COMMODITY FUTURES TRADING COMMISSION
Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581
www.cftc.gov

CFTC Staff No-Action
Market Participants Division
Thomas J. Smith, Acting Director

Re: No-Action Position regarding Introducing Broker Registration Requirement under Section 4d(g) and Associated Person Registration Requirement under Section 4(k) of the Commodity Exchange Act[1]

Dear Mr. Jacobs:

This is in response to your letter on behalf of Phantom Technologies, Inc. ("**Phantom**"), dated March 13, 2026, to me, Acting Director, the Market Participants Division (the "**Division**" or "**MPD**") of the Commodity Futures Trading Commission (the "**Commission**"), as supplemented by additional correspondence with Division staff (together, the "**Request**"). You request that the Division issue a no-action letter pursuant to Commission Regulation 140.99[2] stating that it will not recommend that the Commission take enforcement action against Phantom for failure to register as an introducing broker ("**IB**") under Section 4d(g) of the Commodity Exchange Act (the "**Act**")[3] or against certain of Phantom's personnel for failure to register as associated persons ("**APs**") under Section 4k[4] of the Act, solely as a result of Phantom or any of such personnel engaging in the Proposed Activities (as defined below and which constitute IB activities that would require registration with the Commission as an IB and an AP of an IB, respectively) and subject to the proposed conditions in the Request.

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[1] This letter contains one or more collections of information under Office of Management and Budget ("OMB") number 3038-0049. No person is required to respond to a request for information unless a valid OMB number is displayed.

[2] 17 CFR 140.99.

[3] 7 U.S.C. § 1 *et seq*. The Act is accessible at the Commission's web site www.cftc.gov.

[4] 7 U.S.C. § 6k.

I. Regulatory Background

Pursuant to Section 4d(g) of the Act,[5] it is unlawful for any person to act in the capacity of an IB, unless such person is registered as an IB with the Commission. The Act and Commission Regulation 1.3 defines an IB as any person that, for compensation or profit, is engaged in soliciting or accepting orders for the purchase or sale of, among other financial products, any commodity for future delivery.[6] Section 4k(1) of the Act[7] and Commission Regulation 3.12(a) provide that it is unlawful for any person to act as an AP of an IB, unless such person is registered as an AP with the Commission. Commission Regulation 1.3 defines an AP of an IB as a natural person associated with an IB as a partner, officer, employee, or agent (or similar status) involved in solicitation or acceptance of customers' orders (other than in a clerical capacity) or the supervision of persons so engaged. The Commission has long construed the terms "soliciting and accepting" orders to cover a wide range of activities, not restricted to the literal solicitation or acceptance of customers' orders.[8] However, as discussed below, Commission staff has, under appropriate circumstances, determined that certain technology service vendors ("**TSVs**") need not register as IBs.

Specifically, one of the Division's predecessors, the Division of Clearing and Intermediary Oversight ("**DCIO**"), issued to certain TSVs a series of interpretative letters (the "**TSV Letters**") in which it determined that each TSV was not an IB and would, therefore, not be required to register as such.[9] To reach these interpretations, DCIO relied on representations from the TSV that required, among other things, that: (1) each customer will have established a pre-existing relationship with a futures commission merchant ("**FCM**") or IB independent of its

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[5] 7 U.S.C. § 6d(g).

[6] *See* Section 1a(31) of the CEA, 7 U.S.C. § 1a(31), and Commission Regulation 1.3, 17 CFR 1.3. The Commission's regulations are found in Chapter 17 of the Code of Federal Regulations, 17 CFR Part 1, *et seq*.

[7] 7 U.S.C. § 6k.

[8] Introducing Brokers and Associated Persons of Introducing Brokers, Commodity Trading Advisors and Commodity Pool Operators; Registration and Other Regulatory Requirements, 48 FR 35248, 35250 (Aug. 3, 1983) ("[T]he Commission is of the opinion that the phrase "soliciting or accepting orders," as it is used in Section 2(a) of the Act, must be construed to encompass not just the literal solicitation or acceptance of customers' orders, but also the solicitation of customers of acceptance of their orders for referral to [a futures commission merchant] for the institution of a trading relationship and the execution of those orders. Similarly, the Commission believes that persons who are currently compensated on a per-trade basis or by a referral fee as described above would be deemed to be the "agent" of a futures commission merchant for the purpose of the acceptance of those customer orders. As such, any person who continues to engage in those activities would be within the definition of, and generally required to register as, an introducing broker").

[9] *See, e.g.*, CFTC Staff Letter 06-29 ("**Letter 06-29**"), *available at* https://www.cftc.gov/sites/default/files/idc/groups/public/@lrlettergeneral/documents/letter/06-29.pdf; CFTC Staff Letter 08-07 ("**Letter 08-07**"), *available at* https://www.cftc.gov/sites/default/files/idc/groups/public/@lrlettergeneral/documents/letter/08-07.pdf;; and CFTC Staff Letter 08-12 ("**Letter 08-12**"), *available at* https://www.cftc.gov/sites/default/files/idc/groups/public/@lrlettergeneral/documents/letter/08-12.pdf. In each of the TSV Letters, the Division noted that, if in the future the Commission determines that persons who provide technology to facilitate the order entry process must be registered under the Act, the TSV may have to comply with the applicable registration requirements at that time.

relationship with the TSV; (2) the TSV would not recommend, propose, or encourage that customers use any particular FCM or IB, even upon request; (3) the TSV's platform would not produce express "buy" or "sell" signals; (4) the TSV would not solicit or accept orders for any commodity futures or commodity option transaction; (5) fees charged by the TSV would not be related to any fees charged by the FCM or IB for the execution of any futures orders; and (6) the TSV would not have a membership with trading privileges on any designated contract market ("**DCM**") or derivatives transaction execution facility (requirements (1)-(6) collectively, the "**TSV Letter Requirements**").[10]

II. Summary of Request

Based upon the representations made in the Request, we understand the facts to be as follows.

Phantom's Existing Crypto Asset Wallet Software

Phantom's current business involves the development and distribution of self-custodial crypto asset wallet software applications for use on several major blockchains, including Bitcoin, Ethereum, and Solana. Phantom does not provide custody services for crypto assets. Rather, akin to a password manager, Phantom's software enables users to generate and manage cryptographic credentials for viewing, storing, and conducting self-directed crypto asset transactions. It also provides a user interface for customers to transmit transaction instructions to crypto asset trading protocols and other decentralized applications.

Phantom's Proposed Activities

Phantom is proposing to expand its self-custodial wallet offering for crypto assets to enable its users' trading in Commission-regulated derivatives. It proposes to act as a TSV to a DCM or registered FCMs or IBs (collectively, "**Collaborators**") so that a participant of the DCM or customer of the FCM or IB (either, a "**User**"), respectively, can access trading in Commission-regulated derivatives on or through the Collaborator via front-end interface software developed, provided, and maintained by Phantom. Specifically, Phantom proposes to engage in the following activities (collectively, "**Proposed Activities**"):

- Phantom will develop and distribute front-end interface software for Users to review market data and aggregate position information, view information about product offerings, and submit orders for Commission-regulated derivative products directly to Collaborators, including event contracts, perpetual contracts, and other Commission-regulated derivatives. Phantom's involvement in order submission will be limited to providing software on the User's mobile device or via a browser extension, which

[10] *Id*. Letter 06-29 and Letter 08-27 also required that the TSV not receive any compensation from any customer's FCM or IB. This was not required in Letter 08-12 for the reasons discussed therein.

enables the User to transmit its orders directly to Collaborators. Phantom will not have any affirmative involvement with any particular orders.

- Phantom will offer this access to Commission-regulated derivative products by contracting with one or more Collaborators, which may also agree to share a specified portion of their relevant revenues with Phantom in exchange for Phantom providing this software to the Collaborator's Users. Phantom will also contract with Users (e.g., via its terms of use) to authorize them to use the software, and this agreement may provide for Phantom to charge a transaction-based fee directly to Users.

- Phantom (including relevant personnel)[11] will market its services and relationships with the relevant Collaborators to promote these activities, including promoting the availability of particular derivatives contracts.

- Phantom (including relevant personnel) will introduce Users to—and solicit Users to engage with—specific Collaborators, but Users will face no contractual or operational restriction from accessing those Collaborators directly, without Phantom's involvement.

- Phantom will offer this proposed User interface either as a standalone product or as an embedded feature of its existing wallet software. In the latter case, Phantom's software interface would clearly and conspicuously distinguish when a User is engaging in Commission-regulated activity or not.

The Proposed Activities are limited to circumstances where a User is transacting on a DCM either directly as a member of the DCM or indirectly as a customer of an FCM or IB that is a member of the DCM. In these instances, the User would also maintain the funds or other property securing its derivatives positions in custody with the DCM's derivatives clearing organization ("**DCO**") and/or an FCM that is a member of such DCO. In that sense, this proposal envisions a "custodial" model of trading that is consistent with existing market structure for exchange-traded derivatives. Phantom's software would serve only to passively enable Users to transact in Commission-regulated derivatives products. At no point would Phantom hold, control, or take into custody User assets, generate express "buy" or "sell" signals, or exercise discretion with respect to the routing or execution of User orders.

As reflected in the TSV Letters, certain passive communication services may be provided by a TSV without requiring IB registration. However, certain of the Proposed Activities fall outside of the TSV Letter Requirements (e.g., the Collaborator and User need not have a pre-existing relationship). Thus, Phantom is not eligible to rely on the TSV Letters to engage in the

[11] Activity by relevant personnel would involve discussing and demonstrating Phantom's software offering at industry conferences and other events, as well as making promotional statements on social media, in each case subject to Phantom's pre-approval and supervision.

Proposed Activities without registration with the Commission as an IB (or registration as an AP of an IB by its relevant personnel) and has therefore sought a no-action position.

III. Division No-Action Position

After considering the foregoing, the Division believes that a no-action position is warranted. Phantom's involvement in order submission and its contractual relationships will be limited to passively providing software for a User's mobile device or via a browser extension, which enables the User to transmit its orders directly to Collaborators. Phantom will not have any affirmative involvement with any particular orders. Similarly, and as noted above, at no point in time would Phantom generate express "buy" or "sell" signals, or exercise discretion with respect to the routing or execution of User orders.

Accordingly, until the effective date of a Commission rulemaking or guidance addressing the application of the IB registration requirement to software providers, the Division will not recommend that the Commission commence an enforcement action against Phantom for failure to register with the Commission as an IB or against any of Phantom's relevant personnel for failure to register as an AP of an IB, solely as a result of them engaging in the Proposed Activities, subject to the following conditions:

1. Phantom, its principals (as defined by 17 CFR 3.1), and any individual engaged in soliciting Users as part of the Proposed Activities is not subject to statutory disqualification, absent a waiver by the Division. Should any such person become subject to statutory disqualification, Phantom shall promptly notify the Division regarding the nature of the facts giving rise to such disqualification. For this purpose, "statutory disqualification" means: with respect to a person that is not a registrant with the Commission, grounds for refusal to register or to revoke, condition, or restrict the registration of any registrant or applicant for registration as set forth in sections 8a(2) through 8a(4) of the Act,[12] or, with respect to a person that is a registrant with the Commission, the Commission has refused registration or revoked, conditioned, or restricted the registration of such registrant or applicant for registration pursuant to sections 8a(2) through 8a(4) of the Act.[13]

2. Phantom provides, and each User acknowledges receipt of, disclosures regarding Phantom's relationship with the relevant Collaborator(s), addressing potential conflicts of interest (including fees).

3. Phantom provides, and each User acknowledges receipt of, a risk disclosure statement addressing the risks covered by the risk disclosure statement contained in 17 CFR 1.55(b), to the extent relevant to the trading activity facilitated by Phantom. Phantom may provide this disclosure as part of its terms of service or other User onboarding documentation, provided that Phantom shall retain a record of the User's acknowledgement of the disclosure. This condition shall not be applicable if a

[12] 7 U.S.C. §§ 12a(2) – 12a(4).

[13] *Id.*

Collaborator is registered with the Commission and obligated to provide a risk disclosure statement to the User consistent with 17 CFR 1.55.

4. Users are onboarded as direct members (for DCMs) or customers (for registered FCMs and IBs), and they continue to have the ability to access the respective Collaborator independently of Phantom.

5. Phantom adopts and enforces policies and procedures reasonably designed to ensure compliance with applicable Commission and National Futures Association ("**NFA**") rules regarding communications with the public and marketing as if Phantom were registered as an IB.[14]

6. Phantom does not engage in advertising or promotions that, if Phantom were registered as an IB, would require pre-approval by NFA under NFA Compliance Rule 2-29.[15]

7. Phantom and each of its Collaborators execute in writing an undertaking by which they each agree to be jointly and severally liable for any violations of the Act or Commission regulations by Phantom or any of its personnel when Phantom or its personnel engage in the Proposed Activities with or on behalf of such Collaborator. In this undertaking, Phantom and its Collaborator also consent to the jurisdiction of the Commission to investigate and take enforcement action against them for any violation of the Act or Commission regulations in connection with the Proposed Activities engaged in by Phantom or any of its personnel on behalf of the Collaborator. Phantom files each of these undertakings with the Division.

8. Phantom maintains records regarding its compliance with these conditions and its business involving Commission-regulated activity in a manner consistent with Commission Regulation 1.31.[16]

9. Phantom provides notice to the Division if the entity becomes insolvent or enters a bankruptcy proceeding.

10. Phantom files a notice with the Division agreeing to satisfy these conditions and consenting to the Commission's jurisdiction to investigate and take enforcement action against Phantom for any violation of the Act or Commission regulations in connection with the Proposed Activities engaged in by Phantom or any of its personnel.

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[14] These include 7 U.S.C. § 6b; 17 CFR 180.1; and NFA Compliance Rule 2-29: Communications with the Public and Promotional Material, https://www.nfa.futures.org/rulebooksql/rules.aspx?Section=4&RuleID=RULE%202-29 ("**NFA Compliance Rule 2-29**"). *See also* NFA, Interpretive Notice 9003 – NFA Compliance Rule 2-29: Communications with the Public and Promotional Material (Apr. 22, 2020), https://www.nfa.futures.org/rulebooksql/rules.aspx?Section=9&RuleID=9003.

[15] NFA Compliance Rule 2-29.

[16] 17 CFR 1.31.

Each document or notice required to be submitted under these conditions to the Division must be sent to the MPD Director via email to MPDLetters@cftc.gov and referencing this letter.

This letter, and the position taken herein, represent the views of the Division only, and do not necessarily represent the position or view of the Commission or of any other office or division of the Commission. This letter and the no-action position taken herein are not binding on the Commission.[17] Further, this letter, and the position taken herein, are based upon the facts and circumstances presented to the Division staff. Any different, changed or omitted material facts or circumstances might render the position taken in this letter void. Finally, as with all staff letters, the Division retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the position taken herein, in its discretion.

Questions concerning this no-action letter may be directed to me at tsmith@cftc.gov; Jacob Chachkin, Associate Director, MPD, jchachkin@cftc.gov; or Christopher Cummings, Special Counsel, MPD, ccummings@cftc.gov.

Very truly yours,

Thomas J. Smith
Acting Director
Market Participants Division

cc: Kathleen Clapper
NFA Compliance
National Futures Association, Chicago

Michael Otten, OTC Derivatives
National Futures Association, New York

[17] *See* 17 CFR 140.99(a)(2) ("A no-action letter binds only the issuing Division . . . and not the Commission or other Commission staff.")