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Welcome to the

2026 Financial Markets Group Fall Conference

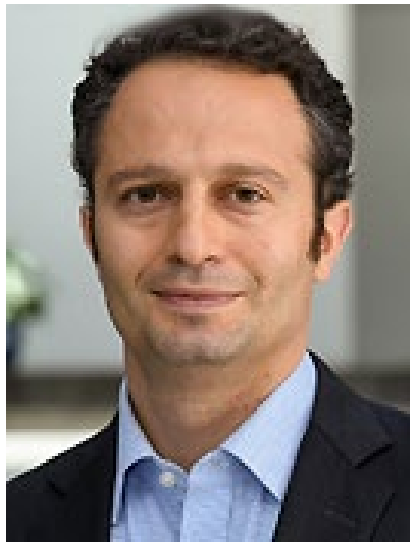
Hosted by the Federal Reserve Bank of Chicago

Monday, November 2, 2026

Panel 2: Trading Innovations: New Contracts, New Risks?



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Panel Agenda

New Contract Markets and Contract Types	CFTC Regulated DCMs
	Event Contracts
	Perpetual Contracts
Market Structure Implications	24 by 7 Trading and Clearing
	Direct Clearing Models

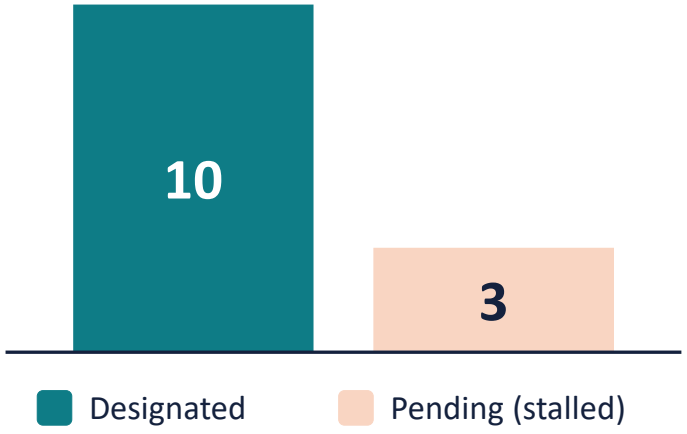
New Contract Markets

CFTC Designated Contract Markets (DCMs)

27 of 40 applicants are from 2025–2026

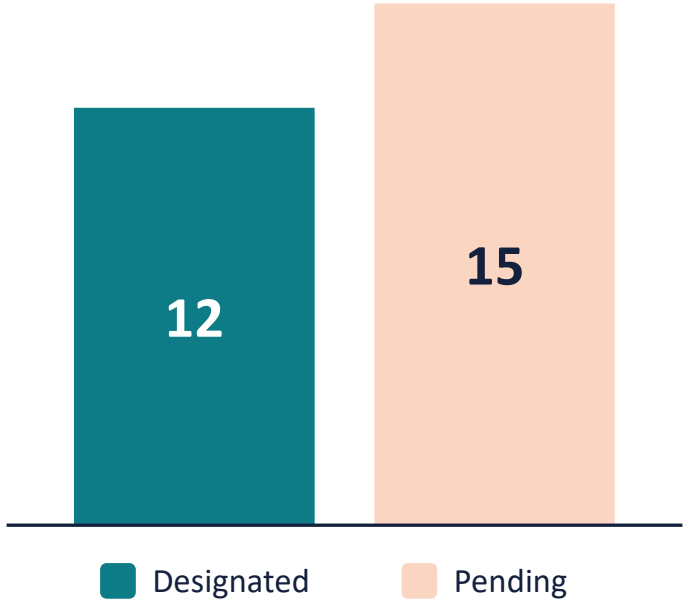
2010–2024

Era 1: 10 designations over 15 years, plus 3 stalled applications



2025–2026

Era 2: 27 total recent entries (12 designations, 15 pending)



Era 1: 2010–2024

A total of 10 DCM designations over 15 years, plus 3 stalled pending applications.

Era 2: 2025–2026

A surge to 12 designated and 15 pending DCMs in under two years.

Summary

27 of 40 designated or pending DCMs since 2010 are dated 2025–2026.

Designated exchanges are counted in the year designated, not the year they applied.
Source: CFTC, Industry Filings: Designated Contract Markets (DCM), as of October 2, 2026.

New Contracts Types

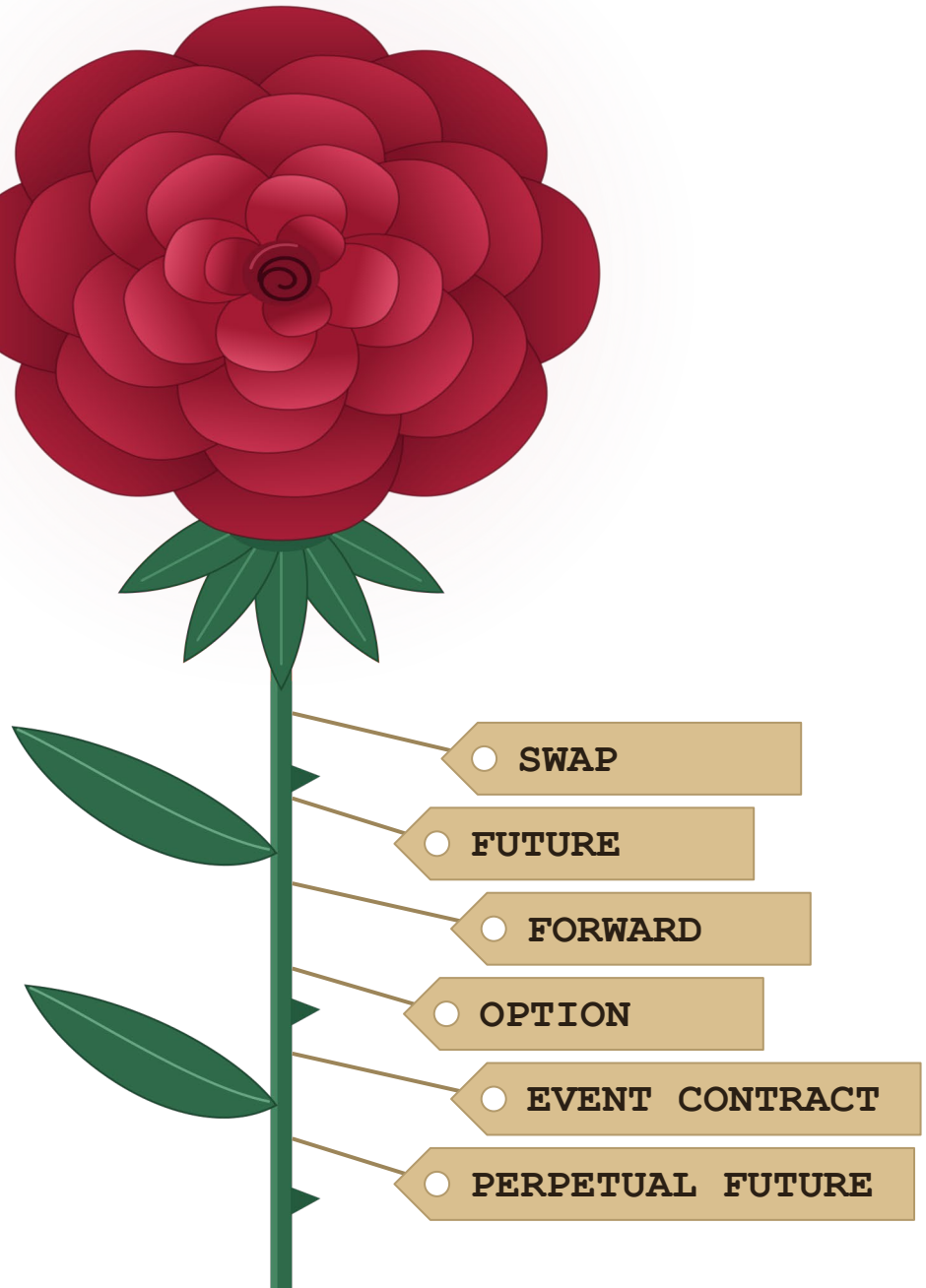
What's in a label?

"What's in a name? That which we call a rose
By any other name would smell as sweet"

Romeo and Juliet, Act II, Scene ii
William Shakespeare

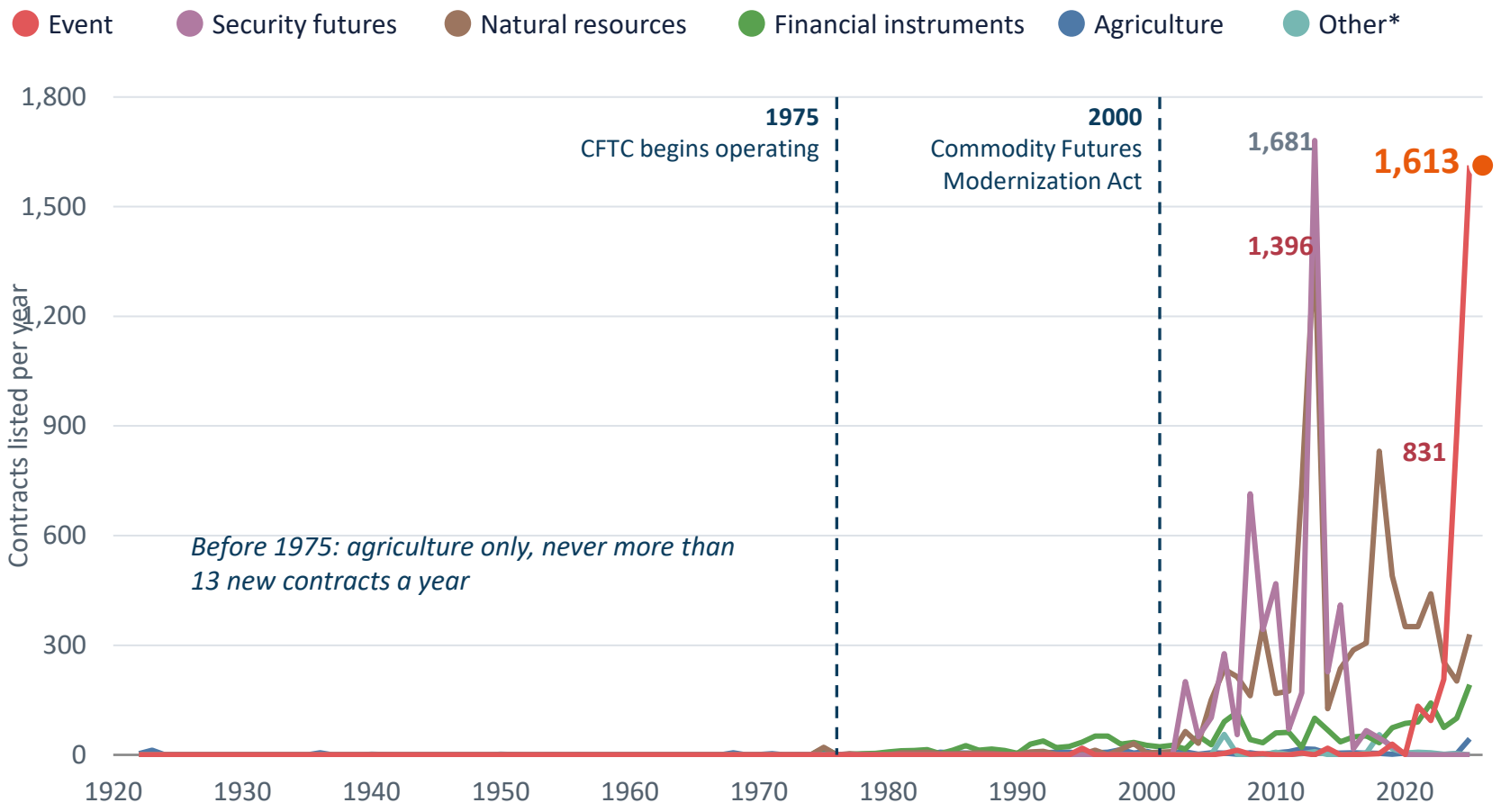
"Nothing changes but the name.
And the regulatory burden."

Craig Pirrong, "A Swap By Any Other Name," Streetwise Professor, Aug. 2, 2012



From grain to events: 100 years of new futures contracts

Futures contracts listed per year, 1922–2025. Each surge follows a rule change or a new business model.



What drove the spikes

1,681 security futures, 2013

All from OneChicago, and 93% were dividend-adjusted single-stock or ETF contracts.

1,396 natural resources, 2013

1,222 were Nodal Exchange electricity contracts. The 2012 wave was mostly ICE and NYMEX energy.

1,613 event contracts, 2025

Kalshi filed over 80% of them.

Source: CFTC Industry Filings, Designated Contract Market Products (October 2, 2026). Counts are product filings by status date. *Other = Miscellaneous, Other and Transportation.

What are type of underlying events are appropriate and what are the uses cases?



Perpetual Contacts a.k.a. “Perps”

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Trading is moving to the ends

Away from standardized maturities, toward 0DTE and perpetuals

0DTE

Trading in benchmark maturities

Perpetual



Same-day expiry; a growing share of trading

Standardized monthly and quarterly expiries, once the center of trading

No expiry; a growing share of trading

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Direct Clearing
- Is vertical integration a solution?

Direct clearing removes two lines of defense

Intermediated (via FCM)	Direct clearing
Client initial margin	Member initial margin
FCM risk management practices	*No FCM risk management*
FCM capital and guarantee	*No FCM capital or guarantee*
Member’s default fund share	Member's default fund share
CCP skin in the game	CCP skin in the game
Mutualized fund and recovery tools	Mutualized fund (*if any*) and recovery tools

Losses are absorbed from the top down. Orange marks the FCM layers; a direct member faces the CCP without them.

Illustrative and simplified; actual waterfalls differ by CCP and products cleared.

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24 by 7 Trading & Clearing

Crisis interventions relying on weekends

Bear Stearns
Mar 2008

Bear needed to find a buyer before Monday's open.

Lehman Brothers
Sep 2008

Talks ran all weekend; bankruptcy filed Monday.

SVB and Signature
Mar 2023

Fed's Bank Term Funding Program established on weekend.

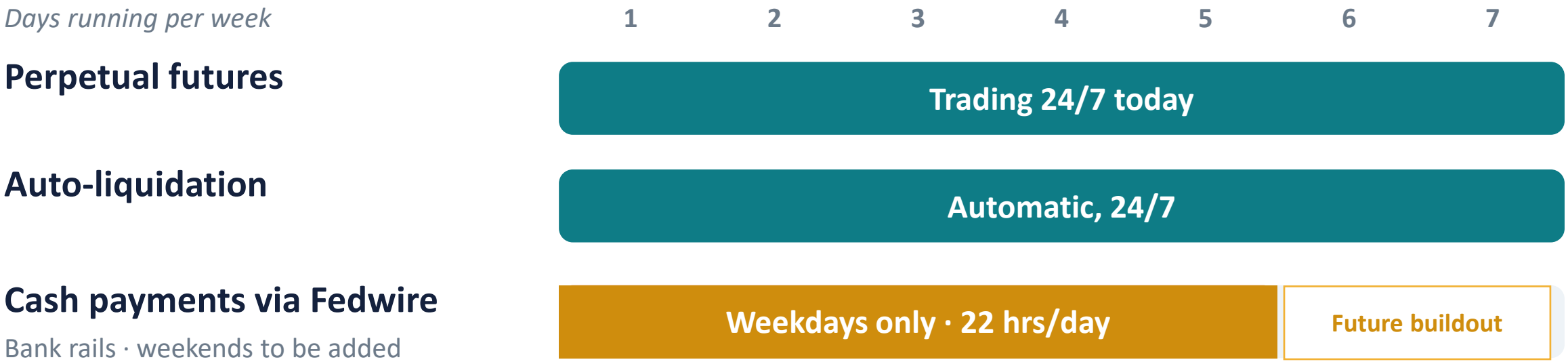
Credit Suisse
Mar 2023

UBS takeover with Swiss backstop announced Sunday.

How does financial crisis management work in 24/7 markets?

Sources: Journal of Financial Crises (Bear Stearns); BIS; FSB (Oct 2023); Federal Reserve FEDS paper on the Bank Term Funding Program.

Derivatives are going 24/7



Clearing will rely on prefunding, alternative funding and/or auto-liquidation for 24/7

Alternative funding - stablecoins or tokenized assets.