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Single-Stock Futures vs. the Swap Desk

How single-stock futures, perpetuals, and engineered index products could reshape the equity swap and prime brokerage franchise — a balanced threat assessment, two weeks before CME's July 27 launch.

The trigger. On July 27, 2026, CME lists cash-settled futures on 55 US stocks — the first US security futures since OneChicago closed in 2020. In the same twelve months, perpetual-style equity index futures went live on a US-regulated exchange, single-stock perps launched offshore at three major venues, and the SEC and CFTC opened rulemaking consultations on the exact plumbing (portfolio margining, product definitions, 24/7) that protects the bilateral swap business.

The stake. Prime services & futures is now the largest line in global banks' equities divisions: $34.5B in FY2025, up 21.5% year-over-year. Synthetic financing via total return swaps is a core component — and it is the part listed products are engineered to replicate.

The verdict, in brief. A real but slow-burning threat. The economics that killed OneChicago — a statutory 15-20% margin floor, no cross-margining, no 60/40 tax treatment, dual SEC/CFTC registration — are still in place. But three of the four are now the explicit subject of open SEC/CFTC harmonization workstreams, and the index-level precedent (total return futures eating index TRS) shows exactly how this ends when the plumbing changes.

Daniel Kaufman · kineticalpha.com · July 13, 2026

Executive summary

The question. Investment banks earn a large and growing share of their equities revenue by manufacturing leverage and short exposure bilaterally: total return swaps (TRS) written to hedge funds and ETF issuers, and financing delivered through prime brokerage (PB). Listed single-stock futures (SSFs), perpetual futures, and thematic basket futures promise the same economics in a cleared, transparent, commission-priced wrapper. Does that disintermediate the desk?

The answer is segmented, not binary. Across the eight revenue segments we score in Section 9, near-term (2026-27) revenue at risk is concentrated in flow that is *already* leaving for structural reasons — index-level TRS migrating to total return futures — and in retail-adjacent leverage. The core institutional franchise is protected by four moats that are regulatory and operational, not competitive. But every one of those moats is now under active review, which is new.

Key findings:

- **CME's SSF design fixes what killed OneChicago's product — but not what killed its market.** Cash settlement removes dividend-delivery risk and the contracts ride CME's existing FCM pipes. Yet the 15% statutory margin floor (options parity), the absence of confirmed 60/40 tax treatment, and the dual registration burden for intermediaries all survive. At 15% initial margin, an SSF is no cheaper than a portfolio-margined swap — and at launch it cross-margins against nothing.
- **The leveraged single-stock ETF swap book is the most visible — and most misunderstood — exposure.** T-Rex (REX/Tuttle) and Defiance MSTR funds paid OBFR +13% to +17% on billions of TRS notional to Cantor Fitzgerald, Marex, and Clear Street. That revenue exists *because* dealer capacity is constrained; in November 2024 Matt Tuttle asked for $100M of additional swap exposure and was offered $20M. A listed SSF does not manufacture new capacity — the market maker faces the same hedge constraint — so the highest-spread flow is, counterintuitively, the stickiest.
- **Where futures liquidity forms first (mega-caps), spreads are already thin.** GraniteShares estimates ~1.5% embedded swap cost on its mega-cap 2x funds. SSF competition compresses the commodity end of the book, not the profitable tail.
- **Prime brokerage's binding moat is netting, not price.** A long/short book in a PB account nets: shorts finance longs, portfolio margin recognizes offsets, borrow is sourced internally. The same book rebuilt in SSFs posts margin leg-by-leg at separate silos with no customer cross-margining against equities or options. The June 2026 SEC-CFTC joint request for comment on portfolio-margining harmonization is therefore the single most load-bearing regulatory document for this thesis.
- **The index-level precedent is already complete.** Eurex EURO STOXX 50 total return futures open interest surpassed the conventional future's OI in March 2023; CME's AIR total return futures hit a record $365B notional OI in September 2025, +80% ADV year-over-year. When capital rules (UMR, SA-CCR) made bilateral swaps expensive, flow futurized. Single names are the harder, later chapter of the same book.
- **Perpetuals are the demand proof, not yet the US product.** Offshore single-stock perps (Coinbase International, Kraken, Hyperliquid HIP-3 — $62B monthly volume in May 2026) demonstrate retail and crypto-native demand for 24/7 levered single-name exposure at 5-10% margin. The CFTC's May 2026 perp framework explicitly excludes equity underlyings, and an equity perp would likely be a security future — so the US onshoring of stock perps waits on the same SEC/CFTC harmonization agenda.
- **Narrow-based index futures are conspicuously absent from every roadmap.** Exchanges are instead engineering 10-name, equal-weighted thematic baskets (Coinbase Mag7+Crypto, AI10, Defense10) that

deliberately pass the broad-based tests and stay CFTC-only — with 60/40 treatment SSFs lack. That is the listed wrapper aimed most directly at basket swaps and dispersion structures.

> **Bottom line.** Expect low-single-digit percentage erosion of the synthetic financing wallet through 2027 — meaningful basis-point pressure on liquid mega-cap financing spreads, minimal impact on hard-to-borrow and constrained-capacity flow. The medium-term (2028-30) range is much wider: if customer-level securities/futures cross-margining and 60/40 clarity arrive, listed replication becomes genuinely competitive for the first time, and the swap desk's defense shifts from structural moats to service, balance sheet, and borrow supply — a fight banks can still win, but must actually fight.

1. The moment: twelve months that rebuilt listed single-name leverage

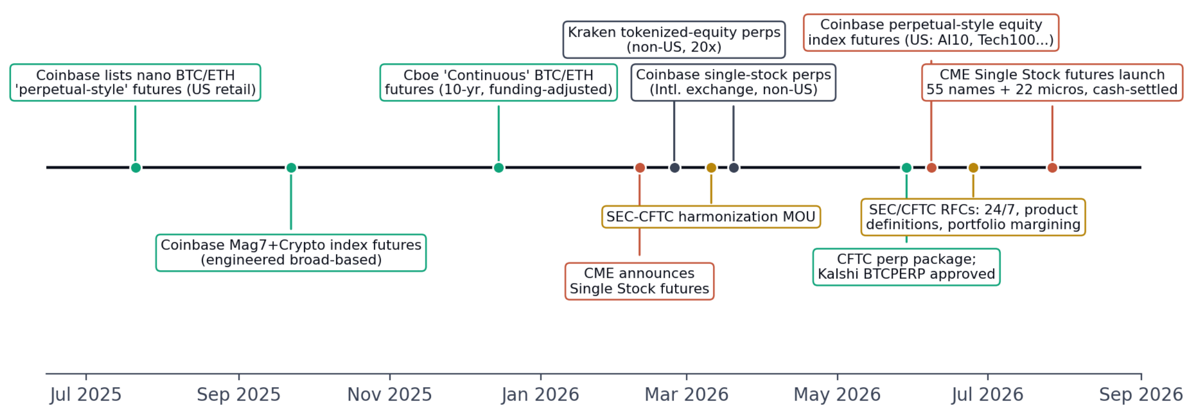
For six years after OneChicago closed in September 2020, the United States had no single-stock futures market at all — the SEC and CFTC noted in June 2026 that not one security future was listed on any US exchange. That vacuum is now ending, from three directions at once.

First, the regulated core. CME announced Single Stock futures in February 2026 and confirmed a July 27, 2026 launch: 55 standard contracts (100 shares) and 22 Micros on the largest US names — NVIDIA, Apple, Tesla, Meta, Alphabet, Amazon, Micron, and the newly public SpaceX among them — cash-settled to the primary exchange close, quarterly expiries, SPAN margin at the 15% regulatory floor, Globex hours, with block, BTIC, and EFP mechanics from day one. These are security futures products under joint SEC/CFTC jurisdiction — the first test of that regime's modernized plumbing since 2020.

Second, the perpetual wave. Coinbase Derivatives listed 'perpetual-style' crypto futures for US retail in July 2025, then crossed into equities: a Mag7+Crypto index future in September 2025 and, in June 2026, the first perpetual-style *equity index* futures on a US-regulated exchange (AI10, China10, Defense10, Tech100) — near-24/7, funding-rate mechanics, 60/40 tax treatment. Kalshi won the first CFTC approval of a true perpetual (BTCPERP, May 29, 2026). Offshore, Coinbase International, Kraken, and Hyperliquid all launched single-stock perps for non-US users; Hyperliquid's builder-deployed (HIP-3) markets, which include US equity perps, cleared $62B in monthly volume in May 2026.

Third, the regulatory convergence. A historic SEC-CFTC memorandum of understanding (March 2026) was followed in June 2026 by three requests for comment that map one-to-one onto the moats analyzed in this paper: harmonizing derivatives product definitions (the narrow-based/broad-based and swap/security-based-swap boundary), extending futures to 24/7 trading and perpetual structures, and — most importantly — harmonizing portfolio margining and cross-margining across securities, futures, and swaps.

Twelve months that rebuilt listed single-name leverage (Jul 2025 – Jul 2026)



Sources: CME Group, Coinbase, Cboe, Kraken, Kalshi, CFTC, SEC press releases (2025–2026). Red = equity products; teal = perp/crypto precedent; gold = regulatory.

Figure 1 — Product and regulatory milestones, July 2025 - July 2026. Red: equity products; teal: perp/crypto precedent; gold: regulatory actions.

2. What is actually launching — and what is not

The table below separates what exists, what is announced, and what remains speculative. Two absences matter as much as the launches: no US-listed single-stock *perpetual* exists or is filed, and no exchange has put narrow-based (sector/thematic security-future) index futures on a public roadmap — the basket products that do exist are engineered to be broad-based.

Product	Venue / status	Structure	Margin / leverage	Relevance to swap & PB desks
CME Single Stock futures	CME — launches Jul 27, 2026	Cash-settled quarterly futures, 55 names + 22 Micros; SFP (joint SEC/CFTC)	SPAN, 15% regulatory floor; 5% calendar spreads; no cross-margin at launch	Direct listed substitute for single-name delta-one: synthetic longs, hedges, EFP-based financing
Perpetual-style equity index futures (AI10, China10, Defense10, Tech100 + SPX/NDX-exposure tranche)	Coinbase Derivatives (US) — live Jun 8/14, 2026	Funding-rate, long-dated, ~24/7, cash-settled; engineered broad-based (CFTC-only), 60/40 eligible	Up to ~10-20x per reporting (retail specs)	Listed substitute for thematic basket TRS; the template for skirting the narrow-based line
Mag7 + Crypto index futures	Coinbase Derivatives (US) — live Sep 22, 2025	10 components equal-weight (7 stocks + COIN + IBIT + ETHA), quarterly rebalance	Futures margin	Proof that a 'Mag 7' basket can be built broad-based; direct overlap with mega-cap basket swaps
Single-stock perpetuals (AAPL, TSLA, NVDA, SPY, QQQ...)	Coinbase Intl (Mar 2026), Kraken (Feb 2026), Bybit, Hyperliquid HIP-3 — non-US only	USDC/token-settled perps, funding-rate, 24/7	10-20x (5-10% margin)	Demand proof + offshore leakage of retail/crypto-native flow; US institutions largely walled off
True perpetuals, US-regulated	Kalshi BTCPERP (Jun 3, 2026); CFTC framework May 29, 2026	No expiry, funding-rate, 24/7	DCM-set	Framework expressly excludes equity securities and narrow-based indexes — for now
Bloomberg 500 / Tini index futures	MIAX Futures, cleared at OCC (May-Jun 2026)	Broad-based index futures	Futures margin	Benchmark competition for CME; OCC clearing link is a future cross-margin vector
Narrow-based (sector SFP) index futures	None live, none announced	Would be security futures (joint jurisdiction)	15% floor would apply	The dog that isn't barking: the SFP regime's economics keep exchanges on the broad-based side of the line
Tokenized equities / SEC innovation exemption	Offshore live (xStocks >$25B lifetime volume); SEC exemption 'imminent' per Chair Atkins	24/7 tokenized stock trading; perps on tokens offshore	Varies	Longer-run rail for 24/7 collateral mobility; Robinhood awaiting approval to bring tokenized stocks/perps onshore

Sources: CME, Coinbase, Kraken, Kalshi, MIAX, Robinhood releases; CFTC/SEC orders and RFCs, 2025-26. See Appendix.

Why 'engineered broad-based' matters

The statutory line between a broad-based index future (CFTC-exclusive, normal futures margin, 60/40 treatment) and a narrow-based one (a security future: joint jurisdiction, 15% margin floor, no confirmed 60/40) turns on mechanical tests — component count under nine, any weight over 30%, top-five weights over 60%, or thin bottom-quartile liquidity. A 10-stock equal-weighted basket passes. That is not an accident of Coinbase's index design; it is the design. The consequence for dealers: the listed competition for *basket* swaps arrives with better tax treatment and lighter margin than the listed competition for *single-name* swaps — and the June 2026 definitions RFC is where that boundary gets re-litigated.

3. The revenue at stake

Prime services & futures has become the largest revenue line in global banks' equities divisions: **$34.5B in FY2025** for the Coalition Greenwich 12-bank index, up 21.5% year-over-year, within a record $71.5B total equities pool. The adjacencies are equally large: global securities-lending revenue reached a record $15.3B in 2025 (+26%), hedge-fund gross borrowing hit $6.2T in Q1 2025 (+26% y/y, per OFR), and Goldman Sachs alone reported $11.4B of 'durable financing revenues' for 2025, driven by prime and portfolio financing. Three banks — Goldman, Morgan Stanley, JPMorgan — each run roughly $1T in prime balances and hold a combined ~60% market share.

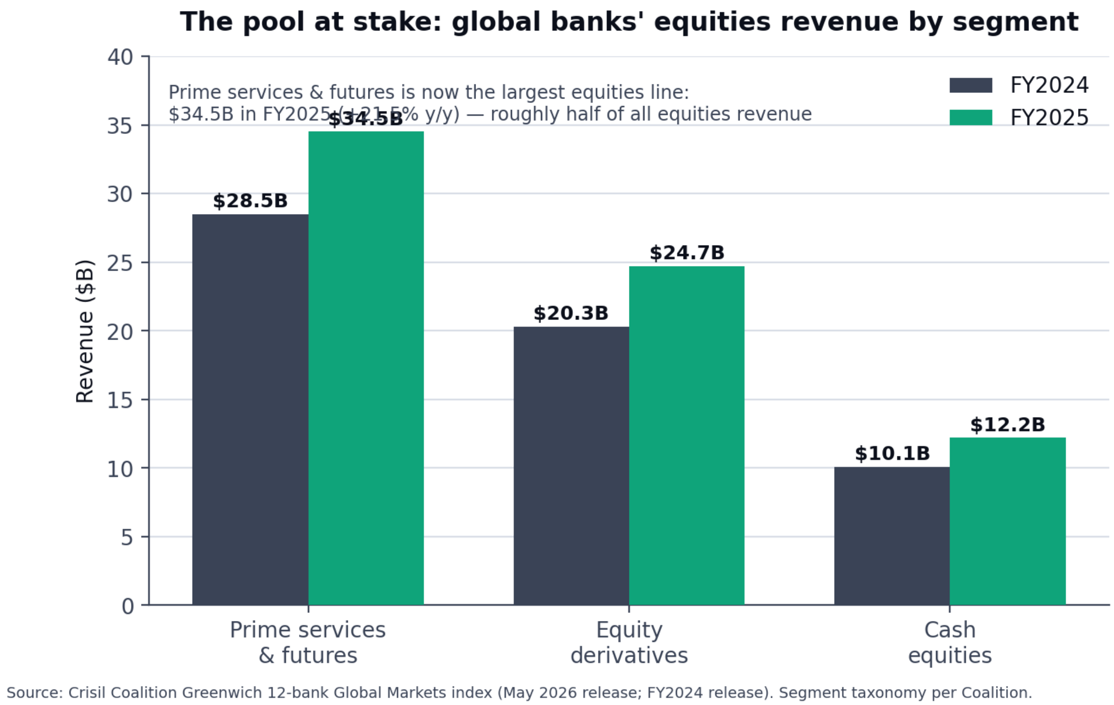


Figure 2 — Coalition Greenwich 12-bank equities revenue by segment. 'Prime services & futures' includes cash PB financing, synthetic PB (swaps), securities lending, and listed derivatives clearing.

Within that line, the target of listed replication is specifically **synthetic prime** — delta-one swap financing — plus the swap-adjacent share of securities lending (shorts delivered synthetically) and the financing spread embedded in margin loans. Coalition does not publicly split synthetic vs. cash PB; practitioner estimates put synthetic at a substantial minority and the fastest-growing component of the financing complex. Two structural facts frame the risk assessment:

- **The pool is growing because leverage demand exceeds balance-sheet supply.** D.E. Shaw documented S&P 500 futures implied financing spreads peaking above 140bp over SOFR in December 2024 (vs. ~30bp average 2021-23) — levered demand bidding for constrained dealer intermediation. Scarcity pricing cuts both ways: it makes the wallet fat, and it makes clients hunt for alternatives.
- **Capital rules are pushing banks toward listed formats anyway.** UMR and SA-CCR (and the Basel III endgame direction of travel) raise the capital cost of bilateral swaps. Some 'disintermediation' is actually banks steering clients into cleared/listed wrappers where the bank still executes and clears — revenue transformation, not loss.

4. Case study: the leveraged single-stock ETF swap stack

The clearest public window into single-name swap economics is the leveraged single-stock ETF complex — roughly $37.5B across US single-stock ETFs in 2026, dominated by 2x daily products from Direxion (TSLL, ~$4.6B), GraniteShares (NVDL, ~$4.1B), the T-Rex suite (a REX Shares / Tuttle Capital joint venture), and Defiance. These funds contractually need 200% of NAV in daily-reset exposure, and their N-PORT filings disclose exactly how they get it: total return swaps, with counterparties and financing rates named.

The MicroStrategy funds are the extreme — and the most instructive

At their late-2024 peak, the T-Rex 2x MSTR fund (MSTU, $2.94B net assets at Nov 30, 2024) and Defiance's competitor MSTX (about $1.4B at Jan 31, 2025) together needed roughly $8B of MSTR swap exposure on one of the most volatile large-caps in the market. The bulge bracket did not write it. The N-PORT filings name **Cantor Fitzgerald, Marex, and Clear Street** — and the prices they charged:

Fund / date	Counterparty	Financing rate on TRS	Swap notional
Defiance MSTX (1/31/25)	Marex Capital Markets	OBFR + 15.00%	$1,012M
Defiance MSTX (1/31/25)	Clear Street	OBFR + 13.00%	$286M
Defiance MSTX (1/31/25)	Cantor Fitzgerald & Co.	OBFR + 17.00%	$198M
T-Rex MSTU (11/30/24)	Cantor Fitzgerald Secured	monthly reset; legs print OBFR + ~10-16%	$907M
T-Rex MSTU (11/30/24)	Clear Street Derivatives	OBFR + ~20.6% (quoted level 25.16%)	$609M
T-Rex MSTU (11/30/24)	Marex Prime Services	OBFR + 10.00%	$194M

Sources: SEC N-PORT filings, ETF Opportunities Trust (MSTU) and Tidal Trust II (MSTX). OBFR was ~4.3-4.6% at the filing dates, so all-in financing ran ~17-25% annualized on notional. One MSTU rate field appears to be a data artifact and is shown as a range.

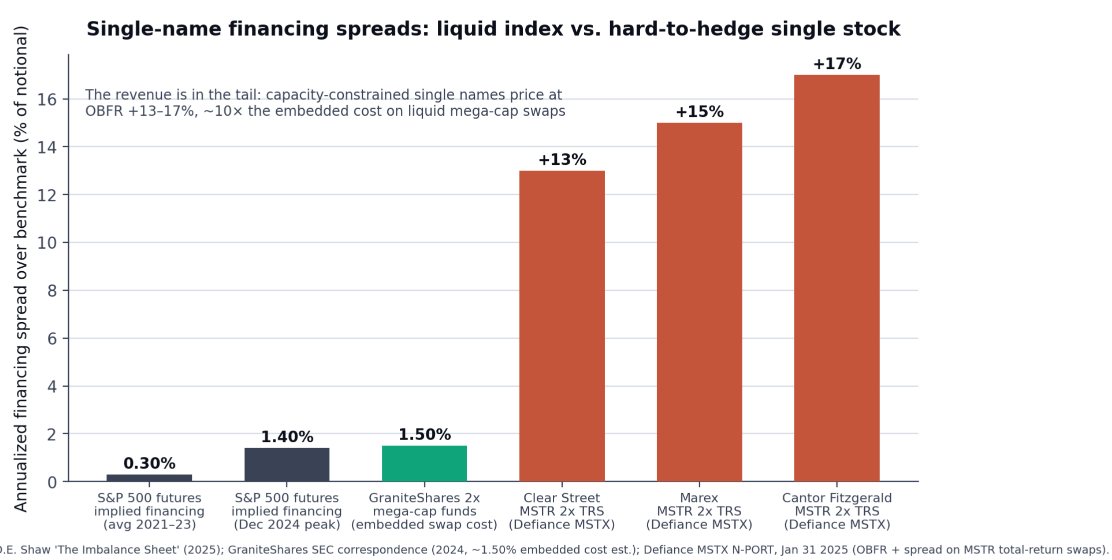


Figure 3 — Annualized financing spreads: index futures implied financing and mega-cap embedded swap costs vs. disclosed MSTR 2x TRS rates.

What the dealer actually earns

Take a stylized $1B 2x single-stock ETF running $2B of TRS notional. On a capacity-constrained name priced at OBFR +15%, the gross financing spread is roughly **$300M a year**; on a liquid mega-cap at the ~1.5% embedded cost GraniteShares disclosed to the SEC, about **$30M**. Against that, the dealer carries the hedge (holding $2B of stock funded on balance sheet, or sourcing borrow for the inverse funds), the capital charge, and the gap risk of a 2x daily-reset product on a name that can move 20% overnight. The funds also post heavy collateral — GraniteShares discloses 30-45% of assets — and generate a mechanical close-of-day rebalancing flow (about $100M of one-sided trading on a 5% move for our stylized fund) that the hedging desk internalizes.

> **The November 2024 capacity episode is the tell.** Bloomberg reported that the MSTR ETFs were 'straining the limits' of their prime brokers: Matt Tuttle said he needed roughly $100M of incremental swap exposure into a close and was offered $20M, forcing the funds into deep-in-the-money call options as a substitute — with tracking error up to 4.7 percentage points on a single day as the cost. Roundhill's CEO estimated the two funds controlled over 10% of MSTR's float-adjusted exposure via derivatives. The lesson cuts in both directions: the swap desk's pricing power is real (that is what OBFR +17% is), and the desk's capacity ceiling is real (that is what the $20M answer is).

Could these funds swap the swaps for futures?

Mechanically, yes — nothing in the 1940 Act or Rule 18f-4 privileges TRS over listed futures, and issuers' own filings list 'swap agreements, futures contracts, and options' as permitted tools. The fallback hierarchy issuers actually used when swap capacity ran out (2024: options, then stock) would rationally insert SSFs ahead of options if CME's contracts are liquid in the relevant name. For a mega-cap 2x fund, an SSF strip at 15% margin with quarterly rolls is a plausible partial substitute for TRS — and every dollar that migrates is financing spread the dealer loses to the futures basis (where market makers, often the same banks, compete it down to carry).

But the substitution has hard limits, and they are precisely where the revenue is:

- **Capacity does not appear; it relocates.** A market maker quoting MSTR-style SSFs must hedge in the same cash market, against the same borrow constraints and the same balance-sheet costs that produced OBFR +15% swap pricing. The futures basis on a constrained name would embed a comparable spread — now paid to whoever has the hedge capacity, which is still, mostly, the dealers.
- **CME listed the easy names.** The initial 55 are the most liquid mega-caps — where swap spreads were already thin. The names generating triple-digit-bp spreads (MSTR-type, hard-to-borrow, IPO-adjacent) are exactly the names an exchange lists last, if ever.
- **Daily-reset funds need close-linked execution.** BTIC on SSFs helps, but a 2x fund's rebalance is a guaranteed-close problem the TRS embeds contractually. Futures move the execution risk back onto the fund.
- **Quarterly rolls re-price the financing every 90 days** — in public. The TRS locks a negotiated spread bilaterally; a listed roll exposes the fund to whatever the basis does when everyone knows it must roll (the S&P futures roll episode of 2024, at index scale, is the cautionary print).

5. Case study: prime brokerage, portfolio margin, and the basket trade

The PB moat in one number

Consider a $500M / $500M long-short equity book. In a portfolio-margin PB account, each name is stressed ±15% (OCC TIMS), offsets are recognized where they exist, short proceeds sit in the account financing the longs, borrow is sourced from the PB's internal inventory first, and one negotiated debit spread prices the whole package. Rebuilt as 100 single-stock futures positions, the same book posts 15% initial margin *per leg* at the clearinghouse — roughly $150M with no netting benefit against the fund's remaining cash equities, options, or swaps, because **no customer-level cross-margining program exists between the securities and futures silos for equity products.** Daily variation margin moves in cash. There are no short proceeds. There is no borrow rebate on the shorts. And the fund still needs a PB for everything else it does.

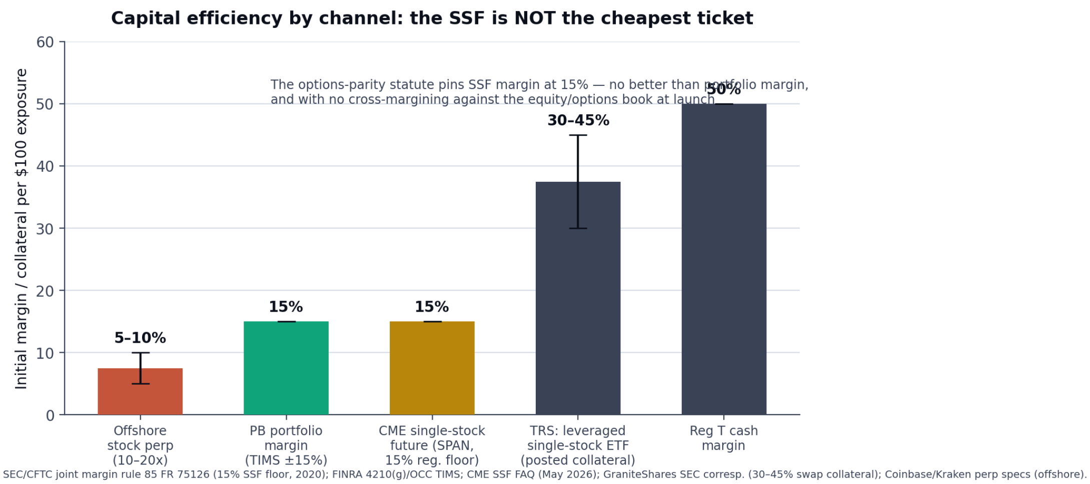


Figure 4 — Initial margin / collateral per $100 of single-name exposure, by channel. The SSF's statutory 15% floor (options parity) means the listed contract offers no capital advantage over portfolio margin — the offshore perp does, which is why the demand went offshore.

This is why SSF margin economics, not liquidity, killed OneChicago — and why the **June 2026 SEC-CFTC joint RFC on portfolio-margining harmonization** matters more than any product launch this year. It asks, in effect, whether the silo wall should come down: cross-margining of securities and derivatives at the customer level, the one change that would let a listed single-name complex compete with PB netting. The OCC-CME cross-margin program (index products, market professionals only) and the CME-FICC Treasury program (extended to end-user customer accounts in April 2026, with savings up to 80%) are the working precedents — the Treasury extension shows customer-level cross-margining is no longer hypothetical.

Basket arbitrage and the EFP bridge

PB clients do not hold swaps in isolation; they arbitrage wrappers. Index arb desks keep futures, ETFs, and cash baskets aligned via EFPs (CME Rule 538) and BTIC; dispersion desks trade index vol against single-name vol; ETF arbitrageurs create and redeem against baskets. Every one of those loops currently passes through dealer infrastructure — locates, baskets, calendars, balance sheet. Listed SSFs extend the arb lattice to single names: an SSF strip vs. an index future is a listed dispersion/basket trade; an SSF EFP against stock is listed equity repo, the exact product OneChicago quietly ran for years as an exchange-traded stock-loan substitute. Add Coinbase's engineered thematic baskets and you can assemble a decent replica of a basket TRS entirely on-exchange: index-perp plus SSF overlays for the names you want to tilt.

The honest assessment is that this lattice is an *opportunity* for desks before it is a threat: EFP and basis market-making, listed dispersion, and cross-wrapper arb are dealer businesses. The threat arrives when the client can run the loop without the dealer's balance sheet — which again lands on cross-margining and borrow.

6. The precedent: index TRS already futurized

The single best evidence on both sides of this debate is what happened at the index level, because it already ran to completion. When UMR phases 5-6 (2021-22) and SA-CCR raised the capital and margin cost of bilateral swaps, Eurex's EURO STOXX 50 Total Return Futures — a listed TRS replica with a traded financing spread — grew from a 2016 launch to the point where, in **March 2023, TRF open interest surpassed the conventional EURO STOXX 50 future's**. CME's equivalent (AIR Total Return futures) reached a record **$365B notional open interest in September 2025**, with ADV up 80% year-over-year and margin running roughly 30-40% of the bilateral equivalent.

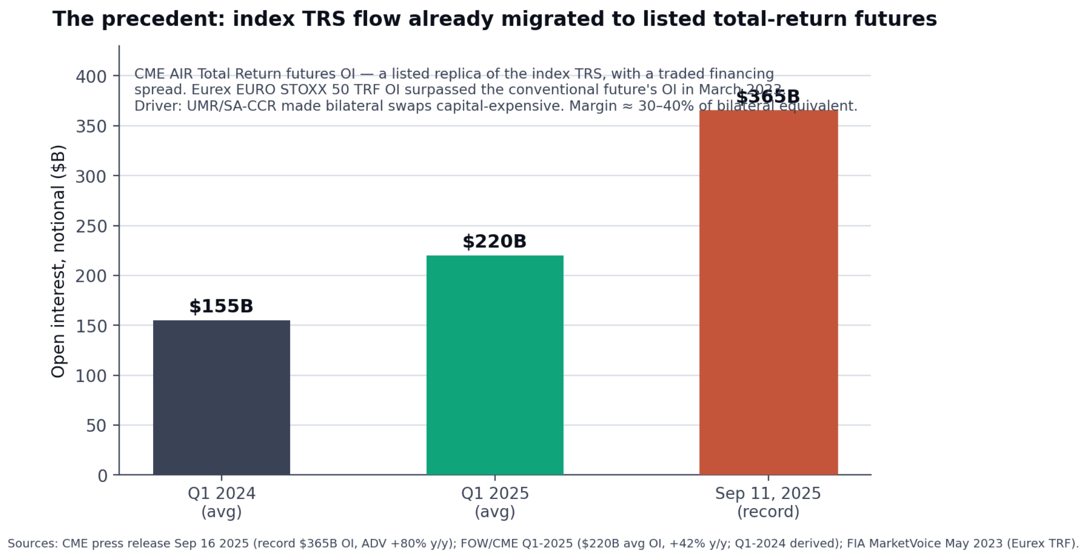


Figure 5 — CME AIR Total Return futures open interest. The index TRS did not disappear — it changed wrapper, and dealers remained the market makers and basis traders inside it.

Three lessons transfer to single names; one does not:

- **Capital rules, not client preference, drove the migration** — and the same pressure (SA-CCR, Basel endgame) applies to single-name TRS books today.
- **Dealers kept the revenue in a different shape.** TRF market-making, basis and roll trading, and clearing replaced some bilateral spread. Futurization transformed the wallet more than it destroyed it.
- **The financing spread became a public price.** Transparency compressed margins on the commodity flow — the same compression SSF baskets would visit on mega-cap single-name spreads.
- **What does not transfer: the borrow.** An index TRF has no meaningful stock-borrow leg; a single-name future on a hard-to-borrow does. Listed wrappers cannot synthesize lendable supply — the scarcity that generates specials revenue ($15.3B industry-wide in 2025) stays with whoever holds the inventory relationships, i.e., the PBs and their lender network.

7. The moats, ranked by durability

Moat	Mechanism	Durability / what erodes it
Stock borrow & inventory	Shorts need locates; specials pricing reflects real scarcity sourced through PB lender networks and internalization	**Most durable.** No listed structure manufactures lendable supply; a perp funding rate proxies borrow cost but cannot deliver the share

Moat	Mechanism	Durability / what erodes it
Netting & portfolio margin	Shorts finance longs; TIMS offsets; one collateral pool across cash, swap, options	**Durable but under review.** Jun 2026 SEC-CFTC portfolio-margining RFC + CME-FICC customer cross-margin precedent are the erosion path
Negotiated financing & balance sheet	Large clients price tighter bilaterally than listed clearing prices for balance sheet (Dec 2024: listed index financing hit 140bp over SOFR)	Cyclical. Listed transparency compresses commodity flow; scarcity pricing on constrained names persists
SFP regime frictions	15% margin floor (options parity), dual SEC/CFTC registration for intermediaries, no confirmed 60/40 for SSFs	**Legislative/regulatory, actively targeted.** Harmonization MOU + definitions RFC could rewrite within 2-4 years; CME launching anyway is the bet that it will
Bundle & relationships	Capital intro, custody, clearing, cross-asset margin for multi-strats; financing allocates the fee wallet	Durable for institutions; irrelevant to the retail/crypto-native flow already leaving offshore
871(m) / QDD infrastructure	Dividend-equivalent withholding on single-name derivatives for offshore holders; banks run the QDD plumbing; broad-based 'qualified indexes' are exempt — single names and narrow baskets are not	Durable; full non-delta-one phase-in now Jan 2027. Note it equally burdens offshore perp venues serving non-US holders of US-name exposure

The OneChicago post-mortem, compressed: 20% margin (then), no cross-margin, no 60/40, broker-dealers refusing to notice-register as FCMs, dividend risk on physical delivery, and owners whose core franchises (options, PB) the product cannibalized. CME's 2026 design fixes dividend risk (cash settlement) and distribution (its own FCM network); the statute still owns the rest. That is a considered bet: CME is wagering that the harmonization agenda finishes the job the CFMA started in 2000.

8. The threat side, taken seriously

A balanced assessment has to weight four forces that did not exist in OneChicago's lifetime:

- **Offshore perps are running the demand experiment at scale.** Hyperliquid HIP-3 equity and pre-IPO perps cleared $62B in May 2026; Kraken's tokenized-equity perps span 110+ countries; Coinbase International lists AAPL and TSLA perps at 10x with $5.5B+ institutional notional. This is measurable, growing, 24/7 single-name leverage demand being served entirely outside the banking system. Every month it compounds, the constituency for onshoring it grows — and the CFTC chairman has said publicly he intends to clear the path for US perpetuals.
- **The regulators are, for the first time, rowing in the same direction.** The 2026 MOU and the three June RFCs target the definitions boundary, 24/7/perpetual structures, and portfolio margining simultaneously. The SFP regime's frictions survived 24 years because the agencies would not coordinate; that assumption just broke.
- **Banks' own capital math argues for listed.** SA-CCR and the Basel endgame make bilateral single-name TRS books capital-hungry. If clients pull toward cleared wrappers, some banks will lead the migration to protect the relationship — as they did with TRFs — accepting thinner, more transparent economics.
- **Retail leverage is already leaking out of the securities perimeter.** Leveraged single-stock ETFs ($37.5B), zero-DTE options, event contracts (Robinhood: 3.9B contracts in May 2026), and offshore perps all compete for the same impulse. SSFs at 15% margin with 60/40 ambiguity are a weak retail product, but a future harmonized regime — or Coinbase-style perpetual index wrappers at 20x — is not. The margin-loan and short-dated-options wallets at retail brokers (and the PB revenue on the market makers behind them) sit upstream of that shift.

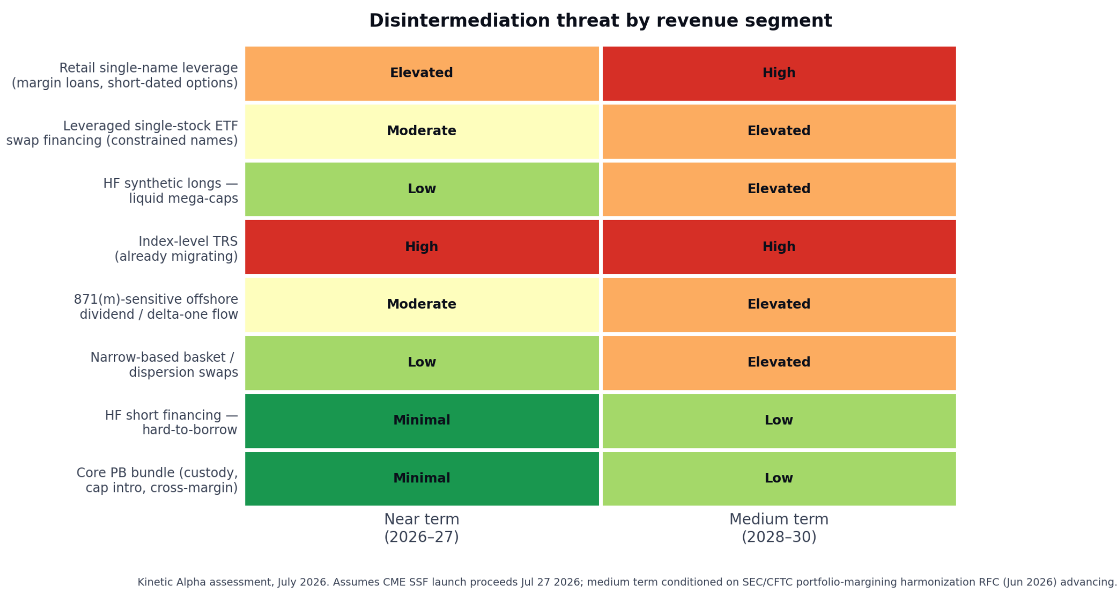


Figure 6 — Kinetic Alpha threat assessment by revenue segment and horizon. Medium-term scores are conditional on the portfolio-margining and definitions RFCs advancing to rulemaking.

9. Segment-by-segment: where the P&L actually moves

Segment	Today's wrapper	Listed challenger	Near-term call (2026-27)	Medium-term call (2028-30)
Index-level TRS	Bilateral TRS / TRFs	TRFs (already won)	Migration continues; dealers keep basis/MM revenue	Fully futurized; spread income becomes flow income
Mega-cap synthetic longs (HF)	Portfolio swaps	CME SSFs + EFP	Bps compression on quoted spreads; modest volume loss	Elevated: if cross-margining lands, listed becomes default for simple delta-one
Leveraged single-stock ETF financing	TRS at OBFR + 1.5-17%	SSF strips (mega-caps only)	Mega-cap funds trim swap reliance at the margin	Constrained names stay bilateral; commodity names futurize
HF shorts / hard-to-borrow	PB borrow + synthetic shorts	None credible (borrow can't be listed)	Minimal	Low; specials revenue intact
Basket / dispersion / thematic	Basket TRS, OTC dispersion	Engineered broad-based index futures + SSF strips	Low-moderate; Coinbase products are small but pointed	Elevated: 60/40-eligible baskets + SSF legs replicate most basket swaps
871(m)-sensitive offshore flow	Swaps via QDD banks	Offshore perps (non-compliant tail) + qualified-index futures	Moderate leakage, mostly retail-adjacent	Depends on enforcement of 871(m) against perp venues from 2027
Retail single-name leverage	Margin loans, 0DTE, lev ETFs	Perp-style products, micro SSFs	Elevated: offshore already taking share	High under any US equity-perp authorization
Core PB bundle	Custody, cap intro, cross-margin, clearing	None	Minimal	Minimal — and clearing the new products is additive revenue

A rough sizing discipline: if synthetic financing is on the order of a third of the $34.5B prime line, and the genuinely contestable near-term slice is liquid mega-cap delta-one (perhaps a quarter of synthetic notional, at already-thin spreads), the 2026-27 revenue at risk is plausibly **$300-700M industry-wide — low single digits of the financing wallet** — before netting the new revenue dealers earn making markets in the listed products themselves. The medium-term tail is far fatter: a harmonized cross-margin regime puts the majority of vanilla synthetic longs in play, several billion dollars of annual spread. These are Kinetic Alpha estimates, not sourced figures, and they are sensitive to the regulatory sequencing above.

10. What would change the answer

Trigger	Status (Jul 2026)	Why it matters
SEC-CFTC portfolio-margining harmonization advances to proposed rule	RFC open (comments due ~Aug-Sep 2026)	Customer cross-margining of SSFs/futures vs. equities & options removes PB netting advantage — the load-bearing moat
60/40 (Section 1256) clarity for SSFs	CME FAQ pointedly declines to opine	Tax parity flips the retail and prop calculus; today broad-based perps get 60/40 and SSFs don't
Equity perpetuals classified / authorized in the US	May 2026 CFTC relief expressly excludes equity underlyings; framework asks whether an equity perp is a security future	A US single-stock perp at futures-style margin would be the first true retail-scale challenger
CME liquidity at launch (Jul 27) and follow-on listings	55 names + 22 micros; 'would consider' more	OI/ADV in the first two quarters tells you if institutions EFP in; watch the basis vs. swap quotes
Sector/thematic SFP baskets or SSF margin floor cut	None announced; 15% floor intact	Either would signal the agencies are willing to touch SFP economics directly

Trigger	Status (Jul 2026)	Why it matters
SEC innovation exemption for tokenized equities	'Imminent' per Chair Atkins	24/7 tokenized collateral + perps is the rail for the next offshore-to-onshore wave (Robinhood queued)
871(m) full phase-in (Jan 2027) enforcement posture	Delayed to 2027 (Notice 2024-44)	Determines whether offshore perp venues face the withholding friction banks already price

11. Bottom line

Single-stock futures in 2026 are not OneChicago in 2002 — not because the product is different (cash settlement aside, it barely is), but because the environment is: a coordinated SEC-CFTC harmonization agenda, a live offshore perp market proving single-name leverage demand at scale, capital rules pushing banks' own books toward cleared wrappers, and an index-level precedent showing the full migration playbook start to finish.

For the swap desk and the prime brokerage franchise, the near-term is manageable and mostly familiar: spread compression at the commodity end, new listed markets to make, clearing revenue to collect. The real exposure is contingent and dated — it turns on portfolio-margining harmonization, 60/40 clarity, and equity-perp classification, none of which is resolved and all of which is now formally in motion. The desks that treat the listed complex as a distribution channel and basis business — the way they eventually treated TRFs — will convert the threat into wallet. The desks that rely on the moats staying regulatory will be repeating the options exchanges' OneChicago mistake in reverse: defending a wrapper instead of the client.

> **The asymmetry worth remembering:** the most profitable swap flow (capacity-constrained, hard-to-borrow, triple-digit spreads) is the least contestable by listed products, because listing a contract does not create hedge capacity or lendable shares. Listed competition attacks the thin end of the book first. The franchise erodes from the commodity core outward — slowly, visibly, and with plenty of time to reprice the bundle — unless the cross-margining wall falls quickly, in which case the repricing is abrupt.

Appendix: principal sources

- CME Group — Single Stock futures press releases (Feb 10 and Jun 30, 2026), product FAQ (May 2026), fact card; AIR Total Return futures release (Sep 16, 2025).
- SEC / CFTC — Joint MOU (Mar 11, 2026); joint RFCs on product definitions (Jun 18, 2026), 24/7 and perpetual structures (Jun 25, 2026), and portfolio-margining harmonization (Jun 30, 2026); customer margin rules for security futures, 85 FR 75126 (2020); SR-CME-2026-002 (Jul 7, 2026); CFTC Kalshi BTCPERP approval order and perpetual-contracts package (May 29, 2026).
- Coinbase — perpetual-style futures announcements (Jul 2025; Sep 2025; Jun 8/14, 2026); international single-stock perps (Mar 2026). Kraken xStocks and tokenized-equity perps (Feb 24, 2026). Hyperliquid HIP-3 documentation and volume reporting (The Block, May-Jun 2026).
- SEC EDGAR — ETF Opportunities Trust (T-Rex MSTU) N-PORT, Nov 30, 2024; Tidal Trust II (Defiance MSTX) N-PORT, Jan 31, 2025; GraniteShares SEC correspondence (2024) and 497 filings; REX Shares and Defiance prospectuses.
- Bloomberg — 'Booming MicroStrategy ETFs Are Straining Limits at Prime Brokers' (Nov 22, 2024).
- Crisil Coalition Greenwich — Global Markets revenue analyses, FY2024 and FY2025 (May 2026); IFR coverage of 2025 projections (Nov 2025) and 'Prime brokerage: the multi-billion dollar cash cow' (Mar 2024).
- EquiLend/DataLend — 2025 securities lending revenue ($15.3B). OFR Hedge Fund Monitor — hedge fund gross borrowing (Q1 2025). Goldman Sachs FY2025 10-K and earnings releases.
- D.E. Shaw — 'The Imbalance Sheet' (2025), S&P 500 implied financing spreads.
- FIA MarketVoice — 'Margin requirements push swaps users to total return futures' (May 2023); Eurex TRF product data.
- Section 871(m): IRS Notice 2024-44; Mayer Brown, PwC, and Sullivan & Cromwell client analyses. SFP regime: Sidley Austin primer (Mar 2024); Jakub Rehor, 'The End of Single Stock Futures' (2021); OneChicago records (SEC deregistration order, Feb 2021).
- Full URL list available on the companion page at kineticalpha.com/research/single-stock-futures.