

August 7, 2026

VIA ELECTRONIC SUBMISSION

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Re: Agricultural Advisory Committee (July 29, 2026 Meeting)

Dear Mr. Kirkpatrick:

Hyperliquid Policy Center (“HPC”)¹ appreciates the opportunity to submit this statement in connection with the meeting of the Agricultural Advisory Committee (the “Committee”) held on July 29, 2026.² HPC representatives attended the meeting and benefited from the views of the Committee’s members. Agricultural producers and merchants are a core constituency of the Commodity Futures Trading Commission (the “Commission” or “CFTC”), principal beneficiaries of the price discovery and risk management tools that the United States’ derivatives markets provide, and among the most important voices on how well those markets serve commercial end users.

We were encouraged by the Committee’s discussion of novel derivatives products and market innovation, which kept the interests of commodity end users in view throughout, and we agree that end-user demand and market forces should ultimately drive the introduction of such products. We submit this statement in that spirit and to offer our views on the topics discussed during the meeting, including the role of product choice in meeting the varied risk management needs of agricultural end users, the Commission’s phased approach to perpetual futures, and the contribution that public blockchains can make to the modernization of our markets.

¹ HPC is an independent research and advocacy organization dedicated to advancing a clear, regulated path for Americans to access onchain markets, including those available on Hyperliquid. See Hyperliquid Policy Center, *About*, <https://hyperliquidpolicy.org/about> (last visited Aug. 5, 2026).

² Agricultural Advisory Committee, 91 Fed. Reg. 45,795 (July 21, 2026).

I. Product Choice Serves the Varied Risk Management Needs of Agricultural End Users

We share the view expressed by the Chairman and many members of the Committee that a broader set of available products gives market participants more choice in managing the risks unique to their businesses. The risk management needs of the nation's agricultural producers and market participants are varied, and a variety of tools and programs have developed to meet them, including crop insurance and related programs administered by the U.S. Department of Agriculture, the traditional futures and options markets, and newer instruments such as event contracts and perpetual futures. No single approach fits the needs of every business. Many commodities lack dedicated risk management tools entirely, and others are served by only a small number of products, as several panelists noted during the Committee's discussion of potential risk management gaps. The existence of these varied tools and programs supports the same conclusion expressed by many members of the Committee, that end users manage risk best in a market that offers them choice.

The history of agricultural options illustrates the cost of foreclosing that choice. The Commodity Exchange Act of 1936 prohibited options on the enumerated agricultural commodities outright, removing a valuable risk management tool from the market for nearly half a century.³ When exchange trading of agricultural options was restored on a pilot basis in 1984 and made permanent in 1987,⁴ those markets developed alongside the futures markets they reference, and it is now apparent that options give commercial end users another tool in the kit for managing their risks.⁵ That history, which the Chairman recalled at the meeting, counsels a measured openness toward novel derivative types.

Education plays a central role in introducing novel product types and their potential uses. The organizations represented on the Committee, and others such as HPC, can produce and provide materials that inform market participants of the full range of tools and services available to meet their evolving commercial needs. HPC is prepared to help facilitate those discussions and to support continuing education.

³ For the regulatory history of agricultural options from the 1936 prohibition through their reintroduction, see CFTC Division of Economic Analysis, *Policy Alternatives Relating to Agricultural Trade Options and Other Agricultural Risk-Shifting Contracts* (1997), <https://www.cftc.gov/About/CFTCReports/acag8.html>; Trade Options on the Enumerated Agricultural Commodities, 63 Fed. Reg. 18,821, 18,821-22 (Apr. 16, 1998).

⁴ See Expansion of Pilot Program to Include Options on Domestic Agricultural Commodities, 49 Fed. Reg. 2,752 (Jan. 23, 1984); Domestic Exchange-Traded Commodity Options; Termination of Pilot Program Status for Options on Physical Commodities and on Agricultural Futures Contracts, 52 Fed. Reg. 777 (Jan. 9, 1987).

⁵ See CFTC Division of Economic Analysis, *supra* note 3; Daniel Prager et al., *Farm Use of Futures, Options, and Marketing Contracts*, Econ. Info. Bull. No. 219 (U.S. Dep't of Agric., Econ. Info. Bull. No. 219, 2020) (documenting producers' use of options contracts to protect against price declines while retaining upside participation).

II. The Commission's Phased Approach to Perpetual Futures

The Commission has taken a phased approach to perpetual futures. It began with digital asset commodity perpetuals,⁶ where end-user demand is demonstrated and mature, and is now soliciting comment on extending the product class to physically deliverable commodities, including energy commodities.⁷ We look forward to engaging in that process and to sharing our views on the benefits, challenges, and open questions that must be resolved before those markets come to the United States.

Members of the Committee raised considerations specific to agricultural commodities. We agree these are important questions in need of additional research, particularly because perpetual futures markets are recent and no known perpetual market yet references an agricultural commodity, a sequence we view as appropriate. HPC welcomes the opportunity to collaborate with members of the Committee on any topics related to perpetuals that may be of interest to them, including:

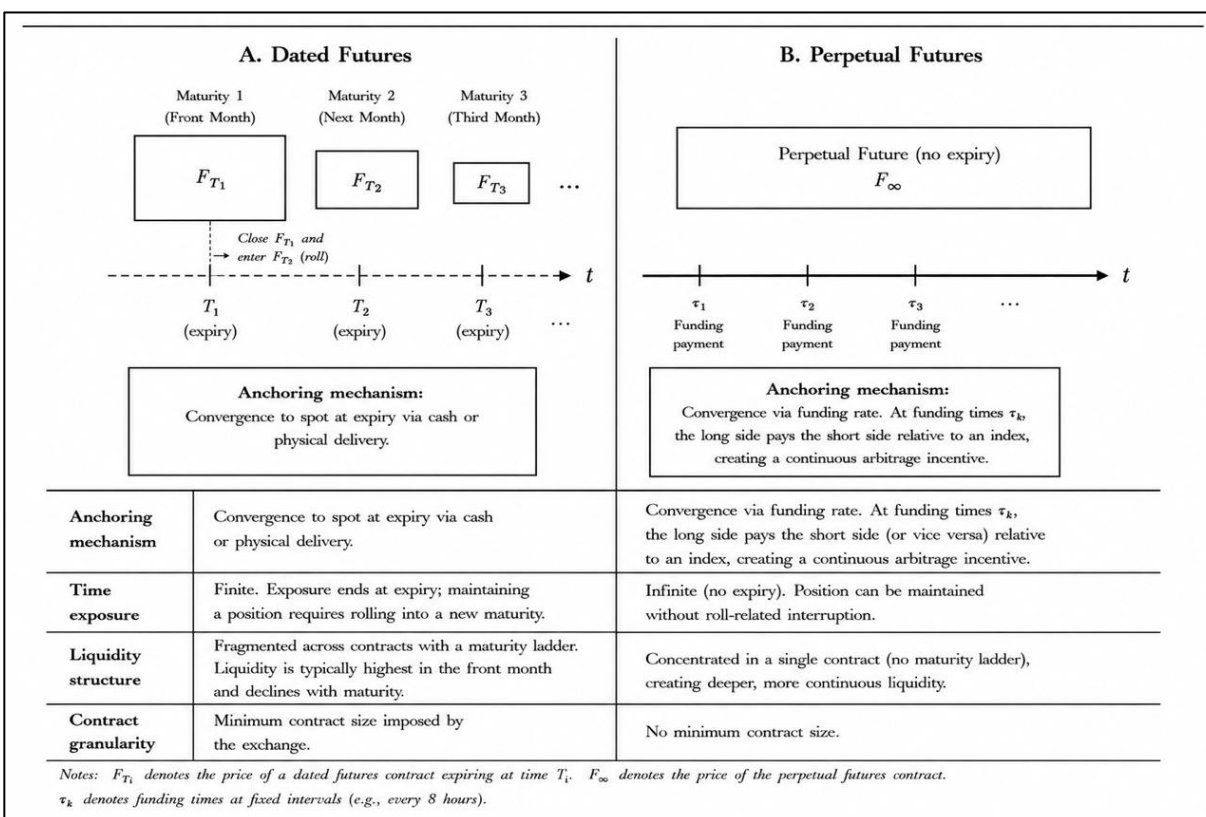
- How effectively the funding rate mechanism anchors a perpetual future to the cash market in lieu of convergence at expiration;
- How perpetual futures can account for the seasonal production, marketing, and hedging cycles that shape agricultural risk management;
- How perpetual futures can incorporate the pricing effects that end users observe in carry, basis, and the shape of the forward curve across series of dated futures contracts; and
- The effects of introducing perpetual futures on the liquidity of dated futures markets.

We are actively pursuing research addressing these and other topics, and we stand ready to serve as a resource to the Committee, its members, the Commission, and market end users.

⁶ See Order Approving KalshiEX LLC BTCPERP Futures Contract (May 29, 2026); Policy Statement Concerning the Listing of Perpetual Contracts, 91 Fed. Reg. 33,160 (June 3, 2026) [hereinafter "Policy Statement"].

⁷ Request for Comment on the Extension of Standard Futures Contracts to 24/7 Trading and on Perpetual Contracts Referencing Physically Delivered or Storable Energy Commodities, 91 Fed. Reg. 38,334 (June 25, 2026).

The Committee discussed the first of these questions regarding the role of the funding rate in a perpetual futures contract at length. The funding rate performs for a perpetual future the anchoring function that expiration performs for a dated future.⁸ A dated futures contract stays linked to the cash market because expiration forces the two together; at expiry, physical delivery or final cash settlement causes the futures price and the spot price to converge. A perpetual future has no expiration date, so it requires a different anchor, and that anchor is the funding rate. The figure below illustrates the two designs side by side.



At regular intervals, the perpetual future's trading price is compared against a spot reference index. When the perpetual future trades above the index, traders holding long positions make "funding" payments to traders holding short positions, which makes holding a long position more expensive and holding a short position more attractive and draws the perpetual's price back down toward the index. When the perpetual trades below the index, the payments reverse, with shorts paying longs and the price drawn back up. A dated contract converges to the cash market once, at expiration; a perpetual converges to its reference index continuously, at every funding interval. Funding payments flow on an aggregate basis between all longs and all shorts, and no exchange, clearinghouse, or operator collects them.

⁸ See Policy Statement, *supra* note 6, at 33,161 (describing the funding rate as the substitute for expiration-based convergence in a perpetual contract).

III. Public Blockchains Can Support Market Modernization

A number of other issues raised at the meeting warrant recognition, including questions related to novel clearing and settlement designs, the margin and default management mechanics suited to continuously traded markets, capital mobility and payment system availability while traditional rails such as Fedwire® Funds Service are closed, and the transparency and reliability of market infrastructure.

Each of these is an area where public blockchains can meaningfully contribute to the modernization of our markets while preserving the market integrity protections that the Commodity Exchange Act and the Commission's regulations promote. Stablecoins and other forms of tokenized collateral, for example, can address the capital mobility constraints of continuously traded markets, and we support the work the Commission and its staff have already advanced to date.⁹ These, and other, blockchain-based technological innovations can improve price discovery, risk management, and resiliency across the financial system.

IV. Conclusion

HPC thanks the Commission for convening the Committee and thanks the Committee's members for a substantive discussion of the risk management needs of agricultural end users. We look forward to continued engagement and would welcome the opportunity to provide research, technical documentation, or any other assistance useful to the Committee, its members, or the staff.

Respectfully submitted,

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Jake Chervinsky
Chief Executive Officer
Hyperliquid Policy Center

/s/ Brad Bourque
Brad Bourque
Senior Counsel
Hyperliquid Policy Center

⁹ See Press Release, CFTC, Acting Chairman Pham Launches Tokenized Collateral and Stablecoins Initiative (Sept. 23, 2025), <https://www.cftc.gov/PressRoom/PressReleases/9130-25>; CFTC Letter No. 25-39, Tokenized Collateral Guidance (Dec. 8, 2025), <https://www.cftc.gov/csl/25-39/download>; CFTC Letter No. 26-05, Staff No-Action Position Regarding Digital Assets Accepted as Margin Collateral (Feb. 6, 2026), <https://www.cftc.gov/csl/26-05/download>; CFTC Mkt. Participants Div. & Div. of Clearing & Risk, Frequently Asked Questions Concerning Registrant and Registered Entity Activities Relating to Crypto Assets and Blockchain Technologies (Mar. 20, 2026), https://www.cftc.gov/media/13521/Registrant&RegisteredEntity_FAQs032026/download; CFTC Letter No. 26-17, Staff Interpretation Regarding the Categorization of Deribit Perpetuals as Foreign Futures and No-Action Position Regarding Digital Commodities and Payment Stablecoins Deposited to Margin Customer Positions with a Foreign Broker Under a Right of Re-Use (May 29, 2026), <https://www.cftc.gov/csl/26-17/download>.