

Via Electronic Submission

October 20, 2026
Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**Re: Request for Comment on the Listing of Compute Derivatives Contracts: RIN
3038-AF77: 91 Fed. Reg. 54259 (August 21, 2026)**

Dear Mr. Kirkpatrick:

Andreessen Horowitz (“a16z” or “we”) appreciates the opportunity to submit this comment letter in response to the Commodity Futures Trading Commission’s (“CFTC” or “Commission”) Request for Comment on the Listing of Compute Derivatives Contracts (the “Request”).

a16z is a venture capital firm that invests in seed, venture, and growth-stage technology companies, focused on AI, bio and healthcare, consumer, crypto, enterprise, fintech, games, infrastructure, and companies building toward American dynamism. As of 2026, a16z has more than \$100 billion of regulatory assets under management across multiple funds, and we recently raised a “Machine Age Fund,” which will invest in “all of the computer infrastructure on which AI runs, including chips, memory, networking, and storage.”¹ Our partners have also led investments across the AI infrastructure stack, from silicon and networking to large-scale systems and compute platforms.

We write to express our support for the Commission’s engagement with compute derivatives and to encourage the Commission to facilitate the development of regulated compute derivatives markets within the United States. Our primary interest is the formation of liquid, transparent, and resilient market infrastructure that allows innovators to manage price exposure and lowers the cost of financing AI infrastructure. Set forth below, we offer the perspective of an investor in companies that buy, sell, and finance compute, and we address the questions on which that perspective is relevant: the comparison of compute cash markets to other cash markets (Questions 1(a) and 1(e), Questions 2(a), 2(b), and 2(g), and Question 4).

¹ Ben Horowitz et al., *The Machine Age Fund*, Andreessen Horowitz (Aug. 28, 2026), <https://a16z.com/the-machine-age-fund/>.

I. Executive Summary

As AI transitions from experimental research to the backbone of global enterprise and national competitiveness, compute capacity has emerged as a scarce, capital-intensive commodity.² Just as the United States established the world’s preeminent derivatives markets for agricultural, energy, and financial commodities, it must now lead in establishing regulated risk-transfer markets for computational power. Absent a concerted domestic push, liquidity and price discovery will migrate to fragmented or offshore venues.

Reliable and transparent forward pricing mechanisms would help emerging AI builders and independent cloud hosts to manage price, utilization, and duration risks. Compute derivatives can enable effective commercial hedging, facilitate debt and equity financing for physical data center capacity, and reduce structural barriers to entry for early-stage companies.

The Commission does not require novel statutory authorities to oversee compute derivatives. The core principles for Designated Contract Markets (“DCMs”) under Section 5(d) of the Commodity Exchange Act (“CEA”) and Part 38 of the Commission’s regulations, particularly Core Principle 3 (Contracts Not Readily Susceptible to Manipulation) and Core Principle 4 (Prevention of Market Disruption), provide a time-tested, principles-based framework capable of accommodating compute’s unique physical and economic characteristics.

II. The Venture and Entrepreneurial Imperative: Why American Innovators Benefit from Compute Derivatives

For modern technology startups, computational power is as vital and volatile an input as jet fuel is to an airline or power to an industrial smelter. In today’s compute market environment, growth-stage technology companies and other emerging ventures face several structural challenges.

Startups training frontier models must often commit tens or hundreds of millions of dollars to long-term cloud hosting agreements. If market rental prices drop, these emerging companies are trapped in above-market commitments. Specialized cloud operators (neo-clouds) and infrastructure developers seeking to finance massive GPU deployments face elevated borrowing costs because lenders cannot observe independent forward curves to assess future asset values and projected revenues. Given that compute markets are currently characterized primarily by closed bilateral transactions, early-stage founders operate with little or no transparent market pricing visibility, leaving them at a bargaining disadvantage.

A liquid, exchange-traded derivatives market solves these market structure issues. A forward price curve for compute will enable founders to budget development cycles with

² Guido Appenzeller, Matt Bornstein & Martin Casado, *Navigating the High Cost of AI Compute*, Andreessen Horowitz (Apr. 27, 2023), <https://a16z.com/navigating-the-high-cost-of-ai-compute/>.

financial certainty, empower infrastructure providers to hedge the capital expenditures of deploying physical hardware, and provide lenders with market-based pricing signals to underwrite infrastructure debt.

This market also aligns with the White House AI Action Plan, which recommends ensuring access to large-scale compute for startups and academics by “improving the financial market for compute.”³ The Commission can advance that objective under the standards it already applies to other commodity asset classes.

III. Establishing IOSCO-Aligned Benchmarks Amidst Market Opacity

A central concern raised in the Request (Questions 1(e), 2(a), 2(b), and 2(g)) is whether compute cash markets possess sufficient transparency and liquidity to support cash-settled derivatives without becoming vulnerable to manipulation or distortion.

While the Commission is correct that current compute transactions are often opaque, fragmented, and governed by proprietary contracts, this dynamic is not unique in the history of commodity derivatives. The physical markets for crude oil, refined products, and maritime freight were once similarly fragmented and dominated by opaque bilateral transactions. In those sectors, specialized price reporting agencies (“PRAs”), such as Platts, Argus, and OPIS, developed rigorous, transparent price assessment methodologies (including structured Market-on-Close mechanisms and normalized transaction data collection). As prior issues arose with price assessments and with methodologies that allowed for subjective inputs or editorial judgment, market participants have demonstrated a preference for indices built from executed transactions where the data permits the creation of such indices.

In the compute market, numerous publicly available indices have already developed and are providing essential contributions to the development of DCM-listed compute derivatives markets. For example, Ornn Data LLC, a wholly owned subsidiary of Ornn AI, Inc., administers and publishes the Ornn Compute Price Index (“OCPI”), a family of transaction-based indices measuring live-traded spot rental prices for GPU compute across major hardware types.⁴ In May 2026, Intercontinental Exchange, Inc. and Ornn announced plans to launch a suite of cash-settled GPU compute futures contracts based on the OCPI.⁵

³ The White House, *Winning the Race: America’s AI Action Plan* 4 (July 23, 2025), <https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf>.

⁴ a16z crypto is an investor in Ornn. Ali Yahya & Elizabeth Harkavy, *Investing in Ornn: A Market for Compute*, a16z crypto (June 24, 2026), <https://a16zcrypto.com/posts/article/investing-in-ornn/>. A list of investments made by funds managed by a16z is available at <https://a16z.com/investments/>.

⁵ Press Release, Intercontinental Exchange, Inc., *ICE and Ornn to Launch GPU Compute Futures Contracts* (May 19, 2026), <https://ir.theice.com/press/news-details/2026/ICE-and-Ornn-to-Launch-GPU-Compute-Futures-Contracts/default.aspx>.

We encourage the Commission to support multiple benchmark methodologies, provided each demonstrates verifiable resilience against manipulation and adheres to the IOSCO Principles for Financial Benchmarks and, where relevant, to assessment-based methodologies, such as the IOSCO Principles for Oil Price Reporting Agencies. Specifically, any benchmark utilized for DCM listing should exhibit:

1. Methodological Transparency and Governance: Benchmark administrators should publish clear, rule-based criteria governing eligibility, data sufficiency, hardware normalization, outlier handling, and emergency fallbacks, governed by an independent oversight body.
2. Data Integrity and Representativeness: Administrators should give priority to executed, arm's-length transactions from secondary markets and brokerages. Where posted rates or bids and offers are used as inputs, their weight should be limited and their sources identified because, as Question 2(b) notes, a capacity provider could otherwise influence an index by adjusting its own posted rates or by directing capacity toward or away from a contributing venue.
3. Hardware Normalization Without Over-Aggregation: Compute is not a monolithic commodity. Benchmarks should precisely isolate standardized economic units, such as rental costs per GPU-hour for specific chip families, rather than blending dissimilar hardware tiers into an unrepresentative composite.
4. Auditability and Surveillance Cooperation: Administrators should maintain full audit trails of source inputs and, ideally and where possible, develop and maintain mechanisms to share non-public transactional granularity with DCM surveillance teams, which in turn may share such information with the Commission under appropriate confidentiality protections, without requiring proprietary trade secrets to be published to the open market.

By requiring adherence to IOSCO-aligned benchmarks, to the extent applicable to compute, while remaining agnostic to whether an index is produced by an established benchmark administrator, a specialized compute data provider, or an exchange consortium, the Commission can allow competition among index providers without compromising benchmark integrity.

IV. Applying the Existing CEA and Part 38 Framework to Compute Products

The existing statutory architecture of the CEA and the Commission's regulations under 17 C.F.R. Part 38 are equipped to govern compute derivatives. The development of electricity derivatives illustrates the point (Question 1(a)).

Compute shares physical and economic properties with electricity. Like electricity, an unutilized GPU-hour in an existing billing period cannot be stored in a warehouse and consumed

next month; once that interval elapses, the compute is no longer available. The value of compute is influenced by physical parameters, including chip microarchitecture, memory density, interconnect speed, cluster size, and data center network latency.

The derivatives industry has successfully managed these similar challenges in power markets for decades. DCMs did not need to make all electricity interchangeable to launch successful power futures; rather, they standardized contracts around clearly defined delivery hubs, peak/off-peak hours, and precise megawatt-hour metrics. DCMs listing compute derivatives can apply the same discipline by defining standardized contract specifications, specifying precise GPU models, minimum network throughput, cluster scale, and temporal delivery blocks, while establishing separate contract symbols or basis spreads for distinct architectural generations. Although the compute cash markets do not have the equivalent of the existence of regulated system operators that publish prices in the organized power markets, compute derivatives can be well suited under the existing CEA and Part 38 framework, particularly when supported with benchmark governance.

Given the operational overhead of transferring access permissions, cash-settled futures referencing IOSCO-aligned indices represent the most accessible vehicle for software founders, hedge funds, and corporate treasuries.⁶ Under Appendix C to Part 38, a DCM can satisfy Core Principle 3 by demonstrating that settlement price is reliable, acceptable, publicly available, and timely, and that it is computed from a cash market that is sufficiently liquid and not itself readily susceptible to manipulation (Question 2(g)). An IOSCO-aligned, transaction-based index meeting the criteria in Section III should be capable of that showing even while the broader compute cash market remains predominantly bilateral.

The Commission also asks whether perpetual compute futures would offer advantages over fixed-date contracts (Question 4). Many AI startups and hosts operate on rolling, continuous training and inference schedules without a single sunset date. A perpetual contract matches that exposure more closely than a stream of futures contracts with monthly expiration dates. The principal design issue is hardware obsolescence. A perpetual contract referencing a single chip family references a depreciating asset, and its funding rate and basis will reflect that decline as newer hardware is introduced. Index succession rules and generation-adjusted compute units may address this, and fixed-date contracts should be listed alongside in any event. Subject to those considerations, perpetual contracts with periodic funding, dynamic margin, and DCM surveillance can concentrate liquidity and provide a continuous hedging instrument for ongoing workloads.

⁶ Physically-settled contracts may also become viable. In compute, delivery need not involve shipping hardware; it can consist of provisioning verified access to clusters meeting specified performance and uptime parameters during the delivery window, with delivery validated through access logs and telemetry.

V. Strategic Recommendations for the Commission

To support the development of resilient, robust, transparent U.S. compute markets, we respectfully recommend that the Commission:

1. Prioritize Principles-Based Reviews: Compute is a commodity under Section 1a(9) of the CEA, and the Commission need not prescribe which chip generations or hardware configurations may underlie a contract. Instead, evaluate each DCM submission on whether the specific contract terms define the underlying computational exposure with precision and whether the settlement mechanism resists manipulation.
2. Encourage Provider Neutrality and Methodological Diversity: Permit DCMs to partner with diverse index administrators, ranging from established traditional market index providers to native technological data aggregators, evaluating each against established Core Principles and IOSCO-aligned standards.
3. Coordinate Cross-Market Regulatory Dialogue: Initiate technical roundtables bringing together hardware manufacturers, cloud platforms, AI lab founders (including startup founders), data center operators, and futures exchanges to establish common nomenclature, standardized metrics, and verification procedures.
4. Rely on Existing Procedures: The self-certification and approval procedures in Part 40 are sufficient for these products, and new rulemaking is not needed before listing. Guidance confirming that an IOSCO-aligned, transaction-based settlement index can satisfy Appendix C to Part 38 notwithstanding a predominantly bilateral cash market would be helpful. If U.S. exchanges cannot list these products in a timely way, demand for compute hedging will migrate to offshore and unregulated platforms outside the Commission's oversight.

VI. Conclusion

The compute capacity powering the AI revolution is rapidly becoming one of the most important commodities in the world. American technology builders cannot fulfill their potential, nor can capital providers efficiently finance the necessary gigawatt-scale infrastructure, without modern, regulated tools to price and hedge compute volatility.

The CFTC has a historic opportunity to extend the proven strengths of American derivatives regulation to this transformative economic frontier. We urge the Commission to proceed with a bold, principles-based push that fosters innovation, safeguards market integrity, and establishes the United States as the global capital center for compute risk management.

We thank the Commission and its staff for their forward-looking leadership and welcome the opportunity to participate in further public discussions or technical roundtables on this vital subject.

Respectfully submitted,

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