

CFTC Moves to Regulate U.S. Spot Crypto Trading

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The Commodity Futures Trading Commission (CFTC) has launched its most direct initiative yet to bring spot cryptocurrency trading under federal oversight in the United States. On 4 August, the regulator confirmed it would begin developing a framework to support the listing of spot crypto contracts on federally regulated futures exchanges.

The move is part of the CFTC's wider "Crypto Sprint" programme, which aims to implement recommendations made by the President's Working Group on Financial Markets. These proposals call for a coordinated regulatory approach between the CFTC and the U.S. Securities and Exchange Commission (SEC) to bring greater clarity and stability to digital asset markets.

Under the plan, crypto assets could be traded on CFTC-registered Designated Contract Markets (DCMs), leveraging the commission's existing legal authority. In a statement, the CFTC said it was now inviting public feedback on how to structure the listing of these contracts and requested input on provisions within section 2(c)(2)(D) of the Commodity Exchange Act, as well as Part 40 of its regulations. The SEC's securities framework is also under consideration. Submissions must be received by 18 August and will be published on the agency's website.

The initiative is being seen as a significant step in moving cryptocurrency trading away from unregulated platforms and toward more transparent and secure federal markets. Supporters argue that the framework will help reinforce the United States' position as a leading digital asset hub by increasing investor protections and establishing trust in the market infrastructure. Detractors, however, have warned that excessive regulation could hinder growth and innovation in the sector.

SEC Chairman Paul Atkins has already responded to the working group's recommendations by launching "Project Crypto," an initiative focused on updating securities rules to reflect the realities of blockchain finance. The SEC and CFTC have committed to working in tandem to bring immediate regulatory certainty without unnecessary delay.

Caroline Pham, Acting Chairman of the CFTC, reiterated that retail transactions involving digital commodities, particularly those involving margin, leverage or financing, are already subject to the Commodity Exchange Act, which requires such trades to be conducted on registered exchanges. In a recent statement, Pham said:

"Under President Trump's strong leadership and vision, the CFTC is full speed ahead on enabling immediate trading of digital assets at the federal level, in coordination with the SEC's Project Crypto."

She noted that the commission has been working on this regulatory route since 2022, presenting it as both legally sound and urgently needed. Her comments reflect a broader

push to modernise U.S. financial systems in line with digital market realities.

While UK authorities under the current Labour government have made little progress on comparable digital finance regulation, developments in the United States may provide a model for future reform. The UK's competitiveness in the global fintech sector will depend heavily on clear, agile policies, something sorely lacking from the present government.

The CFTC's action signals a clear intent to move spot crypto trading into the regulatory mainstream. As one of the world's largest economies takes decisive steps, others may need to follow suit or risk being left behind.