



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Market
Oversight

Division of
Clearing and Risk

Re: Withdrawal of CFTC Staff Advisory No. 18-14 with Respect to Virtual Currency Derivative Product Listings

The Division of Market Oversight (“DMO”) and the Division of Clearing and Risk (“DCR”) of the Commodity Futures Trading Commission (“CFTC”) hereby withdraw CFTC Staff Advisory No. 18-14 — Advisory with Respect to Virtual Currency Derivative Product Listings (“Virtual Currency Listing Advisory” or “Advisory”)¹ in its entirety.

On May 21, 2018, DMO and DCR issued the Virtual Currency Listing Advisory to “clarify staff’s priorities and expectations in its review of new virtual currency derivatives to be listed on a designated contract market (“DCM”) or swap execution facility (“SEF”), or to be cleared by a derivatives clearing organization (“DCO”).² The Advisory reflected “staff’s current thinking” in 2018 “based on experience with virtual currency derivatives products to date.”³

Given additional staff experience in the intervening years, as well as increasing market growth⁴ and maturity, DMO and DCR believe the Virtual Currency Listing Advisory is no longer needed. Accordingly, DMO and DCR have determined to withdraw the Advisory, effective immediately.

Staff notes that the Commodity Exchange Act (“CEA”) and Commission regulations establish robust standards and procedures for the listing and clearing of derivative products, including virtual currency and other digital asset derivatives, by a DCM, SEF, or DCO. For the avoidance of doubt, these standards and procedures remain in effect.⁵ The Commission’s Large Trader

¹ CFTC Staff Advisory 18-14, Advisory with Respect to Virtual Currency Derivative Product Listings (May 21, 2018) *available at* <https://www.cftc.gov/csl/18-14/download>.

² *See* Virtual Currency Listing Advisory at 1.

³ *Id.*

⁴ For example, since 2018, average daily volumes in aggregate across all Bitcoin futures have increased over 300 percent, and aggregate open interest has increased by over 800 percent.

⁵ For example, a DCM or SEF listing virtual currency or other digital asset derivative contracts must maintain an effective market oversight program designed, among other things, to ensure that listed contracts are not readily susceptible to manipulation and to detect and prevent manipulation, price distortion and disruptions of the delivery or cash-settlement process.

Reporting System, which requires reporting firms to file daily position reports with trader positions at or above specific reporting levels,⁶ also remains in effect.

This letter represents only the views of DMO and DCR staff and does not necessarily represent the views of the Commission or of any other division or office of the Commission.

DMO and DCR encourage exchanges and clearinghouses to continue their customary, open communications with staff regarding new virtual currency derivatives. If you have any questions concerning the withdrawal of the Virtual Currency Listing Advisory, please contact Sebastian Pujol, Counsel to the Director, DMO, at sps@cftc.gov, or Eileen A. Donovan, Deputy Director, DCR, at edonovan@cftc.gov.

Sincerely,

**AMANDA
OLEAR**

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Amanda L. Olear
Acting Director
Division of Market Oversight

**RICHARD
HAYNES**

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Richard Haynes
Acting Director
Division of Clearing and Risk

⁶ Reporting levels are set forth in Commission regulation 15.03(b).