coinbase

To:
Mr. Christopher J. Kirkpatrick
Secretary
Commodity Futures Trading Commission
3 Lafayette Square
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Washington, DC 20581

November 28, 2025

Re: Recommendations for the CFTC from the President's Working Group Report on Digital Asset Markets

Coinbase Global, Inc. (together with its subsidiaries, **Coinbase**) appreciates the opportunity to respond to the Commodity Futures Trading Commission's (the **CFTC**) request for feedback on implementing recommendations made by the President's Working Group on Digital Asset Markets (the **PWG**) in its report published on July 30, 2025 (the **PWG Report**).

Coinbase Derivatives Exchange (**CDE**) is a designated contract market (**DCM**) and currently offers a mix of digital asset and traditional futures contracts sized to meet both institutional and retail trading needs. Coinbase Financial Markets, Inc. (**CFM**) is a futures commission merchant (**FCM**). As a participant in both futures and digital asset spot markets, Coinbase strongly supports the modernization of futures markets and sound regulation for digital asset spot markets.

Our response focuses on the PWG Report's recommendations for the CFTC on vertically-integrated models in digital asset markets, onchain derivatives, and digital asset collateral. Implementing these recommendations has the potential to improve efficiency and reduce risk in CFTC-regulated markets, ensuring they remain the deepest and most vibrant in the world.

We commend the CFTC for its willingness to embrace the recommendations in the PWG report and remain available to discuss these matters going forward.

Yours sincerely,

Faryar Shirzad
Chief Policy Officer
Coinbase

Introduction

The digital asset industry is a vital engine for modernizing the U.S. economy. Coinbase strongly supports this Administration's commitment to fostering growth and technological leadership and ensuring that regulation encourages the adoption of digital assets.

Since entering office, the pace at which this Administration has pursued and implemented the President's goal of making the U.S. the crypto capital of the world has been swift and impressive. Building on that track record, our response focuses on three PWG recommendation areas that we believe are highest priority as relates to the CFTC: first, preserving vertical integration in digital asset commodity markets; second, the appropriate application of CFTC requirements to decentralized and onchain activities; and third, ensuring that digital assets can be used as collateral in cleared derivatives markets.

Each of these recommendations recognizes that digital assets and blockchain can fundamentally improve — and even revolutionize — financial markets, and that the CFTC's existing principles-based regulatory framework is equipped to embrace these innovations responsibly.

Blockchain offers powerful benefits to all market participants, including: atomic settlement, borderless markets that trade 24/7, options for self-custody, composability, and transparency. It also enables vertically-integrated services that reduce frictions and costs for customers. Critically, vertical integration does not come at the expense of customer protections. Proper safeguards, such as segregation of customer assets, governance mechanisms, and disclosures serve to protect customer assets and to mitigate any conflicts of interests. The CFTC should ensure that any regulation of bundled or vertically-integrated services effectively protects customers without unnecessarily detracting from the customer-facing benefits of the operating model or blockchain technology.

We also encourage the CFTC to establish a clear and workable approach to onchain and decentralized finance (**DeFi**) derivatives. DeFi democratizes access to critical financial products by reducing costs associated with traditional intermediaries and allowing customers to access protocols using self-custodial wallets. However, in previous years, the CFTC has unnecessarily chilled the development of onchain derivatives, leaning on enforcement and providing no meaningful guidance for developers. We welcome the opportunity to work with the CFTC to ensure that its approach to DeFi and onchain derivatives furthers the goals of the Administration and allows U.S. customers to benefit from digital asset development and innovation.

Finally, encouraging the adoption of digital assets as collateral will transform CFTC-regulated cleared derivatives markets. Tokenized collateral, and in particular, the use of stablecoins as a cash-equivalent for variation margin and settlement, will significantly reduce settlement times, credit risk, and liquidity risk in cleared derivatives markets. This, in turn, will expand and support adoption of extended and 24/7 trading hours.

While not all market participants are ready for immediate adoption of stablecoins or other digital assets as collateral, this should not be an impediment to the CFTC paving the path for this important innovation. Critically, many are eager and ready to adopt these technological advancements, so the CFTC should allow the market participants who are prepared to move forward to do so. Coinbase operates overseas derivatives platforms that margin and settle exclusively in digital assets, underscoring that this practice is tried and tested in live market conditions. As the Commission moves forward to allow this practice, Coinbase is ready to assist in the agency's considerations with the data and experience we have developed in markets outside the U.S.

Fortunately, the CFTC's principles-based regulatory framework does not require a one-size fits all solution. Vertically-integrated structures can coexist with those that rely on intermediaries. The existence of centralized platforms need not preclude developments in onchain and DeFi derivatives. Finally, CFTC regulations are well-suited to allow individual derivatives clearing organizations (**DCOs**) and their clearing members to evaluate the benefits and risks of specific collateral types within their ecosystems.

As the PWG recognized, digital assets and blockchain-based innovations can offer customers greater choice, enhanced risk management, and access to more efficient capital. We encourage the Commission and Staff to take action to advance these important objectives.

Vertical Integration - Custody and Trading

The PWG recognizes the unique nature of digital asset markets and contemplates integrated service models. For example, the PWG found that integrated models allow "a seamless user experience, reduce reliance on third-party providers, and capture more value within integrated firms' ecosystems."[1]

[1] President's Working Group on Digital Asset Markets (the **PWG Report**), *Recommendations to Strengthen American Leadership in Digital Financial Technology*, 20, July 30, 2025, https://www.whitehouse.gov/crypto/.

We fully agree.[2] Crypto firms often employ vertically-integrated infrastructure to facilitate the listing, trading, settlement, and custody of crypto assets. These vertically integrated models allow customers to realize the full benefits of crypto and blockchain, including lower costs, reduced risk, and a superior user experience. In fact, artificial separation of functions in digital asset markets would introduce risks, raise costs, and limit functionalities for customers. When paired with regulations to manage potential conflicts of interest, vertical integration enhances innovation, competition, and systemic resilience in digital asset markets.

Traditional financial markets generally rely on intermediation between buyer and seller to execute and settle a trade. That system was premised on the need to manage the logistics and risks of trading across geographic distance, with time delays, and among various market centers. Regulations assumed the existence of intermediaries, enshrining them and their role in law.

Over time, rules and practices have evolved, facilitated by technological developments and the move from paper to electronic trading and settlement. Electronic trading removed practical and logistical obstacles to vertically-integrated firms, leading to new regulations allowing models that were better equipped to pass on the benefits of new technology to customers, such as the Securities and Exchange Commission's (**SEC**) Regulation ATS.[3]

Blockchain technology enables atomic settlement, where the transfer of assets happens simultaneously. Atomic settlement collapses time and trust gaps present in traditional finance transactions, de-risking the system by removing concerns of transaction failure, and in the process, removing costly and time-consuming intermediation, the need for which is effectively obviated by technology. Exchange trading of digital assets is prefunded, meaning that the credit risk that is a feature of CFTC- regulated futures markets is eliminated in digital commodity markets. For retail market participants,

[2] *See* Coinbase, Comment on General CFTC Request for Comment on the Impact of Affiliations of Certain CFTC-Regulated Entities, September 28, 2023, Comment No. 73145, https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=73145&SearchText=coinbase. This is true for futures markets as well, where a number of firms operate FCMs, DCMs and DCOs. In addition, certain entities in the futures markets also have supervisory responsibilities as designated self-regulatory organizations, which raises additional questions about how to mitigate conflicts that may arise from serving a single entity in both a commercial and regulatory capacity. As we have discussed on numerous occasions, noted in our August response to CFTC's spot trading RFI, we believe the CFTC's existing framework is sufficient to address conflicts of interest that may arise in such models, with mitigation focused on principles-based regulation, asset segregation, and rigorous supervision. Coinbase, Comment on Crypto Spot Trading via CEA Section 2(c)(2)(D), August 18, 2025, Comment No. 108253, https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=108253&SearchText=.

[3] Indeed, digital asset trading platforms utilize a direct access model that is more efficient than a membership model and thus more closely resemble BD/ATSs than traditional exchanges.

blockchain technologies empower individuals to seamlessly access digital asset firms, sending assets from self-custodial wallets to trading environments in just seconds.

These features reduce risk and costs associated with intermediaries and delayed settlement and also empower customers with unprecedented choice and control. Should a customer want to, he or she can complete a trade on an exchange and move assets back to his or her control in a self-custodial wallet within minutes.

While vertically-integrated models may increase certain risks, including those related to conflicts of interest, regulators have long managed these risks in traditional markets and can apply certain regulatory principles to blockchain-based markets without also enshrining unnecessary intermediation into regulations. Specifically, we believe that effective conflicts of interest protections for vertically-integrated firms include:

- **Functional separation and internal controls**: Regulators should enable firms to mitigate conflicts of interest without outright bans or separation requirements, but rather through separation of sensitive functions, strong internal controls, and governance. These should include clear rules regarding information sharing to prevent the disclosure of material non-public information.

- **Asset segregation:** Customer assets should be segregated from firm assets.

- **Robust disclosure and supervision:** Firms should provide clear and complete disclosures of their integrated business lines to customers.

Given the benefits of integrated and bundled services, as well as the ability to manage the risks they present using tried and true methods, we encourage the CFTC to approach these developments with a pro-innovation mindset. Regulation of these models should protect customers without unnecessarily impeding the benefits that vertically integrated services provide.

Application of CFTC Requirements to DeFi and Onchain Activities

We encourage the CFTC to pursue PWG recommendations 5 and 13 to allow U.S. customers to participate in DeFi . Doing so will shift liquidity into the U.S. under clear and appropriate guardrails, improving market integrity through onchain transparency and auditable, tamper-evident recordkeeping. Clear lines that distinguish custodial intermediaries from non-custodial software and neutral base-layer infrastructure will preserve self-custody and privacy while focusing obligations where control and risk actually sit. Getting the approach to DeFi right is critical to position the U.S. as the global leader in digital asset markets and innovation.

Consistent with its approach to other neutral technology providers such as internet service providers, the CFTC should not apply its regulations to blockchains or blockchain software providers because they do not custody, hold, or control user assets or private keys, or exercise discretion over user transactions. These interfaces merely provide a user-friendly access point for decentralized protocols and other onchain activities and do not themselves engage in financial services. Regulatory obligations should only attach to custodial intermediaries or parties that exercise control over customer assets or trading activity.

Similarly, self-custodial wallet software providers produce software that generates and allows for the storage of a user's private keys. The wallet software provider can neither access the user's private keys nor transact on behalf of the user. Self-custodial software also does not actively solicit or intermediate trades or have discretion over a user's transactions. The control and risk remain with the user rather than a service provider because users retain sole control of their private keys and funds and authorize transactions. Regulatory obligations therefore should remain focused on custodial intermediaries or parties with control, not on developers or providers of non-custodial wallet software.

The CFTC should also consider the application of its frameworks onchain if the goals of the CEA are otherwise satisfied. As onchain derivatives platforms proliferate internationally, forcing U.S. equivalents to unnecessarily comply with the full suite of CFTC rules and registration requirements would not promote the resilience or vibrancy of the U.S. derivatives markets. Applying the entirety of the intermediary-based derivatives requirements to onchain derivatives activities would be akin to trying to apply the pit trading rules of the 1970s and 1980s to the electronic trading systems of the 2000s.

While there are specific instances where the CEA mandates the use of intermediaries or sets out specific requirements, section 4(c) permits the CFTC to grant exemptions for activities that "promote responsible economic or financial innovation and fair competition."[4] The CFTC should explore how onchain derivatives trading can facilitate the policy goals of the CEA without mandating use of centralized intermediaries, who themselves can present risks — operational, credit or otherwise — to customers and the markets. For the U.S. to truly be the crypto capital of the world, the Commission and Staff must undertake the important task of updating their approach to DeFi and onchain derivatives.

[4] 7 U.S.C. §6(c)(1).

Digital Asset Collateral Should be Enabled for the Derivatives Market

A key strength of the CFTC's principles-based approach to regulation is that it allows registrants such as FCMs and DCOs the flexibility to manage the precise risks faced by their business while also allowing them to adapt to new technological innovations. With only limited clarifications, CFTC regulations are already equipped to address the use of digital assets as collateral.

Specifically, Coinbase recommends that CFTC:

- withdraw Staff Advisory 20-34;
- recognize and treat payment stablecoins[5] as cash;
- provide guidance and relief to address the valuation of digital assets for capital and segregation purposes; and
- provide guidance that payment stablecoins are permitted investments for FCMs and DCOs pursuant to CFTC Rule 1.25 and grant relief for FCMs depositing their own payment stablecoins into segregated customer accounts as residual interest.

Withdraw Staff Advisory 20-34

Prior to making clarifications to enable the use of digital assets as collateral, the Commission must withdraw Staff Advisory 20-34 (the **Advisory**) which places significant restrictions on the ability of FCMs to accept virtual currency collateral from customers. The Advisory provides rigid guidance that is generally detrimental to the goals outlined by the PWG and is contrary to the Acting Chairman's stated goals of using "innovation and blockchain technology [to] drive progress in derivatives markets, especially for modernization of collateral management and greater capital efficiency."[6] The Advisory relies on technical and market conditions that are no longer relevant as a substantial

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[5] See Guiding and Establishing National Innovation in U.S. Stablecoins Act of 2025 (the **GENIUS Act**), 12 U.S.C. § 5901. For purposes of this response, the term "payment stablecoin" means (i) prior to the effective date of the GENIUS Act, a USD-denominated stablecoin that (x) is issued by a state regulated money transmitter or trust company, (y) maintains reserve assets limited to cash, U.S. treasury securities or overnight U.S. Treasury repurchase agreements, and (z) publishes monthly attestations regarding the composition of the reserve assets and whether the fair value of the assets held in reserve is equal to the amount of stablecoins in circulation; and (ii) following the effective date of the GENIUS Act, a stablecoin that meets the requirements contained in the GENIUS Act's definition of "payment stablecoin" and is issued by a "permitted payment stablecoin issuer" or a "foreign payment stablecoin issuer" that complies with the GENIUS Act's requirements applicable to such issuers.

[6] See Press Release, Commodity Futures Trading Comm'n, Release No. 9130-25, Acting Chairman Pham Launches Tokenized Collateral and Stablecoins Initiative (Sept. 23, 2025), available at https://www.cftc.gov/PressRoom/PressReleases/9130-25.

maturation has occurred across the digital asset space since that guidance was issued in 2020.

Specifically, Staff released the Advisory based on the assertion that virtual currency accepted as customer collateral creates additional risks because "[c]ustodians of virtual currencies are typically not subject to a system of comprehensive federal or state regulation and oversight." This assertion is inaccurate — many digital asset custodians, including Coinbase Custody Trust Company, LLC (**CCTC**), have state banking charters and are subject to robust regulation and supervision by their state regulators.

In addition, the Advisory unnecessarily limits the acceptance of virtual currency and its use as margin value by customers, which is why the U.S. market - unlike other global markets - has not seen any significant adoption of the use of digital assets as collateral in the five years since Staff released this Advisory.

The Advisory goes beyond the text of the applicable CFTC rules, such as limiting acceptance of virtual currency collateral to physically-settled contracts on the relevant virtual currency. As a result, the Advisory creates disparate treatment between virtual currency accepted as collateral and non-virtual currency collateral even when the economic and risk profiles of the assets would recommend similar treatment. This disparate treatment is not consistent with the agency's position as being technology-neutral.

Finally, the withdrawal of the Advisory is consistent with the Executive Order issued on February 19, 2025, which required the repeal of agency actions based on anything other than the best reading of the relevant statutes.[7] As discussed above, the Advisory contains restrictions on the use of virtual currency as collateral that go beyond the language of the CEA or any CFTC regulations. For the reasons articulated above and as directed by the Administration, the Commission must withdraw Staff Advisory 20-34.

Recognize and Treat Payment Stablecoins as Cash

Coinbase encourages the CFTC to recognize that payment stablecoins can be treated as cash under the CFTC's regulations for initial margin, variation margin, and settlement purposes. While adoption of tokenized collateral for any purpose will move cleared derivatives markets into the digital age, permitting stablecoins as settlement and variation margin will be a true leap forward in reducing risks and increasing the speed of collateral transfers.

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[7] Executive Order, The White House, Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative, February 19, 2025, https://www.whitehouse.gov/presidential-actions/2025/02/ensuring-lawful-governance-and-implementing-the-presidents-department-of-government-efficiency-regulatory-initiative/

Once implemented, the comprehensive framework for U.S. stablecoin regulation established by the Guiding and Establishing National Innovation in U.S. Stablecoins Act (the **GENIUS Act**) will impose guardrails and requirements on permitted payment stablecoin issuers relating to, among other things, qualified reserves; the issuer's capital, liquidity, and risk management; and insolvency protections for holders of the issuer's payment stablecoins.[8] As part of this new framework, the GENIUS Act contemplates that payment stablecoins issued by a permitted payment stablecoin issuer may be eligible as cash or cash equivalent margin for FCMs, DCOs, broker-dealers, registered clearing agencies, and swap dealers.

To meet the policy goals of the GENIUS Act, the CFTC should work with the SEC and prudential regulators where necessary to enable broad adoption of payment stablecoins in U.S. derivatives markets. We encourage the CFTC to recognize that a stablecoin that (i) meets the requirements contained in the GENIUS Act's definition of "payment stablecoin" and (ii) is issued by a "permitted payment stablecoin issuer" or a "foreign payment stablecoin issuer" that complies with the GENIUS Act's requirements applicable to such issuers can be treated as cash for purposes of the agency's requirements.[9]

Payment stablecoins warrant treatment as cash because they are operationally robust; highly liquid with multiple 24/7 redemption, trading, or transfer options; and fully backed by risk-free assets like short-term Treasuries and FDIC-insured deposits. Functionally, payment stablecoins behave like cash or top-tier bank deposits, justifying treatment as "immediately spendable" collateral.

The through-line consistent across the PWG Report, the GENIUS Act, and the Acting Chairman's statements with respect to tokenized collateral is that digital assets should be treated based on an impartial and objective assessment. In our view, this merits the CFTC taking action to establish that payment stablecoins, if used for settlement or as collateral, should be treated in a similar manner to cash.

We recognize that market participants may be in different stages of readiness to accept stablecoins as collateral or for settlement. In fact, doing so raises different questions

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[8] See 12 U.S.C. § 5903.

[9] Prior to the effective date of the GENIUS act, we recommend treating as payment stablecoins only stablecoins that are issued by state-regulated money transmitters or trust companies that: (1) maintain reserve assets limited to cash, U.S. treasury securities or overnight U.S. Treasury repurchase agreements; and (2) publish monthly attestations regarding the composition of the reserve assets and whether the fair value of the assets held in reserve is equal to the amount of stablecoins in circulation.

depending on the makeup of a DCO's clearing membership and the products it clears.[10] Given the growing diversity of DCOs, we encourage the CFTC to resist calls to slow adoption of stablecoins as collateral until all market participants are ready. The CFTC should instead honor its principles-based framework and allow FCMs and DCOs to accept payment stablecoins as initial margin, variation margin, and settlement when they are operationally ready and able to manage any new risks raised by this technological innovation.

Provide Guidance and Relief on the Valuation of Digital Assets

Coinbase supports the PWG recommendation that the CFTC "[p]rovide clarity on haircuts on digital assets held by registered intermediaries (including FCMs, swap dealers, and DCOs) for purposes of calculating and reporting margin, financial resources/capital, segregation, and settlement obligations, including working with the SEC around the non-marketable securities haircut framework and its applicability to non-security digital assets."[11]

As no rules or guidance regarding the haircuts applicable to payment stablecoins and other non-securities digital assets have yet been promulgated, it is unclear whether and how digital assets could be counted towards margin value for purposes of the capital charge calculations in CFTC Rule 1.17. The lack of clarity hinders innovation in the derivatives markets by discouraging FCMs from accepting customer digital asset collateral, as a reading of CFTC Rule 1.17(c)(5)(viii) to exclude digital asset collateral from margin value calculations would make doing so commercially infeasible. Similarly, CFTC Rule 1.44 imposes additional requirements on an FCM when it permits a customer to maintain separate accounts, including in particular requirements with respect to collection of margin and deposit of residual interest for undermargined accounts. The definition of

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[10] A DCO that clears predominantly crypto derivatives is likely to have members who, along with their clients, are ready to adopt and would prefer a digitally-native trading experience fueled entirely by stablecoin collateral and settlement. A DCO with a more diverse product offering may not have a clearing membership that is uniformly operationally ready and may instead choose to offer settlement in cash or stablecoins, in the alternative. While more complex operationally, digital asset exchanges such as Coinbase, Inc. manage similar conversions for customers, and a DCO may decide that this trade-off is worth the benefit of introducing the efficiencies of stablecoins for some of its members. Alternatively, some DCOs may choose to wait to adopt stablecoins as variation margin or settlement until there is more widespread adoption across their clearing membership and end user base.

[11] The PWG Report also recommends that the CFTC "[p]rovide guidance for DCO acceptance of digital asset collateral (including payment stablecoins) including DCO financial resource requirements, valuation of assets and haircuts for margin purposes, settlement finality, treatment of digital asset custodians and self-custody, systems safeguards requirements, end-of-day reporting for assets that trade 24/7, and legal risk considerations in such areas as netting and interests in collateral under CFTC Regulations 39.11, 39.13, 39.14, 39.15, 39.18, 39.19, and 39.27." PWG Report, 53.

“undermargined amount” is based, in part, on the application of the haircuts specified in CFTC Rule 1.17(c)(5) and 17 C.F.R. § 240.15c3-1(c)(2)(vi) (**securities haircuts**). FCMs are, therefore, left in a quandary with respect to how to comply with the requirements of these two rules and how to account for non-securities digital asset collateral.

Similar clarity is needed with respect to CFTC Rules governing FCM segregation calculations. CFTC Rules 1.20 and 1.32 require an FCM to, respectively, maintain in segregation an amount equal to the sum of any credit and debit balances in futures customer accounts and calculate such amount at the close of each business day. When calculating debit (i.e., net negative) balances for this purpose, FCMs are permitted to offset any net deficits in futures customer accounts against the value of marketable securities less applicable securities haircuts. CFTC Rules 22.2 and 30.7 permit FCMs to offset negative account balances by the value of marketable securities held as margin in customer accounts less applicable securities haircuts for purposes of determining segregation requirements for cleared swaps customer accounts and 30.7 customer accounts.

While the Commission considers guidance on these points, FCMs should be able to take into account the value, as determined by the relevant clearing organization or board of trade, of non-securities digital assets deemed eligible as collateral by such clearing organization or board of trade when (i) determining whether or to what extent a customer account is undermargined for purposes of CFTC Rules 1.17(c)(5)(viii) and 1.44; and (ii) performing segregation calculations as required by CFTC Rules 1.20, 1.32, 22.5 and 30.7.

Expand the Scope of Permitted Investments to Include Payment Stablecoins and Grant Relief for Payment Stablecoins Deposited as Residual Interest

CFTC Rule 1.25 allows FCMs and DCOs to invest customer funds in various enumerated investments which include U.S. government obligations, qualified MMFs, certain foreign sovereign debt, and short-term U.S. Treasury ETFs — the latter two asset classes were added only at the end of 2024. Certain digital assets, like payment stablecoins, may meet the requirements of Rule 1.25. Consistent with its principles-based framework and technology-neutral approach, CFTC should permit FCMs and DCOs to invest customer funds in digital assets that meet the requirements in CFTC Rule 1.25.

The instruments allowed under Rule 1.25 are designed to pose minimal credit, market, and liquidity risk, which ensures that FCMs’ and DCOs’ investment of customer funds incurs minimal risk of client loss. Payment stablecoins are similar in risk profile to the instruments enumerated in Rule 1.25. Allowing FCMs and DCOs to diversify their investments to include these digital assets would broaden their offerings, promote the adoption of tokenized assets and digital forms of collateral, provide for a faster, more secure movement of funds and allow these market participants to better serve their customers, all while maintaining the low risk profile that Rule 1.25 is designed to insure.

Historically, the CFTC has expanded the scope of permitted investments over time to reflect the evolution of the financial markets, and expanding the enumerated list of permitted investments to include payment stablecoins is consistent with the CFTC's past approaches. As it did with ETFs in 2024, Coinbase encourages the Commission to expand the list of permitted investments to specifically include digital assets that may not be included in the enumerated list of permitted investments, but that otherwise meet the requirements of CFTC Rule 1.25.

While the Commission considers expanding the list of permitted investments under CFTC Rule 1.25, Coinbase has requested relief clarifying that FCMs may deposit their own payment stablecoins into segregated customer accounts as residual interest, notwithstanding the restrictions of CFTC Rules 1.23, 22.3, 22.17, and 30.7. These rules only allow FCMs to deposit their own funds into segregated customer accounts to the extent that such proprietary funds are cash or permissible investments under CFTC Rule 1.25. Permitting FCMs to use their proprietary holdings of payment stablecoins to meet residual interest requirements would eliminate unnecessary barriers to the acceptance of digital asset collateral by FCMs while maintaining the low risk profile that Rules 1.11(e)(3)(i)(D), 1.22(c)(3), 22.2(f)(6)(iii), and 30.7(g) are designed to ensure. Further, this would ensure that FCM customers with payment stablecoins in their segregated accounts are equally benefited by an FCM's provision of residual interest and do not suffer unnecessary losses due to the inability of an FCM to top up their (or another customer's) accounts with the same type of asset.