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Submitted via Regulations.gov and the SEC Internet Comment Form

Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, D.C. 20581

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

August 24, 2026

**Re: Joint Request for Comment on Swap and Security-Based Swap Data Reporting
(CFTC RIN 3038-AF70; SEC Release No. 34-105734; File No. S7-2026-22)**

Dear Secretary Kirkpatrick and Secretary Countryman,

Paradigm Operations LP (“Paradigm”) is a frontier technology investment firm that invests and builds in crypto, AI, robotics, and across new frontiers from the earliest stages.¹ Paradigm supports the broad availability of well-regulated markets for technologically innovative financial products, including derivative instruments that trade and settle on public blockchains, and appreciates the opportunity to comment on the Joint Request for Comment on Swap and Security-Based Swap Data Reporting (the “Request”) issued by the Commodity Futures Trading Commission (“CFTC”) and the Securities and Exchange Commission (the “SEC” and, together with the CFTC, the “Commissions”).²

We commend the Commissions for undertaking this comprehensive reassessment, which is particularly well timed. Market participants have accumulated more than a decade of experience under the reporting frameworks adopted pursuant to the Dodd-Frank Act, and that experience confirms the Commissions’ observation that the complexity of the frameworks has itself become a source of data quality problems. At the same time, technology has advanced considerably since the frameworks were designed, such that public blockchains and other advancements discussed below now natively provide the real-time, immutable, and publicly accessible reporting the regimes were built to deliver. The Commissions have an opportunity to modernize the reporting frameworks so that they take advantage of, rather than duplicate, these capabilities. The stakes here are not merely administrative. Where reporting rules presuppose a market structure that no

¹ More information about Paradigm is available online at <https://www.paradigm.xyz/>.

² Joint Request for Comment on Swap and Security-Based Swap Data Reporting, 91 FR 37877 (June 24, 2026) (File No. S7-2026-22).



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longer describes how a growing share of derivatives activity is executed, the cost is not only compliance burden but a widening gap in the Commissions' own visibility. Modernization is therefore a market-integrity question before it is an efficiency question.

To that end, this letter addresses three overarching areas where the reporting frameworks can be meaningfully improved, each with specific proposals and tailored responses to the Commissions' questions embedded. *First*, reporting requirements should be technologically neutral, specifying regulatory outcomes rather than prescribing particular systems, and the Commissions should recognize that credible public blockchain data can satisfy reporting obligations where it achieves the same objectives as legacy reporting. *Second*, the Commissions should use this reassessment to align the CFTC's and the SEC's reporting requirements where appropriate, so that divergences between the two agencies that serve no regulatory purpose are eliminated. *Third*, any modernization should also draw a clear line between custodial intermediaries to which reporting obligations appropriately attach and non-custodial software and neutral infrastructure to which they do not.

I. Technological Neutrality

As an initial matter, Paradigm firmly believes that reporting requirements should be technologically neutral, specifying the regulatory outcomes to be achieved rather than the mechanisms by which to achieve them. The current regime badly misses that mark. While Congress required that each swap and SBS be reported, current regulations far exceed that baseline and do so in a manner that mandates the submission of enumerated data, in specified formats, through designated reporting channels. That architecture reflects the technology (and thinking) of decades past, stifling the compliance enhancements that should be driven by technological progress and, with it, the development of innovative technology itself.

A. Blockchain-Based Transaction Reporting (Question 3)

Recognizing that the status quo is unsustainable, the Commissions have asked in Question 3 of the Request whether amendments to or guidance on the regulations requiring reporting to, and public dissemination by, a registered swap data repository ("SDR") or security-based swap data repository ("SBSDR")³ are necessary or appropriate for transactions occurring on a blockchain. Paradigm believes such amendments are both necessary and appropriate and, because public blockchains can satisfy the same reporting goals as the current regime, encourages the Commissions to adopt an alternative compliance pathway recognizing those benefits.⁴

³ See CEA section 2(a)(13)(G), 7 U.S.C. § 2(a)(13)(G); Exchange Act section 13(m)(1)(G), 15 U.S.C. § 78m(m)(1)(G).

⁴ As a threshold matter, and for the reasons discussed at length in Paradigm's letter to the Commissions in response to their separate request for comment, the CFTC has correctly concluded that perpetual (or perpetual-style) contracts are properly classified as futures contracts. Paradigm Comment on Joint Request for Comment on Further Definition of "Swap" and "Security-Based Swap" and on Alternative Compliance (CFTC RIN 3038-AF71; File No. S7-2026-21) (Aug. 24, 2026). Accordingly, because the reporting obligations addressed in the Request apply only to instruments that are "swaps" or "security-based swaps," any guidance or amendments promulgated pursuant to this Request should clarify that they do not apply to perpetual contracts.



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An on-chain swap is transparent, immutable, timestamped, and publicly auditable from the moment of execution. The public blockchain ledger natively serves each of the functions the reporting regime is designed to provide, including real-time public availability of price and volume information, regulatory access to complete transaction data, and durable recordkeeping. Indeed, on-chain records improve the status quo in important respects: they are generated automatically at execution; they eliminate the collection and verification of information from disparate internal systems; they cannot be retroactively altered; and they are equally and simultaneously available to both the Commissions and the public.

These blockchain features are precisely why such a blockchain-based reporting model is merely an extension of an approach the SEC has already accepted. SEC staff has issued guidance endorsing the use of blockchain records in a core recordkeeping function, recognizing that a registered transfer agent may rely on distributed ledger technology as its official master securityholder file with personal identifying information maintained off-chain or on permissioned systems. That guidance is consistent with the architecture proposed in this letter, with transaction information residing on-chain and identifying and confidential information maintained off-chain or in permissioned environments accessible to regulators. Using credible public blockchain data to satisfy swap and SBS reporting obligations should be characterized as an application of an accepted model to an adjacent recordkeeping and transparency regime.⁵

As a result, and consistent with the principle of technological neutrality, the Commissions should recognize an alternative pathway under which swap and SBS reporting obligations are satisfied where a transaction is executed and recorded on a public blockchain that achieves the same regulatory objectives that legacy SDR and SBSDR reporting has achieved, *i.e.*, real-time public availability of price and volume, regulator access to complete transaction terms, and reliable records. If SDR and SBSDR reporting continues to be required for such transactions in its current form, reporting parties would simply be required to duplicatively “re-report” blockchain data that has effectively already been published. Duplicative re-reporting adds cost and introduces a second, manually assembled representation of the transaction that can diverge from the authoritative on-chain record. This recreates the accuracy and timeliness problems the Request seeks to solve with no corresponding benefit.

The alternative pathway can be implemented consistent with the statutory requirement that each swap and SBS be reported to a registered SDR or SBSDR. At a minimum, the Commissions should, relying on their rulemaking or exemptive authorities to the extent necessary: (1) permit registered SDRs and SBSDRs to satisfy their collection functions by sourcing transaction records directly from credible public blockchains so that a reporting party’s obligation is discharged upon on-chain execution; and (2) permit operators of blockchain native reporting infrastructure to register as SDRs or SBSDRs. For the reasons discussed immediately below, the criteria for recognizing a blockchain as credible for this purpose, and the technical means of regulator access, should be developed with industry input and, as appropriate based on those discussions,

⁵ SEC, Division of Trading and Markets, Frequently Asked Questions Relating to Crypto Asset Activities and Distributed Ledger Technology (last updated Feb. 19, 2026).



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implemented through a pilot program or technical working group before being embedded in the rules.⁶

B. Public Dissemination, Market Liquidity, and Participant Identity (Question 8)

As noted above, working with industry to implement blockchain-based reporting is critical, at least in part for reasons the Commissions seem to have anticipated: fully public, real-time dissemination can inadvertently leak counterparty identities and trading strategies that the existing large notional rules are designed to prevent. As a result, Paradigm commends the Commissions for including Question 8 in the Request, which asks whether public dissemination frameworks affect market liquidity or raise concerns about the disclosure of participant identity or trading strategies, and what steps could alleviate such concerns.

While concerns about the disclosure of participant identity and trading strategies are a feature of transaction reporting generally, the current framework is designed so that real-time public reports do not readily allow participant identity to be reverse-engineered. These potential issues become more significant on-chain, however, because fully public and continuously available data can, at least in theory, allow sophisticated observers to link activity across wallet addresses and infer the identity or strategy of a market participant from patterns that would not be discernable under the existing dissemination framework.

Therefore, as reporting modernizes, the Commissions should evaluate how the protections embedded in the existing framework—including masking the size of large notional transactions and delayed dissemination of block trades—can likewise be achieved on-chain. Cryptographic techniques are promising in this respect. Zero knowledge proofs, for example, can allow the validity of a transaction (and regulator-facing detail) to be established without publicly revealing the underlying confidential terms. This bears directly on the liquidity half of the Commissions’ question. Participants who cannot manage their exposure to identification will manage it by other means, breaking up transactions, trading in smaller size, or executing where their positions are not publicly linkable. The existing cap and delay provisions exist because Congress and the Commissions recognized that transparency purchased at the cost of participation is a poor trade. Carrying those protections forward as reporting moves on-chain is therefore not a concession to privacy interests; it is a condition of the liquidity that makes the disseminated prices worth publishing.⁷

More generally, the Commissions should preserve the existing framework’s two-layer structure as reporting moves on-chain. Economic and transaction terms that are important for price transparency, such as price, size, product, and time of execution, can be recorded on-chain as the public layer. Identifying and confidential information, such as the counterparty’s legal name and identifiers, could be kept off-chain or on-chain only in permissioned systems available to regulators. This tracks the existing rules, which already divide reporting into public reporting that

⁶ See CEA section 2(a)(13)(G), 7 U.S.C. § 2(a)(13)(G); Exchange Act section 13(m)(1)(G), 15 U.S.C. § 78m(m)(1)(G); *see also* CEA section 4(c), 7 U.S.C. § 6(c); Exchange Act section 36, 15 U.S.C. § 78mm (general exemptive authorities).

⁷ See 17 C.F.R. §§ 43.4–43.6 (cap sizes and delayed dissemination for large notional and block transactions).



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provides price transparency data and regulatory reporting that withholds counterparty identities and other private information from the public. Nothing about on-chain reporting requires collapsing that division and the Commissions should make clear that it will be maintained.

II. Harmonization Across Frameworks

Reflecting the importance of this consideration, Question 1 of the Request asks whether reporting requirements or data elements would benefit from harmonization to minimize or eliminate unnecessary inconsistencies. Paradigm supports broad alignment of the CFTC's and the SEC's reporting requirements, both as it applies to certain existing requirements and with respect to new areas of potential regulation. While alignment should not be pursued for its own sake, divergence between the Commissions can be costly for firms active across both markets and the Commissions are right to identify specific, tailored areas where they can alleviate that burden.

To that end, below we respond to four of the questions raised in the Request—both those that address existing areas of regulation and those that would implement new regulations—where the Commissions can reduce duplicative system build-outs and ongoing reconciliation of substantively identical information. Those costs yield no corresponding regulatory benefit and the resulting operational complexity is itself a source of the inconsistencies and errors the Commissions identify in the Request.

A. Reporting Party for Uncleared Platform Transactions (Question 2)

In Question 2 of the Request, the Commissions ask whether the SEC should amend Regulation SBSR to require the platform to report platform-executed, non-cleared trades to the SBSDR, consistent with the CFTC's requirements, and who should be the reporting party if an uncleared transaction is effected on a platform. We believe the SEC should align with the CFTC's approach and that the platform is the party best positioned to report. For trades executed on a platform but not submitted for clearing, placing the reporting obligation on the platform—consistent with the CFTC's approach—is sensible and would further harmonization. The platform holds the definitive record of the transaction's terms at the moment of execution and can report once, uniformly, for all transactions executed on its systems, rather than relying on counterparty-by-counterparty compliance. Critically, however, any definition of “platform” for this purpose should be drawn so that it reaches custodial or controlling execution venues and does not sweep in non-custodial software or neutral technological infrastructure as we discuss in Section III below.⁸

B. SBS Reporting Rules (Question 4)

In Question 4 of the Request, the Commissions ask whether, given the scheduled expiration of the 2019 Compliance Statement in 2029, the SEC should consider amendments to its SBS Reporting Rules to more fully harmonize those rules with the CFTC's swap reporting rules. We support fuller harmonization of these rules. Supporting harmonization of the reporting requirements does not diminish the value of the two agencies' independence. The CFTC and the

⁸ See 17 C.F.R. § 45.3(a); 17 C.F.R. § 242.901(a)(1)–(2).



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SEC each bring distinct expertise and supervisory priorities to their respective markets. Both markets benefit from that independent judgment.

Reporting mechanics, however, are an area where the two frameworks serve the same purpose and alignment delivers cost savings without compromising either agency's objectives. Market participants have for years reported SBS transactions in broad conformity with the CFTC's requirements in reliance on the 2019 Compliance Statement. Codifying that alignment in advance of the Statement's scheduled expiration in 2029 would preserve settled operational practice and avoid a costly divergence of the two regimes. Where workable, identical technical specifications should be used. A single specification, with common data elements and validation rules, reduces duplicative compliance and eliminates a structural source of inconsistent data.⁹

C. A Materiality Threshold for Error Corrections (Question 18)

In Question 18 of the Request, the Commissions ask whether they should implement a materiality or *de minimis* threshold for the requirement that reporting firms correct errors in data for swaps and SBS, particularly for those that have terminated, matured, or are otherwise no longer open. We believe the Commissions should adopt such a materiality threshold for the obligation to correct errors, particularly for swaps and SBS that have terminated or matured. Corrections to immaterial fields on closed positions consume significant compliance resources while contributing little to the Commissions' supervisory picture or to transparency and the breadth of the existing correction obligation diverts attention and resources from the data that actually informs oversight.

To be clear, the consequence is not only cost. Compliance capacity is finite, and a rule that treats every field on every terminated swap as equally deserving of correction draws that capacity away from the data the Commissions actually use. A materiality threshold would improve the quality of the reporting that matters rather than merely reduce the volume of work, which is why we think it belongs in the rules rather than in staff relief. Existing *de minimis* relief should be formalized in the rules themselves so that it is durable and uniform across registrants.

D. Machine-Readable Rule Structures (Question 19)

Finally, in Question 19 of the Request, the Commissions ask whether they should integrate machine-readable rule structures or standardized reporting logic. We strongly support the integration of machine-readable rule structures and standardized reporting logic. Expressing reporting requirements in machine-readable form reduces interpretive variance across registrants, one of the most persistent sources of inconsistent data, and lowers the cost of implementing and maintaining compliance systems. On-chain reporting, which we address in Section I above, is a natural fit for machine-readable rules and the two initiatives are mutually reinforcing because smart contracts can embed reporting logic directly.

⁹ Cross-Border Application of Certain Security-Based Swap Requirements, 85 FR 6270, 6346–49 (Feb. 4, 2020); see Regulation SBSR (Reporting and Dissemination of Security-Based Swap Information) and Security-Based Swap Data Repository Rules; Extension, 90 FR 17225 (Apr. 24, 2025) (extending the expiration date to November 5, 2029).



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III. Decentralized Finance and the Custody Distinction (Question 20)

Lastly, any modernization of reporting frameworks must account for decentralized finance and, in particular, the fundamental distinction between custodial intermediaries—which take custody of customer assets or exercise control or discretion over transactions—and non-custodial software and neutral technological infrastructure—which do not. Regulatory obligations, including reporting obligations, have always attached to responsible persons and intermediaries and should not be extended to published software code, protocol developers, validators, node operators, or other neutral base-layer infrastructure that exercise no custody, control, or discretion over transactions. This principle should anchor the Commissions’ approach to reporting hierarchies and to the concept of the “reporting party.”

In Question 20 of the Request, the Commissions invite comment on the reporting hierarchies that determine the reporting counterparty and any attendant operational concerns. This question presents an important opportunity to establish how the reporting frameworks should apply to decentralized finance. As a baseline, reporting obligations should attach to the party that exercises custody, control, or discretion over a transaction and not to non-custodial software or neutral base-layer technological infrastructure. Software that facilitates peer-to-peer transactions without taking custody of assets or exercising discretion, and infrastructure providers such as validators and node operators, do not stand in the position of the intermediaries to which reporting obligations have traditionally attached, and it would not make sense for the obligation to sit with what is, in effect, software that exercises no control. An obligation placed on software that cannot report does not produce reporting; it produces exit. Developers geofence, publish from elsewhere, or stop, and the underlying activity continues in venues from which the Commissions receive nothing at all. Assigning the obligation to a person who exercises custody, control, or discretion is what actually yields a reporting party, and therefore data.

Where a transaction is executed through genuinely non-custodial infrastructure and no traditional reporting party exists, the Commissions should consider where the reporting obligation should reside. Options worth developing include: (1) requiring participants, as a condition of transacting, to use a data availability layer (potentially built on zero knowledge proofs) that makes the required regulatory data available to the Commissions while preserving the confidentiality protections discussed in our response to Question 8 above; and (2) permitting or requiring the use of a designated reporting agent. Under either approach, the obligation runs to transaction participants or to a responsible designated party and not to neutral software. In many cases, moreover, the on-chain record itself would satisfy the reporting objective under the alternative pathway discussed in our response to Question 3 above, making the residual question narrower than it might first appear.

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We appreciate the Commissions’ willingness to reexamine the reporting frameworks comprehensively, and their recognition that merely increasing the volume and granularity of reported data does not, by itself, enhance regulatory effectiveness. A technologically neutral framework that recognizes credible public blockchain data as a means of compliance, harmonizes obligations as between the Commissions where it makes sense, and assigns obligations to those



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who exercise custody, control, or discretion would advance the Request's data integrity goals while reducing burden. We would welcome the opportunity to discuss these comments with the Commissions or their staffs and to participate in any pilot program or technical working group that may be convened.

If you have further questions regarding our comments on the Request, you can contact us at Stefan@Paradigm.xyz.

Sincerely,

/s/ Stefan Schropp

Stefan Schropp
Senior Regulatory Counsel
Paradigm Operations LP

Cc: Gary E. Kalbaugh, Cahill Gordon & Reindel LLP
Lewis R. Cohen, Cahill Gordon & Reindel LLP

