (stating that for purposes of Rule 903(b)(1)(ii) eligibility, offerings directed into the EU may satisfy the single country requirement). Commission staff statements represent the views of the staff. They are not a rule, regulation, or statement of the Commission. Furthermore, the Commission has neither approved nor disapproved their content. These staff statements, like all staff statements, have no legal force or effect: they do not alter or amend applicable law; and they create no new or additional obligations for any person.

[42] Bonds are the EU's main funding instrument. *See* European Commission, Funding Instruments, *available at https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/funding-instruments_en.* As such, discussions regarding the EU's debt obligations revolve primarily around bonds. This release uses the umbrella term ''debt obligations'' to refer to both bonds and bills issued by the EU. References to ''bonds'' (and ''EU bonds'') are limited to instances in which the relevant source contains data that is specific to EU bonds.

[43] As the European Commission is the agent executing issuances on behalf of the EU and the EU is the obligor directly responsible for repayment, this release refers to the EU as the issuer, consistent with the approach used in European Commission investor documents and in various reports. *See, e.g.,* European Commission, EU Investor Presentation: Investing in EU-Bonds & EU-Bills (Oct. 1, 2022), *available at https://commission.europa.eu/document/download/671431d2-89d7-4655-83d6-9bf5a09611df_en?filename=eu_investor_presentation_01oct2022.pdf* (describing the role of ''the EU as an issuer'' throughout); European Commission, EU Global Investor Call (Dec. 12, 2025), *available at https://commission.europa.eu/document/download/29385658-c97e-46b2-a089-b01e3b70d6bc_en?filename=EU%20Global%20Investor%20Call%20Presentation_vf2.pdf* (referring to ''EU issuances'').

[44] As of 2025, the International Capital Market Association (''ICMA'') includes bonds issued by the EU in its European Sovereign Bond Data report, a step which is ''intended to reflect the growing scale of issuance and turnover in EU bonds and a wider market shift toward the classification of the EU as a sovereign borrower.'' *See* International Capital Market Association, ICMA Publishes its Semi-annual Report that Provides Detailed Data on EU and UK Sovereign Bond Market Trading Activity (Aug. 27, 2025), *available at https://www.icmagroup.org/News/news-in-brief/icma-publishes-its-semi-annual-report-that-provides-detailed-data-on-eu-and-uk-sovereign-bond-market-trading-activity-2/. See also* International Capital Market Association, Secondary Market Practices Committee, European Secondary Market Data Report—H2 2025—Sovereign Edition (Apr. 28, 2026) at 4, *available at https://www.icmagroup.org/assets/documents/Regulatory/Secondary-markets/ICMA-Secondary-Market-Practices-Committee-European-Secondary-Market-Data-Report-H2-2025-Sovereign-Edition-April-2026-280426.pdf* (analyzing sovereign bond trading activity for the full year of 2025 and noting ''the relative size and importance of EU bonds from a primary and secondary perspective'' and ''the increasing market recognition of the EU's sovereign status as an issuer'') (''ICMA H2 2025 Report''). *See also* Official Monetary and Financial Institutions Forum, Commissioner Hahn: EU Bonds Moving Closer to Sovereign Status (May 1, 2024), *available at https://www.omfif.org/2024/05/commissioner-hahn-eu-bonds-moving-into-the-market-for-sovereign-bonds/. See also* European Commission, EU Global Investor Call (Dec. 17, 2025), *available at https://commission.europa.eu/document/download/29385658-c97e-46b2-a089-b01e3b70d6bc_en?filename=EU%20Global%20Investor%20Call%20Presentation_vf2.pdf* (stating that in 2024, ''ICE created the ICE European Union Index (EG00EU) by adding EU-bonds to the ICE Euro Government Index (EG00)'').

[45] *See* European Commission, Deepening the Market for EU-Bonds: EU-Bond Investor Survey: Summary of Responses (Sept. 2023), *available at https://commission.europa.eu/document/download/1bcb556f-8942-488d-b54f-d4c6bc129aa4_en?filename=EU%20Investor%20Survey%20results.pdf* (noting that 80% of investors saw EU bonds as substitutes for core area government bonds). *But see* Alexandra Born et al., European Central Bank, Do EU SURE and NGEU bonds contribute to financial integration? (June 6, 2024), available at *https://www.ecb.europa.eu/press/fie/box/html/ecb.fiebox202406_06.en.html* (''While EU bonds fulfil[l] most of the criteria to be a safe asset, market participants still consider them to be more like those of other supranational issuers than the highest quality bonds of euro area sovereign issuers'').

[46] Under the ECB's collateral framework, bonds issued by the EU are assigned to Haircut Category I, alongside sovereigns. *See* European Central Bank, Deriving the Haircut Category, *available at https://www.ecb.europa.eu/mopo/coll/risk/liquidity/html/index.en.html* (noting that bonds issued by the European Union are included in Haircut Category I, rather than in Category II, which consists of supranational issuers). With respect to the U.S., while the EU is not explicitly treated as a sovereign under the U.S. Uncleared Margin Rules, it does receive favorable treatment on par with central governments. *See* note 75 *infra* and accompanying text. It also receives favorable treatment under U.S. regulatory capital requirements, with exposure to the European Commission, the entity empowered to borrow on behalf of the EU, assigned a zero percent risk weight, the same percentage of risk weight assigned to an exposure that is directly and unconditionally guaranteed by the U.S. government. *See* 12 CFR 217.32(b) (placing the European Commission in the category of ''certain supranational entities and multilateral development banks'' that receive zero percent risk weight).

[47] *See* text accompanying *supra* note 7.

[48] *See supra* note 37.

is substantially represented and functionally captured in the Rule according to various measures, including Gross Domestic Product (''GDP'') and bond market activity.

First, the eleven member states included in the Rule collectively account for more than 80% of the aggregate GDP of the EU.[49] The EU is thus substantially represented in economic terms, as the bulk of its economic base is captured by the sovereigns already designated by the Rule; its inclusion in the Rule would formalize this representation.

Second, the EU is substantially represented within the Rule in terms of sovereign bond market activity as reflected in both total notional traded and transaction frequency. Close to 70% of the actively traded sovereign bonds within the EU are reflected in the Rule via Italy, Germany, France and Spain.[50] The Rule's scope thus already overlaps with the EU's core sovereign issuers. The same four EU member states also account for more than half of all sovereign bond trades within the EU.[51]

Across multiple dimensions, including number of transactions, notional traded, and economic size (GDP), the Designated Foreign Governments included in the Rule represent a substantial share of the EU market.

B. Rule 3a12–8 Inclusion Considerations

The Commission may expand the list of Designated Foreign Governments if it finds that it is consistent with the public interest and the protection of investors.[52] To this end, and as discussed in greater detail below, the Commission has considered credit worthiness,[53] trading data [54] and the availability of investor information [55] in expanding the list of Designated Foreign Governments in Rule 3a12–8. Credit worthiness underpins the safety (ability of the issuer to satisfy the payment obligations) of the underlying debt.[56] Trading data evidencing high liquidity reduces the risk of market manipulation, as more participants and larger volumes render it more difficult for individual actors to engage in manipulative strategies.[57] The availability of investor information allows investors to make informed choices and appropriately judge risks before investing in the futures markets.[58] In addition, the Qualifying Foreign Futures Contracts are not unregulated, but rather are regulated under the CFTC's futures regulatory regime.[59]

In the most recent determinations to amend the Rule to include Sweden and Belgium, the Commission considered credit ratings [60] and trading data [61] as evidence of an active and liquid secondary trading market for the security. The types of trading data evidencing an active and liquid market that were considered by the Commission included public debt

[49] In 2025, the eleven member states that are included in the Rule accounted for 83.24% of the EU's GDP, according to staff estimates. To arrive at this figure, staff aggregated the GDP of the eleven member states and divided the resulting figure by the total GDP of the EU ($21,243,212.57). The figures, stated in millions, used for the calculation are as follows: Germany ($5,050,922.93), France ($3,366,315.93), Italy ($2,551,556.95), Spain ($1,906,453.31), Netherlands ($1,332,767.65), Belgium ($725,466.46), Ireland ($721,701.36), Sweden ($668,998.66), Austria ($579,470.02), Denmark ($462,526.66) and Finland ($317,039.37). *See* World Bank Group, GDP (current US$—European Union), *available at https://data.worldbank.org/indicator/ny.gdp.mktp.cd?locations=eu* (showing 2025 GDP and relying upon figures from National Statistical Organizations and/or Central Banks, Organization for Economic Co-operation and Development (OECD), and World Bank staff estimates).

[50] International Capital Market Association, Secondary Market Practices Committee, European Secondary Market Data Report—H1 2025—Sovereign Edition (Aug. 27, 2025) at 17, *available at https://www.icmagroup.org/assets/documents/Regulatory/Secondary-markets/ICMA-Secondary-Market-Practices-Committee-European-Secondary-Market-Data-Report-H1-2025-Sovereign-Edition.pdf* (providing 42 months of aggregated bond market data, covering the period of January 2022 through to June 2025) (''ICMA H1 2025 Report''). In terms of the total notional traded in the first half of 2025 within the EU, the top issuer countries are Italy (40% of total notional (€6,730 billion)), Germany (11% of total notional (€1,897 billion)), France (11% of total notional (€1,862 billion), and Spain (5% of total notional (€843 billion)). U.S. treasuries constituted 19% (€3,261 billion) of total notional volume and other issuers totaled 8% (€1,410) of the market share. *See* ICMA H1 2025 Report, 17.

[51] Four EU member states are among the top six issuers and account for close to 60% of the sovereign bond trades within the EU: Italy: 39% (1,379,795 trades); Germany: 8% (283,586); France: 6% (218,936 trades); Spain: 5% (175,809). The other two issuer jurisdictions are the U.S. (26% (947,654 trades)) and ''other'' European issuers (12% (423,249 trades)). *See* ICMA H1 2025 Report, 23.

[52] *See* 15 U.S.C. 78c(a)(12)(A)(vii).

[53] *See infra* note 60 (noting that credit ratings were considered in the addition of Sweden and Belgium).

[54] *See infra* notes 63 (Belgium's and Sweden's respective total trading volumes), 64 (Belgium's and Sweden's respective average trading volumes), and 65 (Belgium's and Sweden's respective number of transactions).

[55] *See infra* note 70 (noting that the availability of investor information was considered in the addition of Japan, Australia, France and New Zealand).

[56] *See* Ireland and Italy Release, 57 FR 1377 n.22 (noting that credit assessments reflect ''capacity to pay interest and repay principal'').

[57] *See infra* note 166 (discussing the relationship between liquidity and manipulation risks).

[58] *See infra* note 93.

[59] The CFTC regulates both domestic and foreign exchanges. First, futures are generally traded on Designated Contract Markets (''DCMs''), which are governed by the CFTC rules set out in 17 CFR part 38. *See e.g.,* 17 CFR 38.651 (requiring DCMs to establish rules ''designed to promote fair and equitable trading and to protect the market and market participants''). Second, the CFTC has established a customer protection regime that is applicable to Futures Commission Merchants (FCMs) holding customer assets. *See e.g.,* 17 CFR 1.10 through 1.18 (reporting requirements); 17 CFR 1.20 (segregation of customer assets); 17 CFR 1.22 (restrictions on use of customer funds); 17 CFR 1.31 through 1.39 (recordkeeping requirements); 17 CFR 1.44 (margin adequacy requirements); 17 CFR 1.55 (risk disclosure statements). Customer protections also extend to transactions on foreign boards of trade. Foreign boards of trade that seek to provide direct access to persons in the U.S. must be registered with the CFTC under its ''FBOT'' framework. *See* 17 CFR 48.3. To be eligible for registration, an FBOT must satisfy certain investor protection-related requirements. *See* 17 CFR 48.2(b)(1) through (5) (requiring that an FBOT possess the attributes of an established exchange, adhere to rules prohibiting abusive practices, enforce rules to maintain market and financial integrity, be authorized by a regulatory process that examines customer and market protections, and be subject to continued oversight by a regulator that has power to intervene in the market and the authority to share information with the CFTC). FCM protections extend to U.S. customers who transact on registered FBOTs. *See* 17 CFR 48.4(b)(2) (listing FCMs as one of the types of intermediaries that may apply to an FBOT for direct access to enter orders on behalf of U.S. customers). Other registered intermediaries, such as commodity pool operators (CPOs), commodity trading advisors (CTAs), and introducing brokers (IBs), also may have direct access to transact on behalf of U.S. customers, provided that the transactions are cleared by an FCM or a foreign clearing firm that is exempt from FCM registration and located in a jurisdiction that the CFTC has determined to have a comparable framework pursuant to 17 CFR 30.10. *See* 17 CFR 48.4(b)(3) and (4). The CFTC, through the aforementioned comparability assessment (of the regulatory regime in the jurisdiction of the foreign clearing firm) analyzes whether customers engaging with non-FCM intermediaries are afforded protections similar to those afforded to customers engaging with FCMs. *See* 17 CFR 48.4(b)(3) and (4) (''provided that a futures commission merchant registered with the Commission as such or a firm exempt from such registration pursuant to [17 CFR 30.10] acts as a clearing firm and guarantees, without limitation, all trades''); 17 CFR part 30, Appendix A (setting forth elements used to assess comparability). In addition to the protections of the FCM regime, further protections specific to U.S. customers transacting in foreign futures are provided in Part 30. *See e.g.,* 17 CFR 30.6 (risk disclosure requirements), 30.7 (secured amount requirements) & 30.9 (anti-fraud provisions).

[60] The Commission previously considered credit ratings as indirect evidence of liquidity. *See, e.g.,* Sweden Release, 64 FR 29552 (considering whether ''the particular sovereign debt had been rated in one of the two highest rating categories by at least two nationally recognized statistical rating organizations''); Belgium Release, 64 FR 10565 n.15 (citing Moody's and S&P ratings).

[61] *See infra* notes 63–67.

outstanding,[62] total trading volume,[63] average trading volume[64] and the number of transactions.[65] For Sweden, in addition to the market for bonds, the Commission also considered the market for bills,[66] including total and average trading volume, as well as the number of transactions.[67] Earlier, when amending the Rule to include Mexico, Brazil, Argentina, and Venezuela, the Commission considered primarily whether market evidence indicated that an active and liquid secondary trading market existed.[68] Prior to the addition of those countries, the Commission principally considered whether the particular sovereign debt had been rated in one of the two highest rating categories by at least two nationally recognized statistical rating organizations.[69] When adding Japan, as well as when adding Australia, France and New Zealand, the Commission noted that the availability of investor material in the English language was relevant to a U.S. investor's ability to make an informed decision.[70] All three criteria, credit worthiness, trading data, and the availability of investor information, support the inclusion of EU debt obligations in the definition of Designated Foreign Government Security.

1. Credit Worthiness of the EU

For purposes of including EU debt obligations in the Rule, the Commission is considering the credit worthiness of the EU; however, the Commission is not considering credit ratings as a means of measuring credit worthiness.[71] The Commission is taking into consideration other means of measuring credit worthiness, such as the risk weight assigned by the Office of the Comptroller of the Currency (''OCC''), Board of Governors of the Federal Reserve System (''Federal Reserve''), and the Federal Deposit Insurance Corporation (''FDIC,'' together with the OCC and Federal Reserve, the ''Prudential Regulators'') under the regulatory capital requirements.

Regulatory capital rules and requirements promulgated by the Prudential Regulators, which assign a zero percent risk weight to exposures to the European Commission (the EU's issuance agent), serve as an indicator of credit quality and as indirect evidence of liquidity.[72] Debt obligations of the EU constitute a type of exposure to the European Commission. The zero percent risk weight—the same percentage of risk weight assigned to an exposure that is directly and unconditionally guaranteed by the U.S. government[73]—assigned by the Prudential Regulators to exposures to the European Commission reflects their treatment as high quality and low credit risk obligations, which enhances their liquidity profile. The risk weights assigned by the Prudential Regulators support the inclusion of the EU debt obligations in the Rule.

Furthermore, for the purposes of the U.S. Uncleared Margin Rules,[74] EU debt is treated similar to how other central government, multilateral development bank and government-sponsored enterprise (''GSE'') debt is treated, with haircuts assigned based on asset type

[62] *See* Sweden Release, 64 FR 29552 (''total Swedish public debt outstanding was equivalent to approximately $173 billion''); Belgium Release, 64 FR 10564 (noting that Belgium had an outstanding public debt equal to approximately $264 billion at the end of 1997). In adding the four countries prior to Belgium (Mexico, Brazil, Argentina and Venezuela), the Commission similarly considered public debt outstanding. *See* Mexico Release, 60 FR 62323 (outstanding Mexican government debt amounted to approximately $87.5 billion face value as of March 31, 1995); Brazil, Argentina, and Venezuela Release, 61 FR 10271 (public and publicly guaranteed debt of Brazil, Argentina and Venezuela amounted to approximately $86 billion, $55 billion and $74 billion, respectively, as of Dec. 31, 1993).

[63] *See* Sweden Release, 64 FR 29552 (noting that secondary market trading in Treasury bonds amounted to approximately $1.2 trillion in 1996, approximately $1.3 trillion in 1997, and approximately $1.2 trillion in 1998); Belgium Release, 64 FR 10566 (noting that the total value of bonds traded on an annual basis of approximately $1.89 trillion in 1997, $1.86 trillion in 1996, $1.70 trillion in 1995, and $1.30 trillion in 1994).

[64] For Sweden, the Commission was provided the monthly average daily trading volume, while for Belgium it was provided the average daily trading volume across the entire year. *See* Sweden Release, 64 FR 29552 (noting that the average daily trading volume ranged from approximately $2.1 billion for the month of July 1998 to approximately $8.3 billion for the month of October 1997); Belgium Release, 64 FR 10566 (stating that the average value traded on a daily basis was equivalent to approximately $7.60 billion in 1997, $7.44 billion in 1996, $6.79 billion in 1995, and $5.23 billion in 1994).

[65] For Sweden, the Commission considered the total number of transactions in a given year, while for Belgium, the Commission considered the average number of transactions per day in a given year. *See* Sweden Release, 64 FR 29552 (noting approximately 109,100 transactions in benchmark Swedish treasury bonds in 1997 and 274,000 in 1998; 27,500 transactions in non-benchmark Swedish treasury bonds in 1997 and 7,900 in 1998; and 2,000 transactions in inflation-linked Swedish treasury bonds in 1997 and 10,800 in 1998); Belgium Release, 64 FR 10566 (noting that the average number of Belgian bond trades on a daily basis was approximately 472 in 1997, 571 in 1996, 614 in 1995, and 636 in 1994).

[66] It appears that the Commission analyzed total trading volume, average trading volume, and total number of transactions for Belgian bonds, but it did not do so for Belgian bills.

[67] Sweden Release, 64 FR 29552 (noting that secondary market trading in Swedish treasury bills amounted to approximately $440 billion in 1996, approximately $488 billion in 1997, and approximately $447 billion in 1998); 64 FR 29552 (noting that the average daily trading volume from 1996–1998 ranged from approximately $1.2 billion for the month of May 1996 to approximately $2.6 billion for the month of March 1997); 64 FR 29552 (noting approximately 38,600 transactions in Treasury bills in 1997 and 76,800 transactions in 1998).

[68] *See, e.g.,* Mexico Release, 60 FR 62323 (amending the Rule to add Mexico because the Commission believed that as a whole, the market for Mexican sovereign debt was sufficiently liquid and deep for the purposes of the Rule); Brazil, Argentina, and Venezuela Release, 61 FR 10271 (amending the Rule to add Brazil, Argentina and Venezuela because the Commission believed that the market for the sovereign debt of those countries was sufficiently liquid and deep for the purposes of the Rule).

[69] *See, e.g.,* Ireland and Italy Release, 57 FR 1375 (amending the Rule to include debt securities issued by Ireland and Italy where Ireland's long-term sovereign debt was rated Aa3 by Moody's and AA− by S&P, and Italy's long-term sovereign debt was rated Aaa by Moody's and AA+ by S&P); and Spain Release, 59 FR 54812 (amending the Rule to include Spain, which had long-term debt ratings of Aa2 from Moody's and AA from S&P).

[70] *See* Japan Release, 51 FR 25997 (noting access to information in English). *See also* Australia, France and New Zealand Release, 52 FR 42278 (noting the relevance of investor information regarding futures markets and the underlying securities markets).

[71] The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (''Dodd-Frank Act'') instructed the Commission to remove from its regulations any references to credit ratings and replace them with alternative standards of creditworthiness. *See* Public Law 111–203, sec. 939A(b), 124 Stat. 1376, 1872–90 (2010).

[72] Exposure to the European Commission, the entity empowered to borrow on behalf of the EU, is assigned a zero percent risk weight under rules promulgated by the Prudential Regulators: ''[Each respective institution] must assign a zero percent risk weight to an exposure to the Bank for International Settlements, the European Central Bank, the European Commission, the International Monetary Fund, the European Stability Mechanism, the European Financial Stability Facility, or an MDB.'' 12 CFR 217.32(b) (Federal Reserve); 12 CFR 3.32(b) (OCC); 12 CFR 324.32(b) (FDIC). Each of the rules places the European Commission in the category of ''certain supranational entities and multilateral development banks.'' *See* 12 CFR 3.32(b); 12 CFR 217.32(b); 12 CFR 324.32(b). Although risk weight applies to an investor's exposure rather than to the debt obligation itself, a lower risk weight renders it more palatable for regulated investors (*e.g.,* banks) to hold and trade the instrument (because the amount of capital that it must hold to guard against default is lower); an increased likelihood of holding and trading the instruments may, in turn, translate into increased engagement by market participants, thus indirectly increasing liquidity in the secondary market.

[73] Exposure to the European Commission, the entity empowered to borrow on behalf of the EU, is assigned a zero percent risk weight under rules promulgated by the Prudential Regulators. *See* note 72, *supra.* Exposures to the U.S. government, its central bank or a U.S. government agency are also assigned a zero percent risk weight. *See* 12 CFR 3.32(a)(1); 12 CFR 217.32(a)(i); 12 CFR 324.32.(a)(1).

[74] *See* Staff of the CFTC Office of the Chief Economist, The Effect of Last Two Phases of the Uncleared Margin Rule on Participant Swap Decisions (Jan. 2023) at 1, *available at https://www.cftc.gov/sites/default/files/2023-02/j_of_soc_ada.pdf* (describing the term ''Uncleared Margin Rule'' as referring to the regulatory requirements regarding the exchange of collateral that were adopted after the 2008 financial crisis in order to mitigate systemic risk posed by over-the-counter swaps that are not centrally cleared).

and tenor buckets.[75] It is in the same category as U.S. government debt, a tier below cash collateral.[76] Finally, as discussed in the Economic Analysis, the EU debt market has also developed secondary-market infrastructure typically associated with an established sovereign-style curve, a reliable bid-offer quoting system, and a EU Repo Facility.[77] Market infrastructure developments and the regulatory treatment of EU Bonds, including the zero percent risk weighting by the Prudential Regulators, both support the addition of EU debt obligations to the list of Designated Foreign Government Securities because these factors are indicative of the credit worthiness of the EU.

2. Trading Data

An analysis of trading data for the EU indicates that it is comparable to the sovereign issuers listed in Rule 3a12–8, as discussed below. Bonds are the EU's main funding instrument.[78] Table 1 provides an overview of the outstanding EU bonds and bond/bill issuance in 2025.

TABLE 1—EU DEBT OBLIGATION METRICS: 2025 ISSUANCE AND COMPARATIVE AMOUNTS OUTSTANDING

EU Debt Obligations Overview	
EU Bonds Outstanding in 2025	€702 billion.
2025 Long-term Bond Issuance	153 billion.
2025 EU Bills Outstanding	37 billion.
2024 EU Bills Outstanding	23 billion.
2025 4th Quarter Issuance in EU Bonds	32 billion.
2025 4th Quarter Issuance in EU Bills	13 billion.

As shown in Table 1, the European Commission indicates that in 2025, the EU had €702 billion of bonds outstanding and had a record high number of bond issuances, raising €153 billion via long-term issuance.[79] It had close to €37 billion of EU-bills outstanding in mid-December 2025, up from €23 billion at year-end 2024.[80] Recent fourth-quarter 2025 reports state that during this period alone, the EU issued €32 billion in EU-bonds and €13 billion in EU-bills, representing 4.9% of total ''European sovereign issuance.'' [81] The amount in EU bonds outstanding and the number of bond and bill issuances support the inclusion of EU debt obligations in the list of Designated Foreign Government Securities in Rule 3a12–8 because it demonstrates a strong interest in trading and investing in such bills and bonds, which supports a liquid market.

Table 2 demonstrates that there is a liquid market for EU bonds in the EU and UK markets in relation to other government bonds, including those of the U.S. government and of governments that are currently included in the Rule as Designated Foreign Governments.

TABLE 2—EU AND SOVEREIGN BOND VOLUME IN THE FIRST HALF 2025

EU and Sovereign Bond Volume		
Issuer country	Notional value (€bn)	%
US	€12,767.90	34.9
Italy	8,419.70	23
Germany	3,737.80	10.20
UK	3,643.60	10
France	3,272.60	8.90
Spain	1,355.10	3.70
EU	1,145.80	3.10
Other Sovereign Bonds Traded in EU and UK Markets	2,230	6.10
Total	36,572.50	100.00

[75] *See* 17 CFR 23.156(a)(1)(iv) (establishing collateral eligibility for ''the European Central Bank or a sovereign entity that is assigned no higher than a 20 percent risk weight under the capital rules applicable to swap dealers subject to regulation by a prudential regulator''); 17 CFR 23.151 (defining ''sovereign entity'' to mean ''a central government (including the U.S. government) or an agency, department, ministry, or central bank of a central government''); 17 CFR 23.156(a)(3)(i)(B) (standardized haircut schedule where ''eligible government and related debt (*e.g.,* central bank, multilateral development bank, GSE securities identified in paragraph (a)(1)(iv) of this section)'' with a residual maturity of less than one year, between one and five years, and greater than five years receive a 0.5%, 2% and 4% haircut, respectively). *See also* CFTC, Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants, 81 FR 636, 665 (Jan. 6, 2016) (stating that one of the fundamental characteristics of margin assets is that they ''be liquid and, with haircuts, hold their value in times of financial stress'').

[76] *See* 17 CFR 23.156(a)(3)(i)(B) (standardized haircut schedule assigning haircut by asset and tenor buckets where only cash collateral receives a more favorable haircut (zero percent) than the category that would encompass EU bonds).

[77] See infra IV.B.3.

[78] European Commission, Funding Instruments, *available at https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/funding-instruments_en.* Auctions and syndicated transactions of the bonds are facilitated by the EU Primary Dealer Network, which ensures the placement of EU debt with the widest possible investor base. European Commission, The Role of the EU Primary Dealer Network, *available at https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/primary-dealer-network_en.*

[79] European Commission, EU Global Investor Call (Dec. 12, 2025), *available at https://commission.europa.eu/document/download/29385658-c97e-46b2-a089-b01e3b70d6bc_en?filename=EU%20Global%20Investor%20Call%20Presentation_vf2.pdf.*

[80] *Id.*

[81] Association for Financial Markets in Europe (AFME), Government Bond Data Report (March 23, 2026) at 3, available at *https://www.afme.eu/media/cfgke0pl/government-bond-data-report-q4-2025-2025fy.pdf* (utilizing European Central Bank data to illustrate that ''total (bond and bill) issuance in 4Q25 continued at historically high levels with volumes (including EU Commission issuance) representing the highest fourth quarter total on record'') (''AFME Report''). Despite record levels, the share represented by EU bonds and bills dropped from 5.3% in the fourth-quarter of 2024 to 4.9% in 2025. *See* AFME Report, 3.

As indicated in Table 2, EU bonds ranked seventh in terms of notional value of trades across the EU and UK markets, with a turnover of €1,145.8 billion and a 3.1% market share, during the first half of 2025.[82] The six issuers ranking above the EU were the U.S., Italy, Germany, UK, France and Spain, which together accounted for 91% of the traded volume across the EU and UK markets.[83] Notably, although constituting only 3.1% of the market share, the total volume of EU bonds traded was four times higher in the first half of 2025 than in the first half of 2022, signaling a positive trend.[84] By the end of 2025, the volume of EU bonds traded increased more than five-fold since 2022.[85] Accordingly, the EU bond market has a liquidity profile based on the volume of trading that is comparable to the bonds of other Designated Foreign Governments that are EU member states, which supports the inclusion of EU debt obligations in the definition of Designated Foreign Government Security in Rule 3a12–8.

TABLE 3—TOP 10 EU AND SOVEREIGN BONDS BY TRADE SIZE IN THE FIRST HALF 2025

Country	Average trade size	Median trade size	25th Percentile	75th Percentile
EU	12,111,253	2,500,000	71,000	15,042,307
France	9,895,689	824,833	60,000	7,213,443
Germany	7,158,445	1,150,000	116,100	5,571,992
Sweden	6,848,674	831,369	69,190	5,128,428
Greece	6,661,479	500,000	16,000	5,208,333
United States	6,523,034	2,773,348	883,284	6,469,412
United Kingdom	6,163,187	351,181	44,117	3,409,221
Spain	5,640,625	404,000	40,000	4,878,352
Netherlands	5,410,896	580,000	45,000	5,075,000
Italy	5,201,927	2,500,000	190,000	5,349,214

As Table 3 demonstrates, in the first half of 2025, the average trade size for EU bonds stood at €12,111,253 and the median at €2,500,000.[86] By comparison, larger sovereign issuers such as France and Germany had average trade sizes of €9,895,689 and €7,158,445 and median trade sizes of €824,833 and €1,150,000, respectively, while Swedish-issued bonds had an average trade size of €6,848,674 and a median of €831,369.[87] In addition to outperforming peer issuers in terms of average trade size, in the second quarter of 2025, the EU posted a 7% increase in average trade size relative to the first quarter of 2022, underscoring its positive momentum.[88] Accordingly, the trade size of EU bonds, which demonstrates that there is sufficient liquidity in the market to handle larger order sizes, in relation to other bonds issued by Designated Foreign Governments, supports the inclusion of EU debt obligations in the definition of Designated Foreign Government Security.

Spain, a government that is included in Rule 3a12–8, provides a useful comparison, given the similarity in trading volume of its bonds (''Spanish Bonos''), with which to analyze the trading data of EU bonds. EU bonds and Spanish Bonos share similar volumes and represent comparable shares in EU and UK markets.[89] During the first half of 2025, in the EU market, Spanish Bonos record a total notional value of €843 billion and a market share of 5%, while EU bonds record a total notional value of €620 billion and a market share of 4%.[90] Similarly, in the UK market, the traded notional value of Spanish Bonos is €512 billion and for EU bonds it is €526 billion, with each constituting 3% of the market share.[91] By the end of 2025, across the EU and the UK, each constituted 4% of the total traded volume.[92]

3. Investor Information

In addition to the market-based criteria discussed above, the Commission considers the availability of investor information to be a relevant factor in the inclusion determination because it enhances investor protection. For example, the Commission has historically considered the availability of information in the English language to weigh in favor of inclusion.[93] U.S. market participants have sufficient access to reliable information (in the English language) about EU debt obligations. The European Commission has a platform dedicated to investor relations, providing various types of information and resources including key details related to the debt instruments, various aspects of the issuance process, as well as transaction data.[94]

In summary, the Commission's consideration of the above-described factors suggests that futures on the debt obligations of the EU should be subject to the same regulatory treatment under the Rule as futures on the debt obligations of the Designated Foreign Governments. Accordingly, consistent with the public interest and for the protection of investors, the Commission is proposing to amend Rule 3a12–8 to include the EU as a Designated Foreign Government.

[82] ICMA H1 2025 Report, 10.

[83] ICMA H1 2025 Report, 10.

[84] *See* ICMA H1 2025 Report, 15.

[85] ICMA H2 2025 Report, 8.

[86] The data covers trades across EU and UK markets in the first half of 2025. *See* ICMA H1 2025 Report, 24. In the UK, EU bonds traded at an average size of €16,875,432, 73% higher than in the EU, where the average stood at €9,773,231; Spanish Bonos traded an average trade size of €7,950,096 in the UK, 66% above their average in the EU at €4,794,177. ICMA H1 2025 Report, 29.

[87] *See* ICMA H1 2025 Report, 24.

[88] *See* ICMA H1 2025 Report, 26 (''EU bonds have surpassed their previous benchmark and are trading at an average size 7% higher than in Q1 2022 . . . [w]hile all other countries in the peer group continue to trade below their 2022 averages [but are showing signs of recovery]'').

[89] ICMA H1 2025 Report, 17.

[90] ICMA H1 2025 Report, 17. These are higher than UK Gilts, which stand at €342 and a 2% market share. *See* ICMA H1 2025 Report, 17.

[91] ICMA H1 2025 Report, 17.

[92] *See* ICMA H2 2025 Report, 8.

[93] *See, e.g.,* Japan Release, 51 FR 25997 (''satisfied that United States citizens have sufficiently ready access to information in English in which to make informed trading decisions''). *See also* Australia, France and New Zealand Release, 52 FR 42278 (''all petitioners that requested that Rule 3al2–8 be expanded to cover the debt securities of Australia, France and New Zealand noted in their petitions that United States investors should have sufficient access to information in English concerning the relevant futures markets and underlying debt instruments''). But *see* UK and Canada Release, 49 FR 8597. When adding the UK and Canada, the Commission declined to incorporate a disclosure requirement into the Rule, but it noted that investors had access to information about the governments, as both countries had government debt issues registered in the U.S. The Commission did not address the availability of investor information when adding Sweden and Belgium.

[94] See generally, European Commission, The EU as Borrower—Investor Relations, *available at https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations_en.*

C. Request for Comment

The Commission generally requests comment from the public on the proposed amendment to Rule 3a12–8 to designate the debt obligations of the EU as exempted securities solely for the purposes of the offer, sale or confirmation of sale of Qualifying Foreign Futures Contracts on those debt obligations. More specific requests for comment are set forth below. Responses supported by empirical data are particularly helpful.

Q1. Are the factors used by the Commission to determine whether the list of Designated Foreign Governments should be expanded sufficiently broad? Should the Commission revise its approach or consider additional criteria or factors?

Q2. Are the measures of what constitutes a liquid and active secondary market in EU debt obligations described in this release appropriate? If not, what other measures of liquidity should the Commission consider?

Q3. What are the commenters' views regarding the sufficiency or robustness of the factors and data used by the Commission in section III.B. to support its views of the EU and its debt obligations? Should other factors or evidence be considered by the Commission in deciding whether to add the EU to the Rule? If so, what additional evidence should the Commission consider in deciding whether to add the EU to the Rule?

Q4. As discussed above, the Dodd-Frank Act instructed the Commission to remove from its regulations any references to credit ratings and replace them with alternative standards of creditworthiness. As a result, the Commission is taking into consideration other means of measuring credit worthiness for the purposes of including EU debt obligations in the Rule. Is the Commission's consideration of risk weight in the context of this proposal appropriate? Should other alternatives be considered and if so, which?

Q5. Is the Commission's consideration of collateral eligibility as an indicator of liquidity appropriate in the context of this proposal? Should other indicators of liquidity be considered? Please explain.

Q6. Do commenters believe that the Commission's assessment of the EU as a ''unique'' issuer akin to a sovereign issuer in capital markets is accurate? Is the assessment that EU debt obligations are comparable to those of sovereign members of the EU appropriate? Are there other metrics that the Commission should have considered in analyzing the EU's status relative to other sovereigns or supranationals?

Q7. Is the fact that eleven EU member states already qualify as Designated Foreign Governments under the Rule a relevant factor weighing in favor of adding the EU to Rule 3a12–8? Given that more than half of the Designated Foreign Governments included in Rule 3a12–8 are EU member states, do commenters believe that the EU is already functionally captured in the Rule insofar as its core issuers [95] are already included in the Rule?

Q8. Do market participants agree that there is sufficient investor information regarding EU debt obligations that is publicly available to allow them to make an informed decision?

Q9. To what extent do market participants currently rely on Rule 3a12–8? Given the CFMA, as well as the 2009 Exemptive Order, should the Commission repeal the Rule? If the Commission were to repeal the Rule, what, if any, additional costs or burdens would be borne by market participants? For example, if the Commission were to repeal Rule 3a12–8, to the extent that FBOTs would be unwilling or unable to register with the Commission to offer futures on debt obligations of the Designated Foreign Governments, U.S. investors could be harmed by the loss of these hedging and risk management opportunities. Alternatively, given that the 2009 Exemptive Order also addresses futures on foreign debt,[96] do market participants view Rule 3a12–8 as obsolete, redundant or possibly a source of confusion?

Q10. Should the Commission consider amending the Rule to include the debt obligations of additional governments and/or entities in the Rule or excluding any governments from the Rule? For example, should the Commission include the debt obligations of other member states of the EU in the definition of Designated Foreign Government Securities (Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, and Slovenia)? If so, taking into account the considerations used by the Commission to add Designated Foreign Governments to the list of governments in the Rule, as described in section III.B. above, please explain why such additional governments and/or entities should be included in the Rule.

Q11. Should Rule 3a12–8 apply to cash-settled perpetual contracts to the extent they are structured as security futures (as opposed to security-based swaps) or should Rule 3a12–8 exclude such contracts? What potential impact would each approach have on markets for the underlier and for the futures markets?

D. Definitions in the Rule

1. Proposed Definition of ''Debt Obligation of the European Union''

Although there is a generally understood meaning of ''EU debt obligations'' in common and market parlance, there is not a defined term for debt obligations of the European Union in the Exchange Act, the Securities Act or the rules thereunder. Accordingly, the Commission is proposing to add the following definition: ''The term *debt obligation of the European Union* shall mean debt that is issued by the European Commission on behalf of the European Union where the borrowings are direct and unconditional obligations of the European Union.'' [97] This proposed definition is designed to be consistent with the approach used in official European Commission documents, where the EU is typically identified as both issuer and obligor, with the understanding that the EU issuances are executed by the European Commission.[98]

2. Limitations in the Current Definitions in Rule 3a12–8

As discussed above in section II, Rule 3a12–8 includes definitions that are intended to ensure that the exemption facilitates the trading of futures contracts on Designated Foreign Government Securities in the U.S. or to U.S. persons while requiring that offerings of the underlying securities comply with applicable Federal

[95] *See supra* notes 49 through 51 and accompanying text.

[96] The 2009 Exemptive Order applies to security futures based on debt that is issued or guaranteed by a foreign government that is eligible to be registered with the Commission under Schedule B of the Securities Act or based on a security that is issued by a ''foreign private issuer'' with a primary trading market outside of the U.S. *See supra* note 34.

[97] Proposed Rule 3a12–8(a)(3).

[98] The EU is the issuer of the debt, while the European Commission, its executive body, is the representative, as the European Commission is empowered by treaty to borrow on behalf of the EU. *See* European Commission, The EU as a Borrower—Investor Relations, *available at https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations_en.* The EU itself is the obligor. *See* European Commission, EU Investor Presentation: Investing in EU-Bonds & EU-Bills (Oct. 1, 2022), *available at https://commission.europa.eu/document/download/671431d2-89d7-4655-83d6-9bf5a09611df_en?filename=eu_investor_presentation_01oct2022.pdf* (''All EU borrowings are direct and unconditional obligations of the EU, and the EU is legally bound by the Treaty on the Functioning of the EU (Article 323) to service EU debt'').

securities laws. Specifically, the definition of Designated Foreign Government Security provides that such securities are neither registered under the Securities Act nor the subject of any registered American depositary receipts.[99] Additionally, the definition of Qualifying Foreign Futures Contract provides that futures contracts on a Designated Foreign Government Security must (1) require delivery outside the U.S., which includes any of its possessions or territories and (2) be traded on or through a board of trade as defined in 7 U.S.C. 2.[100]

The limitations in the Rule's definitions ensure that (i) transactions remain subject to oversight, namely that the transactions would fall under the CFTC's futures regulatory regime applicable to (both foreign and domestic) boards of trade;[101] (ii) a domestic market in foreign government securities would not develop absent registration;[102] (iii) the futures markets would not be used to avoid the registration requirements and other provisions of the Federal securities laws;[103] and (iv) the development of a domestic market in the unregistered securities is deterred by the foreign delivery requirement.[104] The limitations contained in these definitions will apply to EU debt obligations to the extent that the EU debt obligations are included in the definition of Designated Foreign Government Security.

3. Request for Comment

Q12. Should a definition of ''debt obligations of the EU'' be included within the Rule? If so, does the proposed definition of ''debt obligations of the EU'' adequately identify which EU debt obligations would be eligible under the Rule or are additional descriptors and/or definitions necessary to specify which debt obligations would qualify under the Rule? If additional descriptors are necessary, please identify and explain them.

Q13. The proposed definition of ''debt obligations of the EU'' is consistent with the approach used in official European Commission documents and is limited to borrowings that are direct and unconditional obligations of the European Union. Should the limitation to borrowings that are direct and unconditional obligations of the European Union be included in the definition of ''debt obligations of the EU'' or should it be removed? Should the definition be changed to include indirect obligations, conduit financing, or other financing structures? Alternatively, should such a limitation be added to paragraph (a)(1) of Rule 3a12–8, which would limit the term Designated Foreign Government Security to only include direct and unconditional debt obligations of the Designated Foreign Governments and the EU?

Q14. Should the debt obligations of the EU be subject to the requirements in the existing definition that the futures contract be traded on or through a board of trade? Please explain.

Q15. Should the exemption for futures on EU securities require that the underlying EU securities have been neither registered under the Securities Act nor been the subject of any American depositary receipt so registered, as required by the Rule's current definition of ''Designated Foreign Government Security''? Is the definition appropriately tailored to ensure that a market for the underlying securities does not develop in the U.S. absent compliance with the Federal securities laws?

Q16. The Rule's existing definition of a ''Designated Foreign Government Security'' requires that it be neither registered under the Securities Act nor the subject of any American depositary receipt so registered.[105] This aspect of Rule 3a12–8 was intended to ensure that a market for the underlying securities not develop in the U.S. The Commission adopted Rule 144A under the Securities Act in 1990,[106] and it has since become a typical means of offering sovereign debt to QIBs in the U.S. or offshore via a private placement allowing for subsequent resale among QIBs.[107] Should the Commission incorporate this development into the Rule by amending the definition of ''Designated Foreign Government Security'' to mean (1) a security not registered under the Securities Act of 1933 nor (2) the subject of (a) an offering under Rule 144A under the Securities Act or (b) any American depositary receipt so registered, and (3) representing a debt obligation of the issuers listed in the Rule? Please explain.

Q17. Should the Rule require that the futures contract not allow for delivery of the underlying EU securities in the U.S. or in any of its possessions or territories? Are the definitions for Designated Foreign Government Security and Qualifying Foreign Futures Contracts appropriately tailored to ensure that a market for the underlying EU securities does not develop in the U.S. absent compliance with the Federal securities laws? Please explain.

IV. Economic Analysis

A. Introduction

The Commission is mindful of the economic effects that may result from the proposed amendment to Rule 3a12–8, including the benefits, costs, and the effects on efficiency, competition, and capital formation.[108] This Economic Analysis discusses the expected economic consequences of the proposed amendment relative to the baseline, which consists of the current market and regulatory environment in the absence of the proposed amendment.

Under the current framework, futures on the debt of the twenty-one Designated Foreign Governments (11 of which are EU member states) are treated as futures on exempted securities, are subject to the exclusive jurisdiction of

[99] 17 CFR 240.3a12–8(a)(1).

[100] 17 CFR 240.3a12–8(a)(2).

[101] *See* Exemption of Certain Foreign Government Securities Under the Securities Exchange Act of 1934 for Purposes of Futures Trading, Exchange Act Release No. 24209 (March 12, 1987), 52 FR 8875 (March 20, 1987) (finding that elimination of the location requirement to allow trading on domestic boards of trade to be consistent with providing hedging opportunities and promoting competition among boards of trade) (''Location Restriction Release''). The Commission believed that the CFTC's ''oversight of domestic boards of trade would provide effective safeguards against abuse'' and that its antifraud authority would perform a similar function with respect to futures trading on foreign boards of trade. *See* Location Restriction Release, 52 FR 8877.

[102] *See* UK and Canada Release, 49 FR 8598 (explaining that ''[t]he exclusion of registered securities from the exemption was proposed to prevent futures trading from disrupting regulated markets for registered underlying securities'').

[103] *See* UK and Canada Release, 49 FR 8598 n.23 (citing concerns regarding the ''[c]ircumvention of disclosure policies'' and ''inconsistency with the Commission's general policy requiring registration prior to the distribution'' in the context of the unregistered securities requirement).

[104] *See* UK and Canada Release, 49 FR 8596–97 (''the conditions are designed to minimize the impact of the exemption on securities distribution and trading in the United States'').

[105] 17 CFR 240.3a12–8(a)(1).

[106] *See* Resale of Restricted Securities; Changes to Method of Determining Holding Period of Restricted Securities under Rules 144 and 145, Securities Act Release No. 6862 (Apr. 23, 1990), 55 FR 17933 (Apr. 30, 1990).

[107] *See* Accredited Investor Definition, Securities Act Release No. 10823 (Aug. 26, 2020), 85 FR 64234, 64257 (Oct. 9, 2020) (noting commenters' support for expanding the QIB definition in light of the growth of the Rule 144A market).

[108] Exchange Act section 3(f) requires the Commission, when it is engaged in rulemaking pursuant to the Exchange Act, and is required to consider or determine whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation. *See* 15 U.S.C.78c(f). In addition, Exchange Act section 23(a)(2) requires the Commission, when making rules pursuant to the Exchange Act, to consider among other matters, the impact that any such rule would have on competition, and not to adopt any rule that would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. *See* 15 U.S.C. 78w(a)(2).

the CFTC, and may be traded by U.S. persons on CFTC-registered FBOTs via ''direct access'' or through certain CFTC-regulated intermediaries. Rule 3a12–8 requires that futures contracts on Designated Foreign Government Securities be traded on or through a board of trade as defined in 7 U.S.C. 2., which would include both domestic futures exchanges registered as DCMs, as well as FBOTs.[109] By contrast, futures on debt issued by the EU are treated as security futures, subject to the joint jurisdiction of the Commission and the CFTC, and U.S. persons may access those security futures through the conditional pathway established by the Commission's 2009 Exemptive Order, which is generally limited to QIBs and certain intermediaries acting on their behalf. Under that pathway, transactions must be executed on, or subject to the rules of, an exchange or contract market that has its principal place of business outside the U.S. with clearing and settlement occurring outside the U.S.

This asymmetric treatment is not grounded in a meaningful economic distinction between EU debt obligations and the debt obligations of the Designated Foreign Governments that are EU member states; it reflects the fact that the Rule's list of Designated Foreign Governments was last expanded before the EU developed into a significant debt issuer. As discussed in the baseline below, EU debt obligations have achieved a scale, liquidity profile, and credit quality increasingly comparable to those of sovereign issuers already designated under the Rule. The U.S. Prudential Regulators assign a zero percent risk weight to exposures to the European Commission, which is the same risk weight assigned to exposures directly and unconditionally guaranteed by the U.S. government. The ECB assigns EU bonds to the same haircut category as sovereign bonds.[110] A growing share of market participants treat EU debt obligations as a substitute for the debt of core euro-area sovereign issuers.[111] However, the current regulatory treatment of futures on EU debt obligations does not reflect these economic characteristics.

The consequences of this disparity impact two categories of U.S. market participants. First, U.S. investors that do not qualify as QIBs currently do not have access to futures on EU bonds, because the application of the 2009 Exemptive Order (*i.e.,* the only currently available pathway for U.S. persons to trade these instruments) is limited to QIBs and certain intermediaries. Thus, non-QIB investors cannot transact in futures on EU bonds to hedge exposures to EU debt obligations, even though they may trade futures on the debt of the 11 designated member states. Second, U.S. QIB investors that treat EU debt obligations and the debt obligations of Designated Foreign Governments that are EU member states as substitutable instruments for euro interest-rate hedging face more restrictive access conditions for futures on EU bonds than for futures on the debt of Designated Foreign Governments. These differences may lead to less efficient hedging and operational differences in cross-margining and collateral management for participants who treat the two as economically equivalent. Some participants may rely on imperfect proxy hedges in place of direct positions.

The proposed amendment is designed to address this disparity by applying the same regulatory treatment to futures on EU debt as futures on the debt of Designated Foreign Governments that are EU member states. It does so through two elements: (i) adding the EU to the Rule's list of issuers whose debt is designated as exempted securities solely for purposes of the offer, sale, or confirmation of sale of Qualifying Foreign Futures Contracts on those obligations; and (ii) adding a definition of ''debt obligation of the European Union'' to identify the instruments within the Rule's scope. This means that the Rule's conditions (*i.e.,* board-of-trade execution, non-registration of the underlying securities, and foreign delivery) would apply to futures on EU debt obligations in the same manner as they currently apply to futures on the debt obligations of the currently Designated Foreign Governments. By deeming EU debt obligations to be exempted securities for this purpose, the amendment would remove futures on EU debt from the security futures regime and place them under the CFTC's futures framework, which would permit them to be traded on U.S. futures exchanges and accessed by a broader population of U.S. market participants.

The proposed amendment to Rule 3a12–8 could have several economic effects. The proposed amendment could create benefits such as the expansion of the number of venues through which U.S. market participants may trade futures on EU bonds and could broaden access to those markets for certain categories of U.S. traders who currently face restrictions (*e.g.,* non-QIB investors). The amendment could also produce benefits that do not depend on trading migrating to U.S. exchanges: (i) non-QIB investors that currently hedge EU debt exposures with proxy instruments could hedge them directly, and (ii) participants holding positions in both futures on EU bonds and futures on the debt obligations of Designated Foreign Governments that are EU member states could manage those positions under a single regulatory framework.

At the same time, if U.S. futures exchanges start trading futures on EU bonds, the proposed amendment to Rule 3a12–8 could make it more difficult for regulators to surveil trading activity across jurisdictions, which in turn may make it more difficult to detect some forms of market manipulation in the markets for EU bonds and futures on EU bonds. However, existing data sharing agreements the CFTC has with FBOTs and MOUs it maintains with foreign regulators are likely to limit this effect.[112] There is also the risk that liquidity could decrease for futures on EU bonds if new trading venues increase fragmentation without a corresponding increase in trading volume. In addition, liquidity could decrease for futures on the debt obligations of Designated Foreign Governments that are EU member states if market participants substitute futures on EU bonds for their use of futures on the debt obligations of EU member states, although any such effect would depend on the degree to which participants regard the two instruments as substitutes.[113] The proposed amendment is not expected to impose direct compliance costs on exchanges or market participants, because it permits, rather than requires, the activity to which it applies.

The Commission has considered these and other economic effects discussed below. The Commission is providing a qualitative assessment of them, supplemented by quantitative information where available. The Commission is unable to quantify many of these effects for two reasons. First, the Commission cannot reasonably obtain certain data that may inform its analysis of those effects. Second, even where the Commission has some data, quantification is not practicable due to the number and type of assumptions necessary to quantify certain economic

[109] *See* 17 CFR 240.3a12–8(a)(2). However, the Rule also requires that the futures contracts require delivery outside the United States, including any of its possessions or territories.

[110] *See supra* note 46 and accompanying text.

[111] *See supra* note 44 and accompanying text.

[112] *See infra* section IV.B.4 for further discussion of surveillance between futures markets.

[113] *See infra* section IV.C.2 for a discussion of the effects of cross product substitutions between futures on the debt obligations of the EU and futures on the debt of Designated Foreign Governments that are EU member states.

effects, which render any such quantification unreliable. Where feasible, the Commission has incorporated available quantitative information, such as measures of the size and activity of the relevant markets, to inform its analysis. The Commission's inability to quantify certain benefits, costs, and effects does not imply that the Commission believes such benefits, costs, or effects are less significant, and the Commission requests that commenters provide relevant data and information to assist the Commission in quantifying the economic consequences of the proposed amendment to Rule 3a12–8.

B. Baseline

1. Current State of Market Access for U.S. Investors

U.S. investors can currently trade futures contracts on EU debt obligations through the conditional pathway established by the 2009 Exemptive Order.[114] Under Rule 3a12–8, the Commission designates the debt[115] of specific foreign governments as ''exempted securities'' for purposes only of the offer, sale or confirmation of sale of a Qualifying Foreign Futures Contract. As such, futures on the debt of these Designated Foreign Governments, 11 of which are EU member states,[116] are subject to the exclusive jurisdiction of the CFTC. By contrast, futures on EU debt are subject to the separate regulatory framework that applies to security futures, subject to the joint jurisdiction of the Commission and the CFTC.

The 2009 Exemptive Order grants conditional exemptive relief permitting U.S. QIBs,[117] and certain intermediaries acting on their behalf, to trade foreign security futures on a non-U.S. exchange, provided that the security futures are issued, cleared, and settled outside the U.S.[118]

In contrast, under Rule 3a12–8, futures on the debt of Designated Foreign Governments fall under the CFTC's foreign-futures regime as ''exempted securities'' and are accessible by a broader set of U.S. investors (*i.e.,* they can be traded by both QIBs and non-QIBs).[119] An FCM carrying such positions for U.S. customers must register with the CFTC (or, if a foreign firm, qualify for exemptive relief under 17 CFR 30.10), hold customer margin as the ''secured amount'' under 17 CFR 30.7, furnish the risk disclosure statement required by 17 CFR 30.6, and file the required reports.[120] An IB soliciting or accepting such orders must likewise register (or qualify for relief) and provide the required disclosures, with its business carried and guaranteed by a registered FCM (or a § 30.10-exempt firm).[121] As of September 16, 2024, following CFTC rule changes, U.S.-registered IBs may become direct members of Eurex,[122] and obtain full electronic access to trade Bund futures, BTP futures,[123] and futures on the debt of other Designated Foreign Governments during U.S. market hours.[124]

2. Differentiated Regulatory Treatments for Futures on EU Member State- and EU Debt Obligations

Differentiated regulatory treatment exists between futures on the debt obligations of EU member states that are Designated Foreign Governments and futures on debt obligations of the EU, even though the characteristics of EU debt obligations have grown increasingly comparable to those of the designated EU sovereigns. More specifically, the EU's credit quality resembles that of designated EU sovereigns, its issuance has grown to approximate an established sovereign's scale and structure, and its market liquidity is consistent with a sovereign-style curve.[125] As a result, a growing

[114] *See supra* section II. Background and *supra* note 59 and accompanying text; *see also* Eurex, *Eurex to launch futures on EU bonds* (Apr. 23, 2025), *available at https://www.eurex.com/ex-en/find/news-center/news/Eurex-to-launch-futures-on-EU-bonds--4411966.*

[115] *See supra* note 39.

[116] The 11 EU member states are France, Austria, Denmark, Finland, the Netherlands, Germany, Ireland, Italy, Spain, Belgium and Sweden. *See supra* note 37.

[117] A QIB is generally an institutional investor that, in the aggregate, owns and invests on a discretionary basis at least $100 million in securities of issuers not affiliated with it. *See* 17 CFR 230.144A(a)(1); *see supra* note 28 and accompanying text. The Commission granted the 2009 Exemptive Order as an exemption from Exchange Act section 6(h)(1). *See* Order Granting an Exemption from Exchange Act section 6(h)(1) for Certain Persons Effecting Transactions in Foreign Security Futures, Exchange Act Release No. 34–60194, 74 FR 32200 (July 7, 2009). Additionally, as of 2025, one study estimated that 4,000–5,000 institutions in the United States qualified as QIBs. *See* The Vanderbilt Terminal for Securities Tokenization Regulation, *available at https://sectokenization.com/offering-exemptions/rule-144a-institutional-token-resales.*

[118] *See supra* note 26. The 2009 Exemptive Order further conditions relief on the security futures being issued, cleared, and settled outside the United States, without physical delivery in the United States. Both Eurex Deutschland and ICE Futures Europe hold current Orders of Registration as FBOTs under 17 CFR part 48, permitting eligible U.S. members and participants to access their electronic trading platforms (CFTC, List of Foreign Boards of Trade Registered with the Commission, *https://www.cftc.gov/IndustryOversight/IndustryFilings/ForeignBoardsofTrade*). Eurex lists futures on the debt of Designated Foreign Governments that are EU member states—including Euro-Bund (Bund), Euro-OAT (OAT), Euro-BTP (BTP), and Euro-Bono (Bono) futures—as well as futures on EU bonds; ICE Futures Europe lists Long EU Bond Index futures. Bund, OAT, BTP, and Bono are the debt securities of the Federal Republic of Germany, the French Republic, the Republic of Italy, and the Kingdom of Spain, respectively. *See* Eurex, *Eurex to launch futures on EU bonds* (Apr. 23, 2025), *https://www.eurex.com/ex-en/find/news-center/news/Eurex-to-launch-futures-on-EU-bonds--4411966;* ICE Futures Europe Circular 24/143, *https://www.ice.com/publicdocs/circulars/24143.pdf*

[119] *See* 17 CFR part 30 (Foreign Futures and Foreign Options Transactions); *see also* 17 CFR 30.1(a).

[120] *See* 17 CFR 30.4 (registration); 17 CFR 30.7 (secured amount); 17 CFR 30.6 (risk disclosure statement); 17 CFR 30.10 (exemptive relief for foreign firms); *see also* CFTC, *Foreign Markets and Products—Sales of Foreign Products, https://www.cftc.gov/International/ForeignMarketsandProducts/foreignprodsales.html.* As of May 31, 2026, the intermediary market comprised of 71 FCMs, 883 IBs, 1,068 CPOs, and 1,172 CTAs registered with the CFTC and Members of the National Futures Association. The Commission is unaware, however, of the number or identity of those intermediaries with access to FBOTs. *See* National Futures Association, Membership and Directories, *https://www.nfa.futures.org/registration-membership/membership-and-directories.html.*

[121] *See* 17 CFR 30.4; 17 CFR 30.6; 17 CFR 30.10.

[122] An FBOT registered with the CFTC may grant ''direct access''—the ability to enter orders directly into the FBOT's trade-matching system—to U.S.-located participants specified by CFTC rule, including proprietary traders, registered FCMs and IBs submitting customer orders (with a registered FCM, or a firm exempt under 17 CFR 30.10, guaranteeing the trades), and registered or exempt CPOs and CTAs. *See* 17 CFR part 48. The IB category was added by the CFTC's 2024 amendments to part 48. *See* Registration of Foreign Boards of Trade, 89 FR 66201 (Aug. 15, 2024); CFTC Press Release No. 8935–24 (July 29, 2024); Eurex, *U.S. Introducing Broker Direct Eurex Access, https://www.eurex.com/ex-en/rules-regs/eurex-derivatives-us/us-introducing-broker-direct-eurex-access.*

[123] ''Bund futures'' means exchange-traded futures contracts on the notional long-term debt obligations of the Federal Republic of Germany (*Bundesanleihen*), and ''BTP futures'' means exchange-traded futures contracts on the notional long-term debt obligations of the Republic of Italy (*Buoni del Tesoro Poliennali,* or ''BTPs''). *See* German Finance Agency (*Bundesrepublik Deutschland—Finanzagentur GmbH*), Federal Bonds (Bund), *https://www.deutsche-finanzagentur.de/en/federal-securities/types-of-federal-securities/federal-bonds* (last visited Jul. 25, 2026); Italian Ministry of Economy and Finance, Department of the Treasury, Treasury Bonds—BTP *(Buoni del Tesoro Poliennali), https://www.dt.mef.gov.it/en/debito_pubblico/titoli_di_stato/quali_sono_titoli/btp/* (last visited Jul. 25, 2026). For a discussion of EU bond futures, *see supra* section III.B.

[124] *See supra* note 118 for discussions on which exchanges list futures on the debt obligations of Designated Foreign Governments that are EU member states.

[125] *See infra* section IV.B.3. *See also* Report from the Commission to the European Parliament and the Council, COM (2025) 588 final, *available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC0588. See also* European Commission, Ninth half-yearly report on the execution of the EU borrowing and lending operations (Apr. 14, 2026): *https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/analyses-and-reports_en;* European Commission press

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EU-level cash and repurchase agreement (repo) transaction market coexists with a futures market that remains more complete[126] for the debt obligations of EU member states that are Designated Foreign Governments than for EU debt obligations.

Under the current regulatory framework, U.S. investors seeking to hedge EU debt obligations face a different set of available instruments than those seeking to hedge the debt obligations of EU member states that are Designated Foreign Governments under Rule 3a12–8. Futures on the debt obligations of those member states are subject to the exclusive jurisdiction of the CFTC and may be traded on U.S. futures exchanges by a broader set of U.S. investors (*i.e.,* QIBs and non-QIBs), while futures on EU debt obligations are currently treated as security futures and may only be accessed by certain eligible U.S. persons (*i.e.,* QIBs) through registered FBOTs under the conditions of the 2009 Exemptive Order.[127] This regulatory asymmetry affects both categories of U.S. investors, though in different ways: non-QIB investors do not have access to futures on EU bonds, while QIB investors face more restrictive access conditions for futures on EU bonds than for futures on the debt of Designated Foreign Governments. This asymmetry in available hedging instruments may lead non-QIB investors to rely on strategies such as proxy hedges when seeking to hedge exposures to EU debt obligations.[128]

The asymmetry in the treatment of futures on the debt obligations of EU member states and futures on the debt obligations of the EU may be associated with fragmented liquidity and potential differences in transaction costs. The current framework may also affect operational considerations such as cross-margining, collateral use, and broker connectivity for participants who treat EU member state and EU debt obligations as substitutable instruments for euro rate hedging purposes.

3. EU Debt Quality and Characteristics

EU debt issuance has grown substantially in scale and turnover and has developed secondary-market support mechanisms, including dedicated quoting arrangements and repurchase transaction infrastructure. EU debt obligations exhibit credit-quality characteristics comparable to the debt obligations of EU member states that are currently Designated Foreign Governments under Rule 3a12–8.

In less than a decade, EU debt has reached a scale comparable to that of EU sovereign issuers currently designated under Rule 3a12–8, measured by outstanding debt and issuance depth.[129] The EU issued €152.3 billion in long-term funding in 2025, reaching a total outstanding debt of €702 billion;[130] the EU executed 22 EU bill auctions throughout 2025,[131] ending the year with outstanding short-term EU bills totaling €36.8 billion.[132] In comparison, at the end of 2024, general government public debt of Germany, the largest economy in the European Union, stood at approximately €2.51 trillion; Germany issued €290.5 billion in capital-market instruments in 2025 (via 77 auctions and two syndicated transactions) and €134.5 billion in Bubills (short-term German treasury bills).[133] Belgium and Sweden were added as Designated Foreign Governments in the most recent determinations to amend Rule 3a12–8.[134] In Sweden, the National Debt Office reported central government debt of €110.50 billion (SEK 1,221 billion) as of May 2026, of which €87.02 billion (SEK 961.5 billion) comprised government bonds.[135] Belgium's federal government had outstanding debt totaling €553.1 billion at the end of December 2025.[136]

The composition of EU debt at the end of 2025 reflects an issuance structure that approximates those of established sovereign issuers: roughly 95 percent of outstanding debt was issued as bonds and about 5 percent as bills, with EU bonds serving as the dominant funding instrument and EU bills providing short-term money-market flexibility.[137] This structure

release, *available at https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_25_1597/IP_25_1597_EN.pdf.*

[126] In the sense of a state-contingent complete market where contracts are traded for every conceivable future state of the world.

[127] Trades on U.S. futures exchanges under Rule 3a12–8 are subject to the definitions discussed in *supra* section III.D.2. *See also supra* section IV.B.1 discussing the current state of market access for different types of U.S. investors.

[128] For example, US non-QIB investors may use German Bund futures (or another highly correlated European government bond future) as a proxy hedge.

[129] The EU first entered the market as a large-scale issuer in October 2020 through its first SURE social bond program transaction, while the first NextGenerationEU program EU-Bond transaction took place on June 14, 2021. *See* European Commission Newsroom, Introduction: Taking Stock and Looking Ahead (Dec. 16, 2025), *available at https://ec.europa.eu/newsroom/budget/items/914954/en; see also* European Commission, NextGenerationEU: European Commission raises €20 billion in first transaction to support Europe's recovery (June 14, 2021), *available at https://ec.europa.eu/commission/presscorner/detail/en/IP_21_2982.* For a detailed description of EU as a borrower, *see https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations_en.*

[130] *See* European Union: EU Transactions in Q4 2025, *available at https://ec.europa.eu/newsroom/budget/items/914832/en.* Long-term issuance in the first half of 2025 carried an average maturity of roughly 12 years (based on six syndicated transactions and seven auctions). *See* Report from the Commission to the European Parliament and the Council, 1 January 2025 to 30 June 2025, *available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC0588.*

[131] With allocations of €805 million, €798 million, and €1.185 billion in separate maturities. *See* EU Transactions in Q4 2025, *available at https://ec.europa.eu/newsroom/budget/items/914832/en.*

[132] *See* European Commission—''BUDGET-EU Transactions in Q4 2025'' (15 Dec 2025) *available at https://ec.europa.eu/newsroom/budget/items/914832/en;* European Commission, EU Transactions in Q4 2025 (Dec. 15, 2025), *available at https://ec.europa.eu/newsroom/budget/redirection/item/914832/en/2706. See also https://commission.europa.eu/news-and-media/news/results-03-12-2025-auction-eu-bills-2025-12-03_en. See also supra* note 124.

[133] *See* Bundesrepublik Deutschland—Finanzagentur GmbH, Investor Presentation Quarterly (July 2026), *available at https://www.deutsche-finanzagentur.de/fileadmin/user_upload/Institutionelle-investoren/praesentation/Investor_Presentation_quarterly.pdf. See also* Issuance Calendar Update Q4/2025 (Sept. 2025), *available at https://www.deutsche-finanzagentur.de/fileadmin/user_upload/Institutionelle-investoren/praesentation/2025_09_18_Issuance_Outlook_Q4_2025.pdf.*

[134] *See supra* section III.B.

[135] *See* Swedish National Debt Office, Government debt by markets, *available at https://www.riksgalden.se/en/statistics/statistics-regarding-swedens-central-government-debt/government-debt-by-markets/.* The central government debt of Sweden increased by €8.42 billion (SEK 93 billion) during 2025, available at *https://www.riksgalden.se/en/press-and-publications/press-releases-and-news/news/2026/higher-government-debt-but-lower-cost-in-2025/.* Federal debt of the Belgian government rose by around €22.03 billion during the second half of 2025, available at *https://news.belgium.be/sites/default/files/news-items/attachments/2024-12/Borrowing_requirements_2025.pdf.* All Swedish Krona (SEK) values were converted to EUR using Bloomberg L.P., SEK–EUR X–RATE (SEKEUR:CUR), 0.0905 EUR, as of 4:31 p.m. EDT, July 24, 2026, available at *https://www.bloomberg.com/quote/SEKEUR:CUR.* Note that at the same point in time, 1 EUR was valued at 1.1389 USD.

[136] *See* Press Release from Belgian Debt Agency, *available at https://news.belgium.be/en/federal-government-debt-end-december-2025.*

[137] At the end of June 2025, for example, the EU had €661.6 billion in EU bonds outstanding and €33.3 billion in EU bills outstanding, resulting in approximately 95 to 5 percent shares. *See* Report from the Commission to the European Parliament and the Council, 1 January 2025 to 30 June 2025, at 3, *available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC0588.* By comparison, France maintained a similar composition, with approximately €2.66 trillion in outstanding medium- and long-term securities (*Obligations Assimilables du Trésor,* or ''OATs'') and approximately €220 billion in outstanding short-term securities (*Bons du Trésor à taux fixe et à intérêts précomptés,* or ''BTFs''), resulting in roughly 92 to 8 percent shares. *See* Agence France Trésor, Negotiable Debt Outstanding at 31 July 2026 (updated Aug. 7, 2026), *available at https://www.aft.gouv.fr/en/debt-key-figures; see also* Agence France Trésor, OATs Debt Outstanding,

closely mirrors the debt profiles of mature sovereign issuers already included in Rule 3a12–8, which typically maintain a large, liquid benchmark bond curve supported by a smaller bill program used for cash management and short-term funding needs.[138]

The trading volume in the secondary market for EU bonds has grown rapidly, and the supporting market infrastructure is comparable to that of the bonds of other Designated Foreign Governments that are EU member states.[139] In the first half of 2025, EU bond trading volume was on par with some of the major EU sovereigns, *e.g.,* it was similar in size to the trading volume on Spain's bonds and about a third of the size of the trading volume of Germany's.[140] This represents a more than five-fold increase in trading volume between the first half of 2022 and the end of 2025.[141] Since November 2023, the EU has implemented a quoting arrangements system that encourages EU primary dealers to post reliable bid-offer quotes for EU bonds on leading electronic trading platforms (MTS and BrokerTec); in the first month alone, 24 out of 37 primary dealers participated, delivering nearly €900 million in daily average trading volumes, with peak days exceeding €2 billion.[142] The EU implemented the EU Repo Facility in October 2024, enabling primary dealers to access eligible EU bond securities from the EU on a temporary basis via Eurex Repo and cleared through Eurex Clearing.[143]

4. Surveillance Across U.S. Futures Exchanges, FBOTs, and Bond Trades

U.S. futures exchanges and FBOTs maintain various surveillance mechanisms. These mechanisms are both embedded within each exchange, and facilitated through various agreements, some of which are cross-border. Some of these mechanisms are enforced by the CFTC through Memoranda of Understanding (MOUs) with market authorities in other countries. EU member states have surveillance requirements set by the European Securities and Markets Authority (ESMA). ESMA rules facilitate the sharing of information across the market for futures on EU debt obligations and the market for EU debt obligations.

The CFTC requires U.S. futures exchanges to maintain active oversight of trades conducted on their exchanges.[144] FBOTs are required to maintain similar mechanisms as a condition of providing direct access to U.S. investors.[145] Furthermore, as a condition of registration with the CFTC, an FBOT must agree to share transaction and clearing data with the CFTC.[146] In addition, the CFTC maintains MOUs with foreign authorities to cooperate on registration.[147]

ESMA rules are particularly relevant, to the extent that debt obligations of the EU trade within the framework of the ESMA. The ESMA has rules governing surveillance, including the collection of client IDs and execution data.[148] European exchanges are also members of the Intermarket Surveillance Group, a cooperative that facilitates the sharing of information among self-regulatory organizations (SROs) for regulatory purposes.[149] In addition, the EU relies upon sharing of trade data across member states, along with maintaining repositories containing over-the-counter (OTC) trade data.[150] However, there is no requirement compelling any EU regulatory authority to share with any U.S. regulatory authority OTC trade data on debt obligations of the EU. OTC bond trades may be relevant to coordinate surveillance in the futures market for EU debt obligations and corresponding spot markets.

5. Competition in the Market for Trading Services

Exchanges in the futures market compete to supply traders with execution services. These trading venues, which compete to match traders with counterparties, provide a framework for trading and for the dissemination of trading information. Currently, the Commission's 2009 Exemptive Order only allows QIBs or their intermediaries to trade futures on foreign sovereign bonds not treated as exempted securities under Rule 3a12–8 (including futures on EU debt obligations) on certain FBOTs.[151] The market for trading services in futures on EU debt obligations currently consists of two exchanges: Eurex Deutschland [152] and ICE Futures Europe [153], which are

available at https://www.aft.gouv.fr/en/encours-detaille-oat (last visited on Aug. 24, 2026); Agence France Trésor, BTFs Debt Outstanding, *available at https://www.aft.gouv.fr/en/encours-detaille-btf* (last visited on Aug. 24, 2026); Agence France Trésor, Monthly Bulletin, *available at https://www.aft.gouv.fr/en/bulletins-mensuels* (last visited on Aug. 24, 2026).

[138] *See supra* section III.B for additional comparisons between EU bonds and the bonds of EU sovereign nations.

[139] Many market participants view the EU as a sovereign issuer. *See supra* notes 44 (describing ICMA's inclusion of the EU in its sovereign issuer report) and 45 (noting that in a European Commission survey, 80% of investors saw EU bonds as substitutes for core area government bonds) and accompanying text.

[140] *See supra* Table 2 for information on EU and sovereign bond trading volume.

[141] *See supra* section III.B.2 for further discussions on EU bond trading volume.

[142] *See* European Commission Newsroom, *available at https://ec.europa.eu/newsroom/budget/items/810218/en, https://ec.europa.eu/newsroom/budget/items/800637/en.*

[143] *See* European Commission Newsroom, *available at https://ec.europa.eu/newsroom/budget/items/849939/en. See also https://www.eurexgroup.com/xetra-en/newsroom/press-releases/list-press-releases/EU-Commission-joins-Eurex-s-repo-market-4138824.*

[144] *See* 17 CFR 242.821(b) and 17 CFR 38.157.

[145] *See* 17 CFR 48.7(b) and (g).

[146] *See, e.g.,* Exhibit H—Information Sharing Agreements Among the Commission, the Foreign Board of Trade, the Clearing Organization, and Relevant Regulatory Authorities, *available at https://www.cftc.gov/sites/default/files/groups/public/@otherif/documents/ifdocs/orgiceeexhibthjun160927.pdf.*

[147] *See,* for example, the MOU on the sharing of information on derivatives clearing organizations that have applied or may apply to the European Securities Markets Authority (ESMA) to be recognized as central counterparties, *available at https://www.cftc.gov/sites/default/files/idc/groups/public/@internationalaffairs/documents/file/cftc-esma-clearingmou060216.pdf.* A more concise summary of the MOU is available at *https://www.cftc.gov/PressRoom/PressReleases/7384-16.*

[148] See European Securities and Market Authority, Final Report: Guidelines on transaction reporting, order record keeping and clock synchronisation under MiFID II (Oct. 10, 2016) at 7–9, 26– and 29, *available at https://www.esma.europa.eu/sites/default/files/library/2016-1451_final_report_on_guidelines_mifid_ii_transaction_reporting.pdf.*

[149] *See* Intermarket Surveillance Group, *Overview, available at https://isgportal.org/page/isg_overview* (last visited Aug. 19, 2026).

[150] *See* European Commission, *Derivatives/EMIR* (December 4, 2025), *available at https://finance.ec.europa.eu/financial-markets/financial-markets-policy/post-trade-services/derivatives-emir_en* and European Commission, The implementation of market surveillance in Europe, *available at https://single-market-economy.ec.europa.eu/single-market/goods/building-blocks/market-surveillance/organisation_en* (last visited Aug.19, 2026.

[151] In addition, the 2009 Exemptive Order requires that the foreign security future be issued, cleared, and settled outside the U.S. *See supra* notes 28, 29 and accompanying text.

[152] Eurex Deutschland began offering clearing services for Euro-EU bond futures on September 10, 2025. *See* Eurex, *Fixed Income Derivatives: introduction of Euro-EU Bond-Futures* (Apr. 23, 2025) at 1, *available at https://www.cftc.gov/sites/default/files/filings/orgrules/25/04/rules04282519706.pdf.* These futures were announced as physically deliverable contracts with maturities ranging from eight to twelve years. *See* Lucy Carter, MARKETS MEDIA GROUP, *Eurex launches EU bond futures* (Apr. 23, 2025), *available at https://www.fi-desk.com/eurex-launches-eu-bond-futures/.*

[153] ICE Futures Europe began offering Long EU Bond Index futures on December 10, 2024. *See* Intercontinental Exchange, Inc., *ICE Launches Long European Union Bond Index Futures* (December 10, 2024), *available at https://ir.theice.com/press/news-details/2024/ICE-Launches-Long-European-Union-Bond-Index-Futures/default.aspx.* The cash-settled futures have as the underlying the ICE 8–13 Year European Union Index. This index is a subset of the ICE European Union Index including all securities

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CFTC-registered FBOTs.[154] In contrast, under Rule 3a12–8, futures on the debt obligations of Designated Foreign Governments are allowed to be traded by U.S. investors (including both QIBs and non-QIBs) on U.S. futures exchanges and FBOTs.[155] However, futures on the debt obligations of Designated Foreign Governments that are EU members are currently traded on FBOTs and not on U.S. futures exchanges.[156]

C. Benefits and Costs

The benefits that may accrue from the proposed amendment to Rule 3a12–8 would primarily affect U.S. investors who currently trade futures on EU bonds on FBOTs (*i.e.,* QIB investors), and U.S. investors who may wish to trade futures on EU bonds but currently cannot do so under the existing regulatory framework (*i.e.,* non-QIB investors). The EU may also benefit from the proposed amendment if they spur more trading in EU bonds. To the extent that futures on EU debt obligations begin to trade on U.S. futures exchanges, the proposed amendment could make it more difficult for regulators to coordinate surveillance across jurisdictions, which may make it more difficult to detect some forms of market manipulation in the EU bond future and spot markets. However, these difficulties are likely to be mitigated by existing CFTC MOUs with foreign regulators. It is also possible that liquidity could decrease for futures on EU debt obligations and also for futures on the debt obligations of Designated Foreign Governments that are EU member states, although any such effects would likely be limited due to greater competition among futures exchanges and the degree of substitutability between futures on EU debt obligations and futures on the debt obligations of EU member states. The proposed amendment is not expected to impose direct compliance costs on exchanges or market participants.

1. Benefits

The proposed amendment to Rule 3a12–8 would create benefits for U.S. investors and the EU. U.S. investors may benefit from access to additional venues for trading futures on EU debt obligations. U.S. non-QIB traders may benefit from gaining access to futures on EU bonds. The EU may also benefit from an expanded market for its debt, which may lower transaction costs. However, these benefits may be limited to the extent that trading in futures on EU bonds remains primarily on FBOTs. For instance, the sovereign debt included in Rule 3a12–8 does not currently have corresponding futures trading on U.S. futures exchanges.[157]

Under the proposed amendment, U.S. investors would be able to trade futures on EU debt obligations on U.S. futures exchanges in addition to FBOTs. In the absence of the proposed amendment, these futures are currently considered security futures and thus could only be traded on FBOTs, in accordance with and subject to the conditions specified in the Commission's 2009 Exemptive Order.[158] These FBOTs may not be subject to the jurisdiction of the Commission as securities futures exchanges, but they would still be subject to CFTC rules applicable to futures exchanges.[159]

Trading on U.S. futures exchanges could spur changes to FBOTs, to the benefit of QIBs. The entry of U.S. exchanges into the futures market for EU bonds may increase exchange competition, which could lower costs for QIBs.[160] For example, FBOTs could lower access fees or introduce other incentives for QIBs to attract order flow away from U.S. futures exchanges.[161] They could also increase the number of futures products based on debt obligations of the EU offered on each exchange. For example, an FBOT could offer EU futures products on 8- and 10-year EU bonds, whereas before they might have only offered futures on 8-year EU bonds.[162]

U.S. non-QIB traders would also be able to trade EU debt futures on U.S. futures exchanges or on FBOTs.[163] The benefits to these traders would come from gaining access to futures on EU debt obligations.[164] With the ability to trade these futures, non-QIB traders would have a hedge against trades involving EU bonds. This could expand trading of debt obligations of the EU by U.S. non-QIB traders. Futures could also serve as a substitute for trading directly in debt obligations of the EU, particularly if OTC trades in EU bonds are scarce in the United States.

Access to futures on EU debt obligations would also allow non-QIB investors who currently use correlated instruments, such as Bund futures or other EU member state government bond futures, as proxy hedges for exposures to EU debt obligations to hedge those positions directly. Because a proxy hedge of this kind introduces basis risk (*i.e.,* the risk that the price of the proxy instrument and the price of the hedged EU debt obligations do not move together), replacing such a proxy hedge with a direct hedge using futures on EU bonds could reduce that risk. The magnitude of this benefit would depend on how closely available proxy instruments track EU debt obligations and on the extent to which non-QIB investors adopt futures on EU debt obligations.

In addition, greater participation by non-QIB traders could contribute to greater market depth and narrower bid-ask spreads, reducing transaction costs

with a remaining term to final maturity greater than or equal to 8 years and less than 13 years. ICE European Union Index tracks the performance of EUR denominated debt publicly issued by the European Union in the Eurobond or Euro member domestic markets. Qualifying securities must have a fixed coupon schedule and a minimum amount outstanding of EUR 1 billion. *See* Intercontinental Exchange, Inc., *Long EU Bond Future* (2024), *available at https://www.ice.com/publicdocs/Long_EU_Bond_Future.pdf.*

[154] Eurex Deutschland and ICE Futures Europe became registered FBOTs on 10/31/2016. *See* Commodity Futures Trading Commission, Foreign Boards of Trade (FBOT), *available at https://www.cftc.gov/IndustryOversight/IndustryFilings/ForeignBoardsofTrade* (last visited on Aug. 19, 2026).

[155] *See supra* section III.D.2.

[156] As of June 11, 2026, neither CME Group nor ICE Futures U.S. currently trade products on sovereign futures under Rule 3a12–8. *See* CME Group, CME Group All Products—Codes and Slate, *available at https://www.cmegroup.com/markets/products* (last visited Aug. 19, 2026); Intercontinental Exchange, Inc., *Products—Futures & Options, available at https://www.ice.com/products/Futures-Options?filter=IFUS* (last visited Aug.19, 2026). *See supra* note 118 for discussions on which exchanges list futures on the debt obligations of Designated Foreign Governments that are EU member states.

[157] *See supra* note 156 and accompanying text.

[158] The addition of EU debt obligations to Rule 3a12–8 would allow for the trading of futures on EU debt obligations outside of the security futures regime. *See supra* notes 23–32 and accompanying text (describing the requirements under the 2009 Exemptive Order).

[159] *See* Commodity Futures Trading Commission, Foreign Markets, Products, & Intermediaries: Access to Foreign Markets from the U.S., *available at https://www.cftc.gov/International/ForeignMarketsandProducts/foreignmkts.html* (last visited Aug.19, 2026).

[160] Spreads could also fall due to greater non-QIB participation. *See infra* note 165 and accompanying text.

[161] Greater competition among exchanges could lower access fees. *See,* for example, Baldauf, Markus & Mollner, Joshua, *Trading in Fragmented Markets,* 56 J. Fin. & Quant. Analysis (2021) (''Trading'').

[162] Eurex lists a suite of German Federal government bond futures spanning the 2-, 5-, 10-, and 30-year maturities—the Euro-Schatz, Euro-Bobl, Euro-Bund, and Euro-Buxl futures, respectively. *See* Bundesrepublik Deutschland—Finanzagentur GmbH, Futures Market, *available at https://www.deutsche-finanzagentur.de/en/federal-securities/trading/futures-market* (last visited Aug. 19, 2026).

[163] Futures trades are subject to margin requirements. *See supra* note 24. Non-QIB traders could engage in futures trades if they satisfy margin requirements, among other possible requirements.

[164] Trades are currently limited to QIBs or their intermediaries, in accordance with the 2009 Exemptive Order. *See supra* note 117.

for QIB and non-QIB traders.[165] However, this effect depends on whether the proposed amendment results in a material increase in trading activity, which is uncertain given that existing sovereign debt futures designated under Rule 3a12–8 are not currently traded on U.S. futures exchanges.[166]

More broadly, QIBs that treat debt obligations of the EU and the debt of Designated Foreign Governments that are EU member states as substitutable instruments for euro interest-rate hedging, and that therefore hold positions in both types of futures, currently manage those positions under two different regulatory regimes. By bringing futures on EU debt obligations within the same framework that governs futures on the debt obligations of designated EU member states, the proposed amendment could reduce the operational friction arising from managing positions under two different regulatory regimes, for example, by enabling QIBs to manage both types of positions on U.S. futures exchanges.[167] To the extent U.S. futures exchanges and their associated clearing organizations offer margin offsets between the two types of positions, QIBs could also reduce total margin requirements and improve collateral efficiency, though whether such offsets would be available is uncertain.

The EU could benefit from lower borrowing costs if the proposed amendment spurs more trading in EU bonds. This could occur if increased access to the market for futures on EU debt obligations, or reduced transaction costs, made hedging EU bond exposures more viable. The increased ability of U.S. non-QIB traders to hedge could cause demand for EU bonds to increase in the secondary market, which could narrow bid-ask spreads and reduce the liquidity premium that investors require to hold EU debt obligations. Lower liquidity premiums may, in turn, lower borrowing costs in the primary market.

These benefits may be limited if there is no material increase in the number of market participants.[168] This could occur for several reasons. For example, FBOTs may develop competitive incentives to prevent order flow from migrating to U.S. exchanges, which could also result in benefits that accrue to all U.S. investors. However, the lack of uptake on U.S. futures exchanges to sovereign debt futures included under Rule 3a12–8 may also indicate a lack of interest among U.S. non-QIB traders. This behavior could repeat for futures on EU debt obligations. Another reason could be that these contracts require delivery outside of the U.S., its possessions, or its territories.[169]

2. Costs

The proposed amendment to Rule 3a12–8 could create indirect costs. If U.S. futures exchanges start trading futures on EU debt obligations, market surveillance could become more difficult because of coordinating surveillance across jurisdictions.[170] However, this is likely to be mitigated by existing CFTC MOUs with foreign regulators. There is also the possibility that volatility and spreads could rise. There is a possibility that liquidity could be reduced in the market for futures on EU debt obligations and also in the market for futures on the debt obligations of EU member states, although any such effect would likely be limited. The proposed amendment is not expected to impose direct compliance costs on exchanges or market participants because the proposed amendment grants permissions, but does not impose any obligations. The indirect costs described below may be limited if trading of futures on EU debt obligations remains on current FBOTs.

There is a possibility that greater speculative trading by U.S. retail investors could increase volatility in the market on EU debt obligations and the corresponding futures market.[171] Academic research shows that retail participation in other derivatives markets, such as the options markets,[172] can lead to increased volatility, and it is possible that this finding could hold true for the futures market as well. To the extent such volatility does arise, non-QIB traders may themselves be more impacted by adverse movements in their futures positions, particularly if they lack the risk-management tools available to institutional participants. Non-QIBs' participation in futures on EU debt obligations could increase if products are introduced similar to those for futures on the debt of EU member states.[173] However, differences between the options and futures markets, or lack of interest by non-QIBs, may limit speculative retail trading activity in futures on EU bonds.[174]

If the number of trading venues for futures on EU debt obligations increases without a proportional increase in total participation and trading volume, order flow in those markets could become fragmented. Fragmentation could reduce liquidity within individual venues, increasing the adverse selection risk faced by liquidity providers. To offset that risk, liquidity providers may widen their bid-ask spreads, raising transaction costs for all participants in the market for futures on EU debt obligations.[175] However, as discussed above, greater competition among exchanges could limit total cost increases if they also lower exchange access costs.

A related but unique effect could arise in a different market: futures on the debt of Designated Foreign Governments that

[165] *See,* for example, Stoll, Hans R., *Inferring the Components of the Bid-Ask Spread: Theory and Empirical Tests,* 44 J. Fin. 115 (1989), *available at https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1540-6261.1989.tb02407.x.*

[166] *See supra* note 156 and accompanying text. If trading activity does increase, leading to an increase in liquidity, this could also lower manipulation risk. For example, *see* Comerton-Forde, Carole and Putnins, Talis J., *Stock Price Manipulation: Prevalence and Determinants* 18 Rev. Fin. 23 (2014), *available at https://academic.oup.com/rof/article/18/1/23/1614377* (''Stocks with high levels of information asymmetry and mid to low levels of liquidity are most likely to be manipulated'').

[167] Under the Proposed Amendment, non-QIBs could also manage their positions in futures on EU debt obligations and futures on debt obligations of Designated Foreign Governments that are EU member states under the same regulatory regime.

[168] *See supra* note 156 and accompanying text. Sovereign debt futures included under Rule 3a12–8 seem to lack uptake on U.S. futures exchanges.

[169] *See supra* note 20.

[170] Surveillance frameworks factor into the costs of the proposed amendment to Rule 3a12–8. The proposed amendment to Rule 3a12–8 would permit the trading of futures on EU debt obligations on U.S. futures exchanges. Since futures on EU debt obligations could be traded in the both the U.S. and the EU, surveillance in the markets for EU debt obligations and their underlying securities could change. A potential cost of the rule is an increase in surveillance issues that span different jurisdictions, which would be mitigated by the surveillance frameworks of the U.S. and EU.

[171] Futures for EU debt obligations could increase in popularity, particularly if new futures products are released for retail investors. For example, Euronext recently issued mini-sized government bond futures for retail investors. *See* Euronext, *Euronext launches an innovative suite of fixed income derivatives on main European government bonds* (September 22, 2025), *available at https://www.euronext.com/en/about/media/euronext-press-releases/euronext-launches-innovative-suite-fixed-income-derivatives.*

[172] *See* Brogaard, Jonathan, Han, Jaehee, and Won, Peter Y., *Does 0DTE Options Trading Increase Volatility? available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4426358.* In addition, greater retail participation in options markets seems to create greater volatility in the underlying stock. *See* Lipson, Marc L., Tomio, Davide, and Zhang, Jiang, *A Real Cost of Free Trades: Retail Option Trading Increases the Volatility of Underlying Securities, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4383463.*

[173] *See supra* note 171.

[174] One difference between options and futures markets is the possibility of unlimited losses for both sides of a futures trade. For options, unlimited losses are possible when selling uncovered call or uncovered put options.

[175] Exchange fees could fall while spreads could increase in the market for futures on EU debt obligations. *See,* for example, Trading *supra* note 161.

are EU member states. This cost would result from substitution between instruments. Participants that currently use member-state futures (*e.g.,* Bund or BTP futures) as proxies for hedging debt obligations of the EU may shift some of that activity to futures on EU debt obligations once the latter become available on U.S. futures exchanges, or to non-QIB traders on FBOTs.[176] Unlike the fragmentation effect described above, which disperses existing futures order flow on EU debt obligations across more venues, this substitution effect would reduce the total volume of activity in member-state futures markets. To the extent such migration occurs, liquidity in the affected member-state futures could be modestly reduced, which could widen spreads in those markets. Any such effect would likely be limited, and it would depend on the degree to which participants regard the two instruments as substitutes and on the extent of any increase in trading in futures on EU bonds.

Another potential cost of the rule is that, to the extent that futures on EU debt obligations start trading on U.S. futures exchanges, it may be more difficult to conduct cross-market surveillance. However, these costs associated with the proposed amendment may be limited to the extent that all trading on futures on EU debt obligations remained on current FBOTs and the proposed amendment did not result in changes in trading activity in the market for futures on EU debt obligations.[177]

Because futures on EU debt obligations could be traded in both the U.S. and the EU under the proposed amendments, surveillance in the market for futures on EU debt obligations and the corresponding underlying markets could change. It may be more difficult to detect market manipulation spread across multiple jurisdictions. A trader may manipulate prices in the futures market in order to affect the underlying bond market. For example, a trader could engage in wash sales at a particular price in order to raise futures prices, then sell bonds in the secondary market at the time that the futures expire. This manipulation could take place on multiple futures exchanges across different jurisdictions. However, both the EU and the U.S. have rules requiring surveillance of futures markets and exchanges and the CFTC has existing data sharing agreements with FBOTs and MOUs it maintains with foreign regulators.[178] This could mitigate any gaps and coordination issues between the EU and U.S. regulatory regimes and limit difficulties in detecting manipulation risks which cross jurisdictions. However, U.S. regulators lack access to data on OTC trades in EU bonds, making manipulation in the secondary EU bond market more difficult for U.S. regulators to detect.[179]

D. Effects on Efficiency, Competition, and Capital Formation

1. Efficiency

The proposed amendment could affect market efficiency in three respects: its effect on the informational efficiency of prices, its effect on the operational efficiency of managing hedging positions, and its effect on the allocation of trading activity across substitutable instruments.

With respect to informational efficiency, to the extent that the proposed amendment results in additional trading venues and a broader population of market participants in the markets for futures on EU bonds, it could contribute to price discovery in those markets.[180] Futures markets can contribute to price discovery in underlying cash markets when futures prices reflect information from a broad and competitive set of market participants. If the proposed amendment were to increase participation in the market for EU debt obligations, this could improve the informational content of prices for debt obligations of the EU, which in turn could improve price discovery and therefore price efficiency in the cash markets for futures on EU debt obligations through the arbitrage and hedging activity that links the two markets.[181] Furthermore, increased participation could lower transaction costs, which could also improve price efficiency.[182] However, these effects are not certain. The relationship between market participation and price discovery depends on the informational quality of the additional order flow. If additional participation consists primarily of less-informed traders, the effect on price discovery could be limited or could introduce additional noise into prices.

Separately, if the proposed amendment were to fragment order flow across a larger number of venues without a corresponding increase in total trading activity, it could reduce rather than improve liquidity.[183] A reduction in liquidity could contribute to higher bid-ask spreads, which could reduce price efficiency.[184]

With respect to operational efficiency, the proposed amendment could reduce the costs that participants incur in executing a given hedging strategy, independent of any effect on price discovery. QIBs that hold positions in both futures on EU debt obligations and futures on the debt of Designated Foreign Governments that are EU member states currently manage those positions under two different regulatory regimes; the proposed amendment could reduce the associated operational friction, including potential issues that might arise in cross-margining and collateral-management complexity, by bringing both types of futures within the same regulatory framework.[185] Relatedly, non-QIB investors that currently hedge exposures to EU debt obligations with proxy instruments could hedge those exposures directly, reducing the basis risk associated with proxy hedging. Unlike the price-efficiency effects described above, these operational efficiency gains do not depend on U.S. futures exchanges listing futures on EU debt obligations or on a material increase in trading activity; they arise for any affected participant upon the proposed amendment taking effect. The magnitude of these gains would depend on the number of participants affected and, in the case of margin efficiencies, on whether the relevant exchanges and clearing organizations offer margin offsets.

With respect to allocative efficiency, by applying the same regulatory treatment to futures on EU debt obligations as to futures on the debt of Designated Foreign Governments that are EU member states, the proposed amendment would allow market participants to choose between these instruments on the basis of their economic characteristics rather than on the basis of differing regulatory

[176] *See supra* section IV.C.1. for a discussion of the benefits from U.S. traders no longer needing to trade proxies for future on EU debt obligations.

[177] *See supra* section IV.C.1. for a discussion of the possibility that the proposed amendment to Rule 3a12–8 does not change behavior or participation in the market for futures on EU debt obligations.

[178] *See supra* section IV.B.4 for a discussion of surveillance of futures markets.

[179] *See id.*

[180] *See supra* section IV.C.1. for a discussion of the proposed amendment to Rule 3a12–8 on changes in market participants and trading venues in the market for futures on EU bonds.

[181] *See id.*

[182] *Id.*

[183] *See supra* section IV.C.2. for a discussion of greater fragmentation of order flow for futures on EU debt obligations leading to adverse effects.

[184] *See id.*

[185] *See supra* section IV.C.1 for a discussion of the reduction in cross-margining and collateral-management complexity due to the proposed amendment.

accessibility. To the extent participants currently select futures on EU member-state debt obligations over futures on EU debt obligations because member-state futures are more readily accessible, the proposed amendment could improve the allocation of activity between the two instruments. Relatedly, the migration of hedging activity from futures on EU member-state debt obligations to futures on EU debt obligations could also reflect an improvement in allocative efficiency, insofar as it represents activity moving to the instrument that more closely matches participants' underlying economic exposures.[186]

2. Competition

The proposed amendment could increase competition among trading venues and intermediaries in the market for trading services in futures on EU debt obligations.

To the extent that U.S. futures exchanges elect to list futures on EU debt obligations, they would compete with existing FBOTs for order flow in the market for futures on EU debt obligations. This competition could affect the terms on which trading venues offer access to market participants, including exchange access fees, margin requirements, and other conditions of participation. Whether this competitive dynamic would materially affect venue access conditions is uncertain. If U.S. exchanges list futures on EU debt obligations, competition could also arise among clearing organizations, potentially affecting clearing fees and the availability of margin offsets for participants who clear multiple products at the same organization.[187]

This competitive dynamic could produce effects even if trading in futures on EU debt obligations continues to occur primarily on FBOTs. The prospect of U.S. futures exchanges entering the market for futures on EU debt obligations could prompt incumbent FBOTs to respond competitively, for example by lowering access fees, offering other incentives to retain order flow, or offering a greater variety of futures products on the debt obligations of the EU.[188] To the extent FBOTs respond in this manner, the resulting benefits could accrue to the U.S. investors that access those venues, including QIBs, regardless of whether trading migrates to U.S. exchanges in material volume.

Competition among venues could also affect the cost of intermediation. If trading venues compete for order flow by adjusting their access conditions or fee structures, intermediaries may respond by adjusting their own fee structures or by registering to trade on additional venues.[189] This could affect the cost of intermediation for end users of markets for futures on EU debt obligations. However, the extent of these effects depends on whether U.S. futures exchanges list futures on EU debt obligations and whether the proposed amendment results in a material change in the competitive dynamics of the market.[190]

3. Capital Formation

The proposed amendment could improve capital formation, although there is a limited possibility that it may reduce capital formation if there is an increase in fragmentation of order flow across multiple venues without a corresponding increase in trading volume.

To the extent that the proposed amendment reduces transaction costs and improves liquidity in markets for futures on EU debt obligations, it could support demand for EU debt in secondary trading markets.[191] Greater secondary market liquidity can lower the cost of capital for issuers by reducing the liquidity premium that investors require to hold EU debt obligations. If the proposed amendment were to have the effect of reducing the liquidity premium, it could modestly reduce the EU's cost of raising capital.

However, this transmission mechanism involves several steps, each of which is uncertain, and the overall effect on EU capital formation may be limited. The proposed amendment could also affect capital formation through its effects on U.S. market participants. To the extent that the amendment reduces the cost of accessing markets for futures on EU debt obligations for QIBs, it could free up capital that might otherwise be absorbed by hedging costs, potentially making additional capital available for deployment in other markets, including through domestic reinvestment in U.S. capital markets.[192] However, the magnitude of this effect is uncertain and depends on the extent to which the proposed amendment reduces hedging costs.

If the proposed amendment were to fragment order flow across a larger number of venues without a corresponding increase in total trading activity, this could reduce liquidity and widen bid-ask spreads in the markets for futures on EU debt obligations, as discussed above.[193] To the extent that occurred, lower secondary market liquidity could increase the liquidity premium that investors require to hold EU bonds, which could raise the EU's cost of capital.

E. Reasonable Alternatives

1. Restrict Proposed Amendment to QIBs

As an alternative to the proposed amendment to Rule 3a12–8, the Commission could add the EU to Rule 3a12–8 while restricting futures trading on U.S. exchanges of the debt obligations of the EU to QIBs, thereby limiting the expansion of market access to the population already permitted to trade futures on EU debt obligations under the 2009 Exemptive Order. This would reduce the surveillance difficulties compared to the proposed amendment.[194] However, the benefits could also be reduced. U.S. non-QIB traders would be unable to trade these futures, which could reduce U.S. investors' incentives to hold debt obligations of the EU because non-QIB investors would be unable to use futures to hedge those positions.[195] As a result, this alternative could reduce capital

[186] *See supra* sections IV.C.1. and IV.C.2. for a discussion of costs and benefits due to U.S. investors no longer needing to use the futures on the debt obligations of EU member states as a proxy for futures on EU debt obligations.

[187] Some exchanges may utilize independent clearing organizations, and sometimes for specific products. For example, CBOE Futures Exchange (CFE) uses the Options Clearing Corporation for all of its products. In addition, CFE intends to use multiple clearing houses, with CBOE Clear U.S., LLC as the clearing organization for financially settled bitcoin and ether futures. *See* Securities Exchange Act Release No. 102760 (Apr. 8, 2025), 90 FR 15180. No matter the arrangement by an exchange, clearing would have to take place overseas. *See supra* note 32.

[188] *See supra* section IV.C.1 on how FBOTs may respond to competition from U.S. futures exchanges for order flow in the futures market for EU debt obligations.

[189] *See supra* section IV.C.1 for a discussion of how trading venues may adjust their access conditions or fee structures to compete for order flow due to the proposed amendment to Rule 3a12–8. *See supra* section IV.A.1. for a discussion of the current state of the market for intermediary services.

[190] *See supra* section IV.C.1. for a discussion of the possibility that the proposed amendment to Rule 3a12–8 has no effect on the market for futures on EU debt obligations.

[191] *See supra* section IV.C.1. for a discussion of why demand for EU bonds could increase in the secondary market due to the proposed amendment to Rule 3a12–8.

[192] *See supra* section IV.C.1. for a discussion of why access costs could decrease.

[193] *See supra* section IV.C.1.

[194] *Id.*

[195] *See supra* section IV.C.1. for a discussion of the benefits to U.S. non-QIB investors.

formation for both the EU and the U.S. relative to the proposed amendment.[196]

2. Rescind Rule 3a12–8

As another alternative to the proposed amendment, the Commission could rescind Rule 3a12–8 in its entirety. This would remove the exempted security designation from the debt of all Designated Foreign Governments currently listed in the Rule, making futures on those governments' debt subject to the same regulatory treatment as futures on EU debt obligations, *i.e.,* trading pursuant to the conditions of the 2009 Exemptive Order. Under this alternative, futures on the debt of all currently Designated Foreign Governments, including the eleven EU member states currently listed in Rule 3a12–8, would be treated as security futures and subject to the joint jurisdiction of the Commission and the CFTC. Compared to the proposed amendments, coordinating surveillance across jurisdictions would be less difficult, since futures trades could only be effected through QIBs or their intermediaries [197] and the number of venues on which such futures could be traded would be reduced.[198]

Non-QIB investors would be unable to trade the sovereign debt futures of those countries currently included under Rule 3a12–8. QIB investors could trade the futures through FBOTs.[199] If no FBOT registered with the Commission offers futures on particular sovereign debt, access would be further restricted. Non-QIB investors would lack the ability to use futures as hedges against the sovereign debt of all currently designated governments, increasing the hedging costs and risks borne by non-QIB traders who participate in those markets.[200]

Under the rescission alternative, the efficiency gains associated with broader investor participation in futures and sovereign debt markets from the proposed amendment would not be realized. A lack of non-QIB investor participation in futures markets could create futures markets with limited depth, leading to higher volatility.[201] Reduced non-QIB participation in sovereign debt markets, owing to the absence of futures hedges, could reduce price discovery in foreign bond markets.[202] This could harm U.S. investors who choose to participate in these markets.

Capital formation could be reduced relative to the proposed amendment. Without access to futures as hedging instruments, non-QIB investors may also reduce their participation in the corresponding sovereign debt markets,[203] which could reduce the capital formation benefits associated with broader participation in those markets.[204]

3. Extend Rule 3a12–8 To Exempt the Debt of All EU Member States

As an alternative to the proposed amendment, the Commission could amend Rule 3a12–8 to designate the debt obligations of all 27 EU member states as ''exempted securities.'' Eleven EU member states are already designated exempted securities under the Rule.[205] This alternative would add the remaining sixteen: Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, and Slovenia.[206]

This alternative could produce broader benefits than the proposed amendments by extending comparable treatment to the futures on the debt obligations of all EU member states. Potential benefits include more uniform regulatory treatment, allowing participants to choose instruments based on their economic characteristics rather than regulatory accessibility; simplified compliance and hedging, including reduced cross-margining, collateral complexity, and proxy-hedging basis risk; and extended access to hedging instruments for non-QIB investors under the CFTC's exclusive jurisdiction rather than the QIB-only security-futures regime.[207] Because the larger EU sovereign issuers are already Designated Foreign Governments under Rule 3a12–8, however, the incremental benefit would likely consist primarily of regulatory harmonization for the smaller issuers rather than a material expansion of trading volume.[208]

The costs could also be greater under this alternative because many of the additional sovereign-debt markets are relatively small and less liquid. At the end of 2024, for example, Estonia had approximately €9.3 billion in general government (Maastricht) debt and Malta approximately €10.6 billion,[209] compared with approximately €2.51 trillion for Germany.[210] Estonia's total debt stock was therefore less than 0.5 percent of Germany's, and its debt-to-GDP ratio of 24.1 percent at the end of 2025 was the lowest in the EU.[211] Sovereigns of this size may issue infrequently, lack deep benchmark yield curves, and generate insufficient secondary-market activity to support liquid exchange-traded futures. Futures based on such debt could trade at low volume and exhibit wider bid-ask spreads, greater price volatility, and limited capacity for market participants to establish or unwind positions without affecting prices. These conditions could weaken the usefulness of the contracts as hedging instruments, particularly if access were extended to non-QIB investors.

The alternative would also encompass sovereigns with materially different credit profiles. The zero-percent risk-weight cited in support of the proposed amendments does not apply uniformly to all EU member states that are not currently Designated Foreign Governments.[212] Each additional

[196] *See supra* section IV.D.3. for a discussion of the effects of the proposed amendment on capital formation.

[197] *See supra* notes 28 and 29 for discussions on why only QIBs or their intermediaries would be allowed to trade futures on EU debt obligations.

[198] *See supra* section IV.C.2. for a discussion of surveillance issues.

[199] *See supra* notes 28 and 29 for discussions on why QIBs or their intermediaries are limited to trading futures on EU debt obligations on FBOTs under the Commission's 2009 Exemptive Order.

[200] *See supra* section IV.C.1. for a discussion of the benefits of using futures on EU debt obligation as a hedge against the purchase of EU debt.

[201] *See supra* section IV.C.2. for a discussion of changes in volatility in the futures markets on EU debt obligations.

[202] *See supra* section IV.D.1. for a discussion of improved price discovery as a result of the proposed amendment.

[203] *See supra* section IV.C.1. for the benefits to non-QIB investors as a result of the proposed amendment.

[204] *See supra* section IV.D.3. for a discussion of the possible changes in capital formation due to the proposed amendment.

[205] *See* 17 CFR 240.3a12–8(a)(1). *See also supra* note 37.

[206] Separately, of the major non-EU European sovereigns, two are already designated—the United Kingdom and Switzerland—while others (*e.g.,* Norway) are not. *See supra* section I (listing the Designated Foreign Governments); *see also* 17 CFR 240.3a12–8(a)(1).

[207] *See supra* section IV.D.1 (discussing the effects of the proposed amendment on operational efficiency); *see also supra* section IV.D.3 (discussing the effects of the proposed amendment on capital formation).

[208] Four already-designated issuers—Germany, Italy, France, and Spain—account for nearly 70% of actively traded EU sovereign bonds. *See supra* section III.A.

[209] Eurostat, *Euro area government deficit at 3.1% and EU at 3.2% of GDP, Euro Indicators News Release* (Apr. 22, 2025), *available at https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-22042025-ap.*

[210] *See supra* section IV.B (Baseline). *See also* Bundesrepublik Deutschland—Finanzagentur GmbH, *Investor Presentation Quarterly* (July 2026), *available at https://www.deutsche-finanzagentur.de/fileadmin/user_upload/Institutionelle-investoren/praesentation/Investor_Presentation_quarterly.pdf.*

[211] *See* Eurostat, *Government Finance Statistics, Statistics Explained* (Apr. 22, 2026), *available at https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Government_finance_statistics.*

[212] *See* 12 CFR 217.32(a) (Board of Governors of the Federal Reserve System); 12 CFR 3.32(a) (OCC); 12 CFR 324.32(a) (FDIC).

sovereign could therefore require a separate creditworthiness assessment. Some of these sovereigns may have high debt-to-GDP ratios,[213] or a history of sovereign distress.[214] Extending futures on debt with weaker or more volatile credit characteristics could expose non-QIB investors to greater liquidity and credit-related risks.

Credit risk, however, is not unique to the sixteen additional member states. Some of the sovereigns which are currently Designated Foreign Governments, required official financial assistance during the euro-area crisis.[215] Moreover, some sovereign debt, despite the sovereign's prior credit history, is comparatively large and actively traded.[216] These examples suggest that neither current designation status nor EU membership alone provides a complete basis for assessing whether futures on a sovereign's debt would support liquid trading and effective risk management.

F. Request for Comment

The Commission requests comment on all aspects of this initial economic analysis, including whether the analysis has: (1) identified all benefits and costs, including all effects on efficiency, competition, and capital formation; (2) given due consideration to each benefit and cost, including each effect on efficiency, competition, and capital formation; and (3) identified and considered reasonable alternatives to the proposed new rules and rule amendments. We request and encourage any interested person to submit comments regarding the proposed amendment, our analysis of the potential effects of the proposed amendment, and other matters that may have an effect on the proposed amendment. We request that commenters identify sources of data and information as well as provide data and information to assist us in analyzing the economic consequences of the proposed amendment. We also are interested in comments on the qualitative benefits and costs we have identified and any benefits and costs we may have overlooked. In addition to our general request for comments on the economic analysis associated with the proposed rules and proposed amendments, we request specific comment on certain aspects of the proposal:

Q18. What do commenters believe the impact of amending the Rule would be on U.S. investors? On which FBOTs are EU futures primarily traded? How much of the volume is by U.S. traders? How much of the volume is by foreign traders, and what share of these foreign traders are retail traders?

Q19. What do commenters believe the impact of amending the Rule would be on the underlying market for debt obligations of the EU? What volume of EU debt obligations are traded in the U.S.? What volume of EU debt obligations are held by U.S. institutional investors, and what is their overall share of the bonds held? How active are U.S. institutional investors in the primary and secondary EU bond markets? How active are retail traders in the secondary EU bond market?

Q20. Would any of the alternatives to amending the Rule be more beneficial to the market and market participants rather than the proposed amendment? In addition, are there costs that the Commission has not considered as part of these alternatives?

Q21. Are there any barriers that would prevent FBOTs from competing to attract order flow from U.S. exchanges due to the proposed amendment? Would certain FBOTs set rules such that U.S. traders would need to use an intermediary to trade futures on EU debt obligations?

Q22. Should retail trading in the options market be compared to retail trading in futures markets? Are there aspects of futures markets, and in particular the market for futures on EU debt obligations, that are not comparable to options markets?

Q23. How many intermediaries registered in the U.S. currently have access to FBOTs? Are there specific incentives that these intermediaries would offer in order to attract order flow in the market for futures on EU debt obligations? Are there specific incentives that FBOTs would offer in order to attract order flow in the market for futures on EU debt obligations?

Q24. How do introducing brokers and other intermediaries distinguish between QIBs and non-QIB customers?

Q25. What are the reasons for a lack of uptake on U.S. futures exchanges in sovereign debt futures exempted under Rule 3a12–8?

Q26. Would non-QIB investors mostly consist of non-QIBs who currently trade other futures products, such as EU member state futures products, under Rule 3a12–8? What is the current breakdown of types of traders by euro volume in EU member state futures under Rule 3a12–8?

V. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the proposed amendment to the Rule does not impose recordkeeping or information collection requirements, or other collections of information which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

VI. Regulatory Flexibility Certification

The Regulatory Flexibility Act of 1980 (''RFA'') requires the Commission, when issuing a rulemaking proposal, to prepare and make available for public comment an initial regulatory flexibility analysis that describes the impact of the proposed rule on small entities,[217] unless the Commission certifies that the rule, if adopted, would not have a significant economic impact on a substantial number of small entities.[218] Pursuant to 5 U.S.C. 605(b) of the RFA, the Commission hereby certifies that the proposed amendments to Rule 3a12–8 would not, if adopted, have a significant economic impact on a substantial number of small entities. Such certification is based on the following reasons. First, the proposed amendment would impose no recordkeeping or compliance burden and merely would allow, in effect, the marketing and trading in the United States of futures contracts overlying the debt securities of the European Union. Second, because those primarily interested in trading such futures contracts are large, institutional investors, the availability of these futures products will not have a significant economic impact on a substantial number of small entities, as that term is defined for broker-dealers in 17 CFR 240.0–10.[219]

The Commission encourages written comments on the certification. The Commission solicits comment as to whether the proposed rule could have an effect on small entities that has not been considered. The Commission asks that commenters describe the nature of any impact on small entities and

[213] *See* Eurostat (2026), *supra* note 211.

[214] *See* European Stability Mechanism, *Greece* (June 2025), *available at https://www.esm.europa.eu/assistance/greece.*

[215] *See* Ireland: *https://www.esm.europa.eu/assistance/ireland,* and Spain: *https://www.esm.europa.eu/assistance/spain.*

[216] *See* Eurostat, *Euro Indicators News Release* (Apr. 22, 2025), *available at https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-22042025-ap.*

[217] 5 U.S.C. 603(a).

[218] 5 U.S.C. 605(b).

[219] Small entities include broker-dealers with total capital (net worth plus subordinated liabilities) of less than $500,000 on the date in the prior fiscal year as of which its audited financial statements were prepared pursuant to Rule 17a–5(d) under the Exchange Act, or, if not required to file such statements, a broker-dealer who had total capital (net worth plus subordinated liabilities) of less than $500,000 on the last day of the preceding fiscal year (or in the time it has been in business, if shorter), and is not affiliated with any person (other than a natural person) who is not a small business or small organization. 17 CFR 240.010(c).

provide empirical data to support the extent of the impact.

VII. Congressional Review Act

For purposes of Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (also known as the Congressional Review Act),[220] the Commission must seek the Office of Management and Budget's (''OMB'') determination as to whether a final regulation constitutes a ''major rule.'' Under the Congressional Review Act, a rule is considered ''major'' where, if adopted, it results in or is likely to result in:

- An annual effect on the economy of $100 million or more;
- A major increase in costs or prices for consumers or individual industries; or
- Significant adverse effects on competition, investment, or innovation.[221]

To help inform OMB's determination as to whether any final rule that results from the proposal would be a ''major rule,'' the Commission solicits comment and data on:

- The potential effect on the U.S. economy on an annual basis;
- Any potential increase in costs or prices for consumers or individual industries; and
- Any potential effect on competition, investment, or innovation.

Commenters are requested to provide empirical data and other factual support for their views to the extent possible.

VIII. Other Matters

The Office of Management and Budget has determined that this action is not a significant regulatory action under Executive Order 12866 and therefore it was not subject to Executive Order 12866 review. This action, if finalized as proposed, is expected to be an Executive Order 14192 deregulatory action.

Statutory Authority

The amendment to Rule 3a12–8 is being proposed pursuant to 15 U.S.C. 78a *et seq.,* particularly sections 3(a)(12) and 23(a), 15 U.S.C. 78c(a)(12) and 78w(a).

List of Subjects in 17 CFR 240

Reporting and recordkeeping requirements, Securities.

Text of Rule Amendment

For the reasons set forth in the preamble, title 17, chapter II of the Code of Federal Regulations is proposed to be amended as follows:

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

■ 1. The authority citation for Part 240 continues to read in part as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z–2, 77z–3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78c–3, 78c–5, 78d, 78e, 78f, 78g, 78i, 78j, 78j–1, 78j–4, 78k, 78k–1, 78l, 78m, 78n, 78n–1, 78o, 78o–4, 78o–10, 78p, 78q, 78q–1, 78s, 78u–5, 78w, 78x, 78dd, 78ll, 78mm, 80a–20, 80a–23, 80a–29, 80a–37, 80b–3, 80b–4, 80b–11, 1681w(a)(1), 6801–6809, 6825, 7201 *et seq.,* and 8302; 7 U.S.C. 2(c)(2)(E); 12 U.S.C. 5221(e)(3); 18 U.S.C. 1350; Pub. L. 111–203, 939A, 124 Stat. 1376 (2010); and Pub. L. 112–106, sec. 503 and 602, 126 Stat. 326 (2012), unless otherwise noted.

* * * * *

Section 240.3a12–8 also issued under 15 U.S.C. 78a *et seq.,* particularly secs. 3(a)(12), 15 U.S.C. 78c(a)(12), and 23(a), 15 U.S.C. 78w(a).

* * * * *

■ 2. Amend by revising § 240.3a12–8 to read as follows:

§ 240.3a12–8 Exemption for designated foreign government securities for purposes of futures trading.

(a) * * *

(1) The term *designated foreign government security* shall mean a security not registered under the Securities Act of 1933 nor the subject of any American depositary receipt so registered, and representing (i) a debt obligation of the European Union or (ii) a debt obligation of the government of

(A) The United Kingdom of Great Britain and Northern Ireland;
(B) Canada;
(C) Japan;
(D) The Commonwealth of Australia;
(E) The Republic of France;
(F) New Zealand;
(G) The Republic of Austria;
(H) The Kingdom of Denmark;
(I) The Republic of Finland;
(J) The Kingdom of the Netherlands;
(K) Switzerland;
(L) The Federal Republic of Germany;
(M) The Republic of Ireland;
(N) The Republic of Italy;
(O) The Kingdom of Spain;
(P) The United Mexican States;
(Q) The Federative Republic of Brazil;
(R) The Republic of Argentina;
(S) The Republic of Venezuela;
(T) The Kingdom of Belgium; or
(U) The Kingdom of Sweden.

(2) * * *

(3) The term *debt obligation of the European Union* shall mean debt that is issued by the European Commission on behalf of the European Union where the borrowings are direct and unconditional obligations of the European Union.

* * * * *

By the Commission.

Dated: August 28, 2026.

J. Matthew DeLesDernier,
Deputy Secretary.

[FR Doc. 2026–17939 Filed 9–1–26; 8:45 am]

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[220] *See* 5 U.S.C. chapter 8.

[221] *See* 5 U.S.C. 804(2) (defining ''major rule'').

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

19 CFR Parts 141, 142, 143 and 163

[Docket No. USCBP–2026–1058]

RIN 1685–AA47

Heightened Import Disclosures for Supply Chain Visibility

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: U.S. Customs and Border Protection (CBP) is considering amending its regulations to give CBP greater visibility into the supply chains of goods imported into the United States. CBP is seeking comments on new requirements enhancing visibility into the parties involved in the importation of goods; integrating innovative technical solutions for the tracing of supply chains of those goods; and collecting foreign export documentation that foreign exporters are required to submit to the foreign customs authority prior to the exportation of those goods to the United States. With these proposals, CBP seeks to more effectively detect and interdict illicit importations, especially those that are illegally transshipped to evade compliance with U.S. customs and trade laws.

DATES: Comments must be received on or before December 1, 2026.

ADDRESSES: You may submit comments, identified by docket number, through the Federal eRulemaking Portal: *http://www.regulations.gov.* Follow the instructions for submitting comments via docket number USCBP–2026–1058.

Instructions: All submissions received must include the agency name and docket number for this rulemaking. All comments received will be posted without change to *http://www.regulations.gov,* including any personal information provided. For detailed instructions on submitting comments and additional information on the rulemaking process, see the ''Public Participation'' heading of the **SUPPLEMENTARY INFORMATION** section of this document.