Managed Funds Association
The Voice of the Global Alternative Investment Industry
Washington, D.C. | New York | Brussels

December 21, 2022

Via Electronic Mail: rule-comments@sec.gov

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Proposed Rules Regarding Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities, Release No. 34-95763; File No. S7-23-22; 87 Fed. Reg. 64610

Dear Ms. Countryman:

Managed Funds Association ("**MFA**")[1] appreciates the opportunity to provide comments to the Securities and Exchange Commission (the "**SEC**" or the "**Commission**") on the above-captioned proposed rule (the "**Proposed Rule**").[2] As described in greater detail below, the Proposed Rule would greatly expand central clearing of U.S. Treasury securities transactions and adopt certain measures intended to facilitate customer clearing of such transactions.

MFA's members are some of the most significant and active participants in the Treasury market, including with respect to both the repurchase ("**repo**") and reverse repo transactions and cash market transactions. We support efforts to enhance Treasury market efficiency and resiliency by modernizing market architecture to account for the significant increase in the size of the market over the last several years and to mitigate the vulnerabilities in market functioning highlighted by recent market events. In this regard, over the years, we have submitted comment letters to regulators in response to requests for comment and other releases concerning the U.S. Treasury securities market.[3]

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[1] MFA represents the global hedge fund and alternative asset management industry and its investors by advocating for regulatory, tax, and other public policies that foster efficient, transparent, and fair capital markets. MFA's more than 150 member firms collectively manage nearly $2.6 trillion across a diverse group of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors to diversify their investments, manage risk, and generate attractive returns over time. MFA has a global presence and is active in Washington, Brussels, London, and Asia. www.managedfunds.org

[2] SEC Release No. 34-95763 (Sept. 14, 2022), 87 Fed. Reg. 64610 (Oct. 25, 2022) ("**Proposing Release**"), *available at*: https://www.govinfo.gov/content/pkg/FR-2022-10-25/pdf/2022-20288.pdf.

[3] *See* MFA Comment Letter Responding to Notice Seeking Public Comment on Additional Transparency for Secondary Market Transactions of Treasury Securities, Docket No. TREAS-DO-2022-00012 (Aug.

While we support the Commission's intent to strengthen the U.S. Treasury market, we believe the first priority among these efforts should be to expand availability of central clearing. Without this, requirements for some transactions to be centrally cleared will be counter-productive, decreasing market efficiency and resiliency by making it more difficult and expensive for investors to transact and, ultimately, increasing market concentration and risk. We also believe requirements for participants to centrally clear transactions should initially focus on those market segments where the benefits of central clearing are most significant and existing market infrastructure is best able to support more central clearing. In particular, for the reasons we describe below, central clearing requirements should focus on bilateral repo and reverse repo transactions.

By contrast, we do not think that the clearing mandate should apply to triparty repo transactions at this time. We also do not think a central clearing mandate for cash market transactions would be appropriate. As described in detail below, the potential benefits of central clearing are less significant with respect to these types of transactions relative to bilateral repo transactions, while the costs are likely to be significant and outweigh those potential benefits. In this regard, we note, for example, that expanding the clearing mandate beyond bilateral repo transactions would interact unfavorably with existing practices in the areas of cash and collateral management and securities custody.

We also have concerns that the Commission's efforts to mitigate these issues by limiting the scope of the cash clearing mandate would result in unwarranted competitive disadvantages and related market distortions for some types of investors, such as hedge funds, or some types of trading platforms, such as anonymous trading facilities. The market distortions caused by an overly broad clearing mandate would not only affect the subject parties but also the market as a whole, such as by creating incentives for Treasury market activity to take place away from U.S. clearing agency members, including in offshore markets. We think the Commission should take care to avoid fostering such distortions.

26, 2022), *available at:* https://www.managedfunds.org/wp-content/uploads/2022/09/MFA-Comment-Letter-Treasury-RFI-as-submitted-on-8.26.22.pdf; MFA Comment Letter Responding to Treasury Market Practices Group White Paper on Clearing and Settlement in the Secondary Market for U.S. Treasury Securities (Nov. 28, 2018), *available at*: https://www.managedfunds.org/wp-content/uploads/2020/04/MFA_TMPG_Whitepaper.pdf; and MFA Comment Letter Responding to Notice Seeking Public Comment on the Evolution of the Treasury Market Structure Docket No. TREAS-DO-2015-0013 (Apr. 22, 2016), *available at*: https://www.managedfunds.org/wp-content/uploads/2020/04/MFA-Treasury-RFI-Final.Appendix-4.22.16-1.pdf.

EXECUTIVE SUMMARY

We appreciate the opportunity to share our views in connection with the Proposed Rule. The following is a summary of our recommendations, which we explain more fully below. MFA recommends that:

- The Commission prioritize measures to expand the availability of central clearing by strengthening fair and open access requirements, supporting the separation of customer and house assets and the modification of the broker-dealer customer protection rule, facilitating cross-margining, and enhancing transparency into margining and default management practices at the Fixed Income Clearing Corporation ("**FICC**");

- The Commission then implement a clearing mandate for bilateral repo transactions given that the benefits of increased central clearing are most likely to be realized in this market;

- Following the bilateral repo mandate, the Commission consider whether it would be appropriate to expand the central clearing mandate to triparty repo transactions;

- The Commission eliminate the clearing mandate for cash market transactions given the significant costs and limited benefits;

- If the Commission nonetheless determines to proceed with a cash market clearing mandate, it not calibrate the scope of the mandate by drawing distinctions among trading venues and market participants in ways that would give rise to unwarranted competitive disparities and market distortions; and

- The Commission take a phased approach to implementation by first adopting clearing access rules and only implementing the bilateral repo clearing mandate 18 months following FICC's implementation of required changes to its access models, policies, and procedures.

OVERVIEW

MFA's members use the Treasury repo[4] and cash[5] secondary markets for a number of reasons depending upon their strategies, including for investment, to hedge risk from other investment products, as financing, as collateral, and to manage portfolio risk. Our members value these markets and want to ensure that they are efficient, fair, liquid, transparent, and low-cost for investors. As such, we and our members have a strong interest in regulatory developments in the U.S. Treasury securities markets, including with respect to clearing.[6]

The U.S. Treasury securities market is the deepest and most liquid market in the world.[7] Maintaining robust and liquid markets for U.S. Treasuries is crucial to financial market functionality, as well as to U.S. and global financial stability. As the Commission notes, however, the U.S. Treasury securities market has faced periodic episodes of stress, most recently in March 2020 at the outset of the COVID-19 pandemic, which have raised questions as to the resiliency of the U.S. Treasury securities market.[8] These events have typically involved significant increases in market volatility and decreases in liquidity.[9]

While some of these episodes were instigated by events outside the control of any regulator or market participant, certain structural issues have also contributed to, or exacerbated, these periods of market stress. For example, in recent years, growth in the U.S. Treasury securities market has outpaced the capacity of the banks, broker-dealers, and proprietary trading firms ("**PTFs**") to make markets and intermediate U.S. Treasury security transactions. While the markets have grown, the relative ability of these firms to absorb net market flows, particularly during periods of increased market stress and volatility, has decreased due, at least in significant part, to regulatory constraints and other limitations on balance sheet and capital capacity allocated to U.S. Treasury securities market activity.[10]

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[4] A repo transaction is one in which one party sells a U.S. Treasury security to another party, along with a commitment to repurchase the security at a specified price on a specified later date. A reverse repo transaction is the same transaction from the buyer's perspective. This letter refers to repurchase and reverse repurchase transactions together as "repos." *See* Proposing Release at 64616.

[5] The "cash market" refers to secondary market purchase and sale transactions for U.S. Treasury securities for prompt delivery. *See* Proposing Release at 64615–16.

[6] *See supra* note 3.

[7] *See* Inter-Agency Working Group on Treasury Market Surveillance, *Enhancing the Resilience of the U.S. Treasury Market: 2022 Staff Progress Report* (Nov. 10, 2022), *available at:* https://home.treasury.gov/system/files/136/2022-IAWG-Treasury-Report.pdf ("**2022 IAWG Report**").

[8] Proposing Release at 64614 (noting also the 2014 flash rally and September 2019 U.S. Treasury repo market stress event).

[9] *See, e.g.*, *id*.

[10] *See, e.g.*, Group of Thirty Working Group on Treasury Market Liquidity, *U.S. Treasury Markets: Steps Toward Increased Resilience*, at 1 (2022), *available at:* https://group30.org/publications/detail/4950

Expanding central clearing could potentially partially address these issues by promoting participation by a larger and more diverse group of market participants, allowing market participants to deploy resources and capital more efficiently by netting offsetting transactions, and expanding access to market-wide protections provided by a clearing agency's default management framework. While the U.S. Treasury market differs from the swaps market in important respects, we have seen similar benefits take root in the swaps market since the post-Dodd-Frank implementation of clearing requirements for certain types of swaps.

In order to achieve these benefits, however, it will first be necessary to expand the availability of central clearing for Treasury securities. At present, only FICC provides central counterparty services for cash and repo transactions in the U.S. Treasury securities market.[11] Certain market participants (particularly certain banks and broker-dealers) are "direct participants" of FICC, meaning that they can directly, without intermediation by another market participant, submit transactions to FICC for clearing. Most market participants, however, are not direct participants and can only access FICC (and, therefore, clear transactions) indirectly through direct participants.[12] FICC currently offers methods for direct participants to facilitate to indirect participants' access to FICC's clearing services (such as its sponsored member model for repo transactions),[13] but not all of these methods are available for all transaction types accepted for clearing. In addition, they do not all ensure adequate protection of customer assets and mitigation of risks, nor are there measures to ensure fair and open access to clearing and certain aspects of the clearing framework at FICC lack adequate transparency.

The Proposed Rule includes certain requirements to address these impediments to central clearing, namely requirements for covered clearing agencies to separately margin house versus customer transactions and to ensure fair and open access for indirect participants. We support these requirements, but the Commission should strengthen and expand on them. In particular, as we describe in Part I below, the Commission should: adopt more robust and direct measures to ensure fair and open access; work with the Commodity Futures Trading Commission ("**CFTC**"), FICC, and relevant derivatives clearing organizations to permit cross-margining across the Treasury securities and related cleared derivatives markets; and enhance transparency around FICC's margining and default management practices. These requirements should take effect some reasonable period of time before any central clearing mandates take effect.

("**Group of Thirty Report**") ("The root cause of the increasing frequency of episodes of Treasury market dysfunction under stress is that the aggregate amount of capital allocated to market-making by bank-affiliated dealers has not kept pace with the very rapid growth of marketable Treasury debt outstanding, in part because leverage requirements that were introduced as part of the post-global financial crisis bank regulatory regime have discouraged bank-affiliated dealers from allocating capital to relatively low-risk activities like market-making.").

[11] Proposing Release at 64612.

[12] *See, e.g.*, *id.* at 64621 (noting that there are 30 FICC sponsoring members and 1,900 sponsored members).

[13] *Id.* at 64616.

The Commission should also calibrate the scope of any central clearing mandate to maximize the benefits of those mandates relative to their costs. We expect the benefits of central clearing to be significant in the bilateral repo market. Expanding netting of repo transactions through more central clearing could increase market capacity by reducing the balance sheet and capital costs of repo transactions to liquidity providers. In addition, repo transactions involve more credit risk than cash market transactions, which can be mitigated through central clearing via a clearing agency's margining and default management practices. FICC's sponsored member model also provides an existing path for customer clearing of bilateral repo transactions, although certain enhancements to that model would still be appropriate.

In our view, the costs of requiring central clearing of triparty repo transactions and cash market transactions are likely to outweigh any potential benefits. Relative to bilateral repos, triparty repo transactions already provide for additional risk mitigants and protections due to the role of the triparty agent and related regulatory oversight of the market. In addition, there is significantly less experience and track record with respect to central clearing of triparty repo transactions than there is for bilateral repo. Cash transactions, in turn, do not present the same extent of credit risk as repo transactions, which means that a principal benefit of central clearing—risk mitigation—is significantly less evident in these markets. Certain existing and more frequently used clearing models for cash transactions also do not provide meaningful opportunities for clearing-related netting and risk mitigation benefits for indirect participants. We also think that a central clearing mandate for triparty repo or cash transactions would negatively impact the cash and collateral management and custodial practices of market participants, for example by inhibiting same-day access to Treasury securities for investment or margining purposes.

We further are concerned that the proposal to limit the scope of the cash clearing mandate to certain market participants and trading venues would inappropriately disadvantage those participants and venues relative to others. In particular, the Proposed Rule would impose central clearing requirements on hedge funds and certain prime brokerage accounts, which seems likely to result in undesirable competitive disparities and opportunities for regulatory arbitrage vis-à-vis other institutional investors. The Proposed Rule also would impose central clearing requirements on certain transactions involving anonymous trading facilities, which could arbitrarily benefit certain platforms and discourage the development of all-to-all trading. Given the significant costs and lack of benefits, we do not believe that tinkering with the scope of the cash clearing mandate would result in a workable model.

DISCUSSION

I. The Commission should prioritize and strengthen the Proposed Rule's measures to expand availability of central clearing.

As its first priority, the Commission should, in consultation with market participants, adopt rules designed to ensure that market participants have sufficient access to clearing. Access to clearing services is particularly important for firms that are not FICC direct participants.

Indeed, the Commission has agreed that existing methods of access to FICC by firms that are not direct participants "may not meet the regulatory or business needs of all market participants, including indirect participants" who would, under the Proposed Rule, be required to submit transactions for clearing.[14]

In this regard, we note three overarching principles or concerns with respect to FICC's current clearing access models that must be addressed in any final rule:

First, FICC's rules must ensure that an indirect participant can consolidate the clearing of its portfolio in one or a small number of direct participants by requiring a direct participant offering customer clearing to accept transactions executed by the customer with third-party executing firms. FICC's rules are not currently structured this way so today, indirect participants may be prevented by their clearing firms from clearing these "done-away" transactions. As a consequence, indirect participants often need to establish a clearing relationship with each executing counterparty, which divides portfolios, increases margin costs and operational complexity, and potentially reduces netting efficiencies. In order to maximize the benefits of clearing and minimize the costs, any final rule must ensure that an indirect participant may centralize the clearing of its in-scope portfolio in one or a small number of direct participants, to the extent desired by that indirect participant.

Second, indirect participants should be able to access central clearing models providing for FICC to guarantee settlement of their transactions. This is not the case with certain clearing models today, such as FICC's correspondent and prime brokerage clearing models. Those models do not afford indirect participants the benefits of central clearing because settlement of the transactions they clear through those models remains dependent upon the direct participant because the indirect participant does not face FICC directly. Because a clearing mandate would, in practice, force many market participants to contract with FICC direct participants to access clearing (and would disallow various bilateral settlement models), it is critical that the Commission ensure that settlement of such market participants' transactions is not contingent upon circumstances outside the indirect participants' control, including, for example, the solvency of a direct participant.

Third, an indirect participant should have the ability (although not the obligation) to fund the margin obligations of the direct participant clearing on its behalf which are attributable to the indirect participant. In such case, the margin posted by the indirect participant should be segregated from the direct participant's house margin, and it should not be subject to loss mutualization vis-à-vis other direct participants. Given that many indirect participants have fiduciary obligations to their own clients, it is crucial that indirect participants are able to post margin on a segregated basis such that their clients are not subject to the credit risk of others (and, likewise, that their funds are not subject to loss mutualization). Such an approach also promotes systemic risk mitigation by facilitating a defaulter-pays model for clearing by indirect participants.

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[14] Proposing Release at 64635.

By contrast, it is our understanding that, today, FICC collects margin from direct participants as part of its overall clearing or default fund, but does not differentiate between customer and house margin, and all margin held in that fund is potentially subject to loss mutualization amongst other direct participants in the context of a participant default. Absent changes to this approach, either (i) direct participants need to bear the costs of funding margin attributable to their indirect participant customers, which would significantly decrease the willingness of such direct participants to provide customer clearing services (and increase the fees they charge for providing those services) or (ii) indirect participants face unsecured credit risk to their direct participant clearing firms for return of the margin those firms post to FICC on their behalf. Either situation increases the costs and risks of central clearing in ways that are problematic today when clearing is voluntary and even more so in the context of a clearing mandate.[15]

The remainder of this Part I discusses certain ways that the Commission may implement these three principles. In addition, the Commission should consider whether there are other measures that could reduce costs and facilitate broader participation by clearing firms—as noted, in order to realize the potential liquidity benefits of a central clearing mandate, we believe there must be a large number of firms offering clearing services, as well as a large number of executing firms providing liquidity.

A. *The Commission should strengthen requirements for fair and open access.*

To help remove barriers to clearing access, the Proposed Rule sets out a principles-based requirement for FICC to "establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, ensure that it has appropriate means to facilitate access to clearance and settlement services of all Eligible Secondary Market Transactions, including those of indirect participants."[16]

[15] The Commission should also consider whether allowing direct participants to post margin for certain house positions as segregated initial margin (rather than having such funds be subject to loss mutualization in a clearing/default fund) could bolster balance sheet capacity and overall access to clearing services.

[16] *Id.* at 64635. The Proposed Rule would define "Eligible Secondary Market Transactions" to include, subject to certain exceptions: (i) repos in which one of the counterparties is a direct participant; (ii) any purchases and sales entered into by a direct participant if the direct participant (A) brings together multiple buyers and sellers using a trading facility (such as a limit order book) and (B) is a counterparty to both the buyer and seller in two separate transactions; and (iii) Any purchases and sales of U.S. Treasury securities between a direct participant and a counterparty that is a registered broker-dealer, government securities dealer, or government securities broker, a hedge fund, or an account at a registered broker-dealer, government securities dealer, or government securities broker where such account may borrow an amount in excess of one-half of the value of the account or may have gross notional exposure of the transactions in the account that is more than twice the value of the account. *Id.* at 64620.

While we support requiring FICC to have rules to facilitate access, we respectfully submit that the Commission must instead take a more direct approach to ensure access to clearing services. In particular, although today FICC offers multiple clearing models and does not *prevent* its direct participants from accepting for clearing "done away" transactions—that is, transactions entered into by indirect participants for which the counterparty is not the direct participant that is providing access to FICC or an affiliate[17]—nothing in turn *requires* a direct member to accept such transactions.

Absent such a requirement, direct participants are free to condition access to clearing on an indirect participant also executing its trades with the direct participant or an affiliate. Such conditional access imposes burdens on best execution and market access due to indirect participants' dependence on their direct participant clearing firm to execute transactions with them. Moreover, promoting "done away" clearing is necessary to achieve the benefits of a clearing mandate. Otherwise, in a situation where a customer must maintain a clearing relationship with each executing firm, neither the customer nor the clearing firm receives the benefits of multilateral netting and associated reduced credit risk, margin requirements, and capital and balance sheet benefits that are the intended fruits of increased central clearing.

Requiring a direct participant that offers clearing services to indirect participants to accept those indirect participants' done away transactions would be consistent with Section 17A of the Securities Exchange Act of 1934 ("**Exchange Act**"), including in particular requirements relating to addressing unnecessary costs, maintaining fair competition, removing impediments to a national market system and promoting the public interest and protection of investors. We also note that the CFTC adopted a similar measure in connection with its implementation of a clearing mandate for swaps in order to address similar issues in the swaps market.[18]

At a minimum, the Commission should require that if a clearing agency permits its direct participants to condition an indirect participant's access to clearing on the indirect participant also executing transactions with the direct participant or its affiliate, the clearing agency must specify in its rules when such conditional access is permitted, which should be limited to circumstances where the clearing agency can show such conditional access is consistent with the Exchange Act. Furthermore, we submit than in order to satisfy the Proposed Rule's principles-based access standard, a clearing agency should have to demonstrate that, for each clearing model it considers necessary to offer to satisfy that access standard, the clearing agency is clearing a material volume of transactions through that model (*e.g.*, if permitting done away clearing is necessary for the clearing agency to satisfy the Proposed Rule, then the clearing agency must demonstrate that a material volume of done away clearing is actually taking place).

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[17] *Id.* at 64635.

[18] *See* Customer Clearing Documentation, Timing of Acceptance for Clearing, and Clearing Member Risk Management, 77 Fed. Reg. 21278 (Apr. 9, 2012).

Accordingly, MFA recommends the Commission strengthen requirements for fair and open access before mandating central clearing, consistent with the discussion above.

B. We support the proposals to require separation of customer and house assets and modify the broker-dealer customer protection rule.

The Proposed Rule includes a number of other provisions intended to protect market participants and strengthen the U.S. Treasury securities market. First, the Proposed Rule would require FICC to "establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, calculate, collect, and hold margin amounts from a direct participant for its proprietary U.S. Treasury securities positions separately and independently from margin calculated and collected from that direct participant in connection with U.S. Treasury securities transactions by an indirect participant that relies on the services provided by the direct participant to access [FICC]."[19] Rules mandating the segregation of customer funds are common in other regulatory regimes[20] as a way to protect customer from various risks, including improper use by, or a default of, the entity holding the funds. We support this aspect of the Proposed Rule as a commonsense and well-established way of enhancing the protection of customer assets.

The Proposed Rule would also modify the Commission's broker-dealer customer protection rule to allow margin required and on deposit at FICC to be included as a debit item in the customer reserve formula, subject to a number of conditions intended to protect the assets of a broker-dealer's customers.[21] The practical effect of this change would be to allow broker-dealers to use margin collected from customers to satisfy margin requirements associated with such customers' transactions, rather than using proprietary funds to finance customer margin as is the case today. We support this amendment to the customer protection rule as well, as we think it will, consistent with the Commissions' view, free up broker-dealer resources by reducing the amount of proprietary funds needed to finance customer margin and therefore lower the cost of clearing, while continuing to protect customer funds.

While we agree with these aspects of the Proposed Rule, we believe the Commission must go further in ensuring that FICC's policies, procedures and operations can support segregated indirect participant margin. For example, and as noted above, we believe it is essential that any final rule explicitly requires FICC to establish margin rules that provide that indirect participants may post margin that is held in a segregated manner, will not be comingled with any direct participant's house margin in any clearing or default fund or otherwise and will not be subject to loss mutualization associated with other direct participants.

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[19] Proposing Release at 64633.

[20] *E.g.*, 17 C.F.R. § 240.15c3-3 (broker-dealers); 17 C.F.R. § 1.20 (futures commission merchants).

[21] Proposing Release at 64637-40.

Thus, MFA supports the Commission's proposals to require separation of customer and house assets and modify the broker-dealer customer protection rule, but recommends that the Commission require that FICC's policies, procedures and operations can support segregated indirect participant margin.

C. The Commission should facilitate cross-margining programs and other measures to reduce clearing costs.

The Commission should also consider measures to decrease the costs associated with clearing. We and our members are worried that the fees and other costs associated with clearing could make certain transactions uneconomical or otherwise discourage participation in the U.S. Treasury securities market. Although the Proposed Rule takes some helpful steps in this direction, for example by amending the broker-dealer customer protection rule to permit more economical use of customer collateral, subject to appropriate protections, we think additional measures would be appropriate.

One way to reduce costs would be to permit cross-margining. Cross-margining would lower costs for market participants by allowing them to apply margin across positions submitted for clearing through various clearinghouses (*i.e.*, FICC as well as CME and LCH). In this way, a market participant could ensure that it can post margin adequate to support its positions without having to post margin in excess of regulatory requirements due to an inability to apply margin across platforms. We would appreciate the opportunity to work with the Commission on considering an appropriate scope for any cross-margining relief.

We also encourage the Commission to consider whether the Proposed Rule should specifically require FICC to establish rules ensuring that fees charged by direct participants are transparent and reasonable.

Accordingly, MFA recommends that the Commission should facilitate cross-margining programs and other measures to reduce clearing costs, including considering whether to specifically require FICC to establish rules ensuring that fees charged by direct participants are transparent and reasonable.

D. The Commission should enhance transparency of clearing agency margining and default management practices.

In order to facilitate access to clearing services and promote confidence in the markets, the Commission should take further steps to ensure clearing agency transparency and resiliency. In particular, we submit that the Proposed Rule should require enhanced transparency regarding FICC's margining calculations and default management procedures. With respect to the latter, for example, the Proposing Release notes that default management techniques are "likely to be less orderly and … variable" in the context of bilaterally settled transactions and that

"[c]entralized default management is a key feature of central clearing."[22] However, the Proposed Rule does not set default management standards or otherwise require disclosure of such standards.[23] The same is true with respect to margin requirements—the Proposed Rule would require FICC to calculate, collect, and hold margin amounts from a direct participant separately and independently from margin calculated and collected from that direct participant in connection with U.S. Treasury securities transactions by an indirect participant,[24] but the Proposed Rule does not otherwise require transparency into how margin requirements are set.[25] With respect to both default management processes and margin calculations, we believe that enhanced transparency would increase confidence in, and the resiliency of, FICC, which will, in turn, increase market participants' comfort in submitting additional transactions for clearing.

Accordingly, MFA recommends the Commission enhance transparency of clearing agency margining and default management practices, including by requiring greater transparency with respect to margin methodology.

II. Following expansion of strengthened clearing access requirements, the Commission should implement a central clearing mandate for bilateral repo and reverse repo transactions.

The Commission has proposed to include, subject to limited exceptions, all repo transactions entered into by a FICC direct participant as Eligible Secondary Market Transactions subject to a clearing requirement.[26] We agree with the Commission that a clearing mandate applied to bilateral repo transactions would be beneficial. For example, a repo clearing mandate could free up dealer balance sheet capacity necessary to support liquid U.S. Treasury securities markets, since assets tied up in regulatory capital and leverage requirements for such dealers would be reduced by allowing for multilateral netting of trades at FICC.[27] Such balance sheet

[22] *Id.* at 64627.

[23] While FICC has disclosed "key aspects" of its default rules and procedures, we believe that greater transparency into these procedures, including in particular with respect to how FICC manages the default risk of indirect participants, would be beneficial. *See* FICC, Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures (Dec. 2021) ("**FICC Disclosure Framework**"), *available at:* https://www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/FICC_Disclosure_Framework.pdf, 86-87.

[24] *Id.* at 64633.

[25] While FICC notes certain key considerations with respect to margin requirements and uses a risk-based margin methodology to collect margin for its default fund, we believe that markets would benefit from additional public disclosure of how margin requirements are set. *See* FICC Disclosure Framework at 60-61.

[26] Proposing Release at 64621.

[27] *Id.* at 64621–22. The SEC notes, for example, that a benefit to balance sheet stems from the fact that "accounting rules allow purchases and sales of the same security to be netted but do not allow repos of the same security to be netted, unless the repos are with the same counterparty and the trades have been

benefits are more likely to be realized in the repo market than in the cash market, since unsettled cash transactions can already be netted for accounting purposes on dealer balance sheets.[28]

We also note that there has been a trend toward increased clearing of repo transactions on a voluntary basis in recent years, indicating an increased market acceptance of, and comfort with, clearing these transactions even absent a mandate.[29] Some have attributed this trend to recent changes in FICC's sponsored member program, which underscores the need for adequate clearing agency access to a successful clearing mandate.[30] We note, however, that the U.S. Treasury repo market is large and a large portion of repo transactions today continue not to be centrally cleared (for example, one report recently estimated that 63% of repo transactions remain uncleared as of September 2021).[31] In other words, despite these efforts, there continues to be significant clearing access issues in the repo market—for this reason, our support for a bilateral repo transaction clearing mandate is conditioned, as noted in Part I, on first ensuring expanded access to central clearing services.

Thus, MFA recommends that only after the Commission has strengthened clearing access requirements as discussed above, the Commission implement a central clearing mandate for bilateral repo and reverse repo transactions.

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documented under a master netting agreement . . .. Thus, if a dealer's repos are all with [FICC], greater netting is allowed." *Id.* at 64621. *See also* SIFMA, Improving Capacity and Resiliency in US Treasury Markets: Part III (Nov. 15, 2021) ("**SIFMA Report**"), *available at:* https://www.sifma.org/resources/news/improving-capacity-and-resiliency-in-us-treasury-markets-part-3/#_ednref11.

[28] SIFMA Report, *supra* note 26. The SIFMA Report notes some additional potential benefits of central clearing, including with respect to standardizing risk management procedures, reducing counterparty credit risk, limiting settlement fails and facilitating all-to-all trading in U.S. Treasury securities markets. *Id.*

[29] Proposing Release at 64622; Group of Thirty Report, *supra* note 9, at 10 ("[A] higher and growing share of Treasury repos are centrally cleared, with recent growth in the share principally attributable to the expansion by FICC of its sponsored repo service, which enables money funds, hedge funds, and other entities that are not members of FICC to centrally clear their repos through sponsors that are FICC members.").

[30] Group of Thirty Report, *supra* note 9, at 10; Proposing Release at 64622.

[31] Katy Burne, "Future Proofing the Treasury Market," BNY Mellon Aerial View, at 7 (Nov. 2021), *available at:* https://www.bnymellon.com/content/dam/bnymellon/documents/pdf/aerial-view/future-proofing-the-us-treasury-market.pdf.coredownload.pdf (noting that 63% of repo transactions remain non-centrally cleared according to Office of Financial Research data as of September 10, 2021); Proposing Release at 64621.

III. Following a clearing mandate for bilateral repo and reverse repo transactions, the Commission should evaluate whether to expand that mandate to triparty repo and reverse repo transactions

We further believe that a repo transaction clearing mandate will be most effective if it is implemented in phases. The repo market is generally split into two segments: (1) the bilateral repo market in which transactions are bilaterally negotiated and settled between the counterparties and (2) the triparty repo market in which transactions are bilaterally negotiated, but facilitated and settled through a triparty agent (BNY Mellon)—such triparty agent provides collateral management, settlement, and other services to the transaction counterparties.[32]

The benefits of central clearing are most likely to manifest with respect to bilateral repos, but they are less clear with respect to triparty repo, and the costs and issues with clearing triparty repo may be more significant.

First, triparty repo transactions do not give rise to the same counterparty credit risk as bilateral repo transactions. With respect to bilateral repos, the counterparties to the trade remain exposed to each other's credit risk throughout the life of a transaction; in the case of triparty repos, such credit risk is mitigated by the collateral- and settlement-facilitating role played by BNY Mellon. Furthermore, BNY Mellon is subject to prudential regulation, which provides an additional layer of oversight over these transactions and arrangements that is not present with respect to bilateral repos. For this reason, central clearing is more likely to have a significant risk mitigating effect with respect to bilateral repos.

Second, the existing market infrastructure for clearing triparty repo transactions is new and relatively untested. FICC's Sponsored General Collateral Service, which supports central clearing of triparty repo transactions, only launched in September 2021.[33]

For these reasons, it would be beneficial to provide the Commission and the market with additional time to see how triparty repo central clearing infrastructure works in practice before implementing a clearing mandate that would significantly expand the use of that infrastructure.

Accordingly, MFA recommends the Commission first observe the effect of the clearing mandate on the bilateral repo market and consider whether any adjustments are necessary before making any determination whether to expand the mandate to cover the triparty repo market as well.

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[32] Proposing Release at 64661.

[33] DTCC, *DTCC's FICC Launches New Sponsored General Collateral Service As BNY Mellon, Federated Hermes And J.P. Morgan Securities Execute First Triparty Repo Trades* (Sep. 7, 2021), *available at:* https://www.dtcc.com/news/2021/september/07/dtccs-ficc-launches-new-sponsored-general-collateral-service.

IV. The Commission should eliminate the central clearing mandate for cash market transactions.

The Proposed Rule would also extend the clearing requirement to a variety of cash market transactions. Specifically, the Proposed Rule would apply a clearing requirement to: (1) inter-dealer broker ("**IDB**") transactions;[34] (2) purchase and sale transactions in which the counterparty of the direct participant is a registered broker-dealer, government securities broker, or government securities dealer;[35] (3) purchase and sale transactions in which the counterparty of the direct participant is a hedge fund;[36] and (4) purchase and sale transactions in which the counterparty of the direct participant is a leveraged account.[37] As detailed below, we do not believe that the benefits of a cash market clearing mandate outweigh the costs of the mandate. Furthermore, we have concerns with the competitive disparities and market distortions that would result from applying the mandate selectively only to certain market participants and trading venues.

A. The benefits of clearing do not outweigh the costs in the cash market

The risk mitigation and netting benefits of central clearing are less substantial for cash market transactions as compared to repo transactions. For example, as noted above, the balance sheet benefits to broker-dealers of a central clearing mandate would be significantly less substantial with respect to cash transactions since those transactions can, unlike repos, already be netted for accounting purposes on dealer balance sheets even if they are not with the same counterparty and subject to a master netting agreement. In addition, we believe that counterparty credit risk is a larger concern in the repo markets than the cash markets—in the repo market, there is, by definition, a second leg of the transaction that occurs following execution of the

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[34] IDB transactions would be defined as any purchases and sales entered into by a direct participant if the direct participant (A) brings together multiple buyers and sellers using a trading facility (such as a limit order book) and (B) is a counterparty to both the buyer and seller in two separate transactions. Proposing Release at 64620.

[35] Proposing Release at 64623.

[36] Proposing Release at 64623–24 (defining hedge fund as any private fund (other than a securitized asset fund): (a) with respect to which one or more investment advisers (or related persons of investment advisers) may be paid a performance fee or allocation calculated by taking into account unrealized gains (other than a fee or allocation the calculation of which may take into account unrealized gains solely for the purpose of reducing such fee or allocation to reflect net unrealized losses); (b) that may borrow an amount in excess of one-half of its net asset value (including any committed capital) or may have gross notional exposure in excess of twice its net asset value (including any committed capital); or (c) that may sell securities or other assets short or enter into similar transactions (other than for the purpose of hedging currency exposure or managing duration).

[37] A leveraged account is defined as an account at a registered broker-dealer, government securities dealer, or government securities broker where such account may borrow an amount in excess of one-half of the net value of the account or may have gross notional exposure of the transactions in the account that is more than twice the net value of the account. Proposing Release at 64663.

transaction, during which time the counterparties remain exposed to each other's credit risk. Any reduction in counterparty credit risk gained by requiring central clearing and limiting bilateral settlement, therefore, is more likely to be meaningful in the context of repo transactions than cash market transactions.

Furthermore, the indirect clearing models that are most commonly offered in the cash market context—correspondent and prime brokerage clearing—do not result in meaningful netting or risk management benefits when one counterparty is not a direct participant. Today, FICC nets direct participant proprietary trades against trades of that participant's correspondent clearing or prime brokerage customers—so, in the case of a direct participant dealer trading with its indirect participant customer, the netting process would result in the two sides of the trades cancelling out at the clearing agency. However, the direct participant must still settle bilaterally with its indirect participant customer (that is, the dealer must, if acting as the Treasury buyer, for example, pay its customer and receive from that customer the Treasury).[38] A clearing mandate applied to these types of cash market transactions, therefore, would not increase the number of centrally cleared transactions or reduce bilateral settlement risk.

As noted, there can also be costs and risks associated with central clearing. Some of these concerns apply generally with respect to any clearing mandate. For example, a cash and repo

[38] *See, e.g.*, Marta Chaffee and Sam Schulhofer-Wohl, *Is a Treasury Clearing Mandate the Path to Increased Central Clearing?* (June 23, 2021), *available at:* https://www.chicagofed.org/publications/blogs/chicago-fed-insights/2021/treasury-clearing-mandate ("Instead of joining FICC, non-members can centrally clear their trades by finding a member who will take responsibility for the transactions and submit them for clearing through FICC's Prime Broker or Correspondent Clearing services. Although FICC rules allow this process for non-member trades, in practice it is used only on a limited basis because submitting typical non-member trades would offer limited benefits . . . . [I]f a dealer were to buy a security from its own customer and submit this transaction to FICC, there would be no effect on the dealer's net position at, obligations to, or guarantees from FICC, nor on the amount of trades that are, in fact, centrally cleared. The reason is that FICC nets members' trades for their own accounts against trades by the members' customers, so the dealer's and customer's sides of the trade would cancel out in the netting process . . . . Thus, a mandate for members to submit their trades with non-members to FICC for clearing would not, on its own, increase the amount of centrally cleared trades; broader changes in market design would be needed."); s*ee also* Sam Schulhofer-Wohl, *Externalities in securities clearing and settlement: Should securities CCPs clear trades for everyone?* (March 2021), *available at:* https://www.chicagofed.org/publications/policy-discussion-papers/2021/2021-02, 17 ("Another consequence of this market structure is that clearing non-members' Treasury trades would require the CCP to margin customers' trades separately from their dealers' trades, either through margining customer trades on a gross basis or through separate accounts for customer trades and dealers' house trades, similar to the approach at OCC. If the CCP nets all trades at a dealer before calculating margin, as at present, customer trades with their own dealers generate no margin requirement and are not collateralized at the CCP. In consequence, if customer-to-dealer trades were novated to the CCP in the present system, the CCP would have no protection against customer defaults other than the dealer's own guarantee of its customers' obligations. This would make it difficult for customer-to-dealer trades to be cleared at the CCP and potentially netted against the dealer's interdealer position and removed from the dealer's balance sheet.").

clearing mandate would concentrate, to an even greater extent, transactions and risk in FICC—a clearing mandate would make any failure or issue at FICC even more likely to cause systemic issues. For similar reasons, a FICC member default could have follow-on consequences for liquidity and stability that would be more likely to spread through the market—if more participants and transactions clear through FICC, then a greater portion of the market would be at least indirectly exposed to the default risk of a direct participant.

Other clearing mandate costs are likely to have a larger impact on the cash market as compared to the repo market. For example, it might be the case that, for various structural reasons, the costs to comply with FICC's operational and risk management requirements are more pronounced in the cash market as compared to the repo market.[39] Disproportionate costs could lead certain firms to exit or limit their participation in the repo market, which would reduce liquidity and increase volatility—the opposite of the intended effect of central clearing.

A cash market clearing requirement would also likely impair firms' cash and collateral management processes.[40] For example, today, market participants will often look to the Treasury cash markets to invest excess cash (*i.e.,* in order to realize an overnight return) or to source collateral for margin and other transactions. These actions typically take place in the ordinary course on a same-day basis via the same-day bilateral execution and settlement of a cash market purchase or the same-day transfer of a Treasury on the books of a custodian. A clearing mandate would disrupt these types of activities without any benefit, since the mandate would not allow for these types of promptly settled, bilateral transactions.

Even if centrally cleared transactions could be executed and settled quickly, concentration of these transactions at FICC would likely result in harm to the cash markets. For example, a disruption or other stress event at FICC could result in market participants effectively losing access to the Treasury cash market. If a market participant were not able to, for example, source Treasuries (even for just one day) to satisfy margin requirements for its other positions (including in other markets, such as the derivatives markets), then a problem at FICC could result in margin calls, liquidations and other disruptions across markets. To avoid these types of unintended consequences, we urge the Commission not to implement a cash market clearing mandate.

Even if costs are similar in the cash and repo markets, the cost-benefit analyses differ and would, in the cash market context, weigh against the imposition of a clearing mandate. Given that, as noted above, the benefits of central clearing are less likely to be meaningful with respect to cash market transactions, any costs associated with clearing are more likely to lead firms to

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[39] SIFMA Report, *supra* note 26 ("To the extent membership in the CCP would be expanded as part of this process, it could also include the cost of committed funding obligations to the CCP (via a facility like the CCLF), as well as the additional costs involved in meeting the CCP's operational and risk management requirements (costs that will be more pronounced in the largely bilateral dealer-to-customer cash market).").

[40] We note that triparty repo clearing requirements could raise similar issues.

determine that cash market transactions are not economical. This could result in firms reducing their participation in the cash market or structuring these types of transactions to fall outside the scope of the proposed clearing mandate, which would, in either case, reduce liquidity and further dampen the already limited benefits of the clearing mandate in this context.

For these reasons—and the additional reasons noted below—we recommend that the Commission eliminate the central clearing mandate for cash market transactions.

B. The Commission's proposed selective cash market clearing mandate is not appropriate as it is overly broad and would ultimately harm markets and market participants

Unlike with repos, in the cash market context the Proposed Rule would limit clearing requirements to certain market participants (dealers, hedge funds, and prime brokerage accounts) and venues (certain trading facilities). This uneven application of clearing requirements would result in undesirable competitive disparities and market distortions.

1. Competitive Disparities Among Institutional Investors

The Proposed Rule would also apply the clearing mandate to purchase and sale transactions in which the counterparty of the direct participant is a hedge fund or a leveraged account. We respectfully submit that the proposed definitions of hedge fund and leveraged account are not appropriate as it would result in the arbitrary inclusion of certain market participants within the scope of the clearing mandate (and, therefore, the arbitrary exclusion of other participants). For example, the hedge fund definition would include any private fund that may borrow an amount in excess of one-half of its net asset value or may have gross notional exposure in excess of twice its net asset value and the leveraged account definition would similarly include an account that may borrow an amount in excess of one-half of the net value of the account or may have gross notional exposure of the transactions in the account that is more than twice the net value of the account—in each case without regard to the actual leverage level maintained by the firm. The hedge fund definition would also scope in firms based upon the receipt of performance fees or the mere ability to engage in short sales, even though these criteria do not necessarily have any nexus to risk.[41]

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[41] We understand that the Commission took this approach in order to be consistent with the "hedge fund" definition used for Form PF. Proposing Release at 64623. In particular, the Commission notes that "defining a hedge fund in a manner consistent with Form PF is reasonable, because such definition should encompass those funds that use strategies that the Commission has determined merit additional reporting to allow a better picture of the potential systemic risks posed by such activities. Including transactions with such funds within the definition of an eligible secondary market transaction should help to limit the potential contagion risk that could arise from any financial distress experienced at such a fund that could, in turn, be transmitted to a direct participant of [FICC] (and to [FICC]) via any non-centrally cleared transactions. Specifically, using such definition would allow the definition of an eligible secondary market transaction to include transactions between direct participants of [FICC] and a private fund whose

These bright-line tests would subject to the clearing mandate firms that may (but in practice might not actually) exceed the quantitative thresholds without regard to the risks that these firms actually take on, or their investment models and strategies. Nor do these proposed tests reflect any effort to assess whether any particular fund or account actually imposes systemic risk; instead, the tests treat the mere ability to obtain leverage as a source of risk.

In other words, the definitions could subject to mandatory clearing (and therefore, potentially handicap) funds and accounts with investment models that are relatively less risky or even risk neutral, while excluding other funds and accounts that engage in riskier transactions merely based on a seemingly arbitrary quantitative threshold and qualitative tests. An inevitable consequence of this approach would be regulatory arbitrage and, ultimately, the disadvantaging of certain firms and investment strategies not based upon their approach to risk or the potential benefits of clearing, but rather upon a seemingly arbitrary definition. These issues are likely to be exacerbated by the fact that firms will inevitably face different costs (*e.g.*, due to their sponsoring member), which, in combination with the Proposed Rule's arbitrary standards, would further disadvantage certain firms vis-à-vis others.

We also note that clearing mandates in other markets (*e.g.*, for swaps) do not draw these types of distinctions between market participants, and so it would be unusual for the Commission to do so here. We believe that central clearing works best when it is applied in a way that reduces risk and promotes market liquidity and stability at the least cost; a mandate that would apply based on an untailored, arbitrary definition is not appropriate. Given that a clearing mandate would not result in significant benefits to any participants in the cash market—and furthermore would not result in benefits that outweigh the associated costs—we believe the prudent approach would be not to apply the clearing mandate with respect to any cash market transactions.

Accordingly, MFA recommends the Commission eliminate the clearing mandate for cash market Treasury transactions. If the Commission determines to proceed, MFA recommends that

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characteristics make it more likely that it would have an impact on systemic risk, i.e., its ability to short sell and take on significant leverage." *Id.* at 64624–25 (citations omitted).

Respectfully, we believe that the Commission's reasoning here is flawed—the Commission states that the Proposed Rule would apply to "funds that *use* strategies" that could result in systemic risks, but, as we note above, the Proposed Rule would *not* apply based upon actual strategies (*i.e.*, actual leverage levels or short sales), but merely the *possibility* that firms could take on certain leverage or engage in certain types of activities. We agree with the Commission that it may make sense, in the context of a regulatory reporting regime, to capture information from a broad range of firms in order to understand potential systemic risks. *See, e.g.*, Reporting by Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors on Form PF, Release No. IA–3308; File No. S7–05–11 (Nov. 16, 2011), *available at:* https://www.govinfo.gov/content/pkg/FR-2011-11-16/pdf/2011-28549.pdf ("these reporting forms will provide FSOC and the [SEC and CFTC] with important information about the basic operations and strategies of private funds and help establish a baseline picture of potential systemic risk in the private fund industry."). However, any regulation that would apply to—and likely alter—market behavior should be appropriately tailored based upon actual risk so that the rules may mitigate risk and promote market liquidity at the least cost to market participants and the markets.

the Commission reconsider singling out IDB transactions and transactions involving hedge funds and leveraged accounts as falling within the scope of this mandate, given the likelihood of competitive disparities and market distortions associated with the proposed approach.

2. Competitive Disparities Among Trading Venues

The Proposed Rule would apply the clearing mandate to all IDB transactions, which are defined as any purchases and sales entered into by a direct participant if the direct participant (A) brings together multiple buyers and sellers using a trading facility and (B) is a counterparty to both the buyer and seller in two separate transactions.[42] We are concerned that this aspect of the Proposed Rule would disadvantage certain trading platforms[43] and could have the effect of shifting liquidity away from certain venues not based upon market participants' views as to the benefits of different trading protocols,[44] but rather merely on whether the clearing mandate applies. As noted, we believe a clearing mandate is beneficial when it enhances liquidity and market stability, but we cannot support a clearing mandate that fragments liquidity and reduces market participant choice.

In this regard, we are also concerned that applying the clearing mandate to IDB transactions could affect other regulatory goals and beneficial market developments, including the development of all-to-all trading in Treasury security markets. The Commission[45] and others[46] have noted the potential benefits of all-to-all trading and have discussed how a clearing mandate might facilitate (or hinder) all-to-all trading. We are worried, however, that a clearing mandate that scopes in anonymous IDB trading platforms, but not transactions on other venues, could fragment liquidity and stymie the development of all-to-all trading venues. We also note that it is not clear that central clearing is actually necessary or beneficial to the development of

[42] Proposing Release at 64620.

[43] In this regard, we note that the Proposing Release does not define what "trading facility" means and so it is not clear at this time which trading venues would be in scope.

[44] *See, e.g.,* SIFMA Report, *supra* note 26 ("The Treasury market benefits from having multiple dealing protocols (e.g., Request-for Quote or "RFQs"; Central Limit Order Book or "CLOBs"; directed streams etc.) that meet the needs of the wide array of market participants, and it is important to retain these elements to continue to enhance the diversity within the market.").

[45] Proposing Release at 64628 ("Moreover, increased accessibility of central clearing in U.S. Treasury markets could support movement toward all-to-all trading, even potentially in the repo market, which would further improve market structure and resiliency, although a movement in that direction is not assured.").

[46] SIFMA Report, *supra* note 26 ("[C]entralized clearing could also facilitate a greater movement toward an even more radical reform – the widespread adoption of "all-to-all" platforms for trading securities, which theoretically could both broaden the pool of liquidity providers and increase balance sheet capacity for dealers . . .").

all-to-all trading—all-to-all trading has developed organically in other markets (*e.g.,* the corporate debt markets) without a clearing mandate.[47]

Given that the benefits of a clearing mandate in this context are uncertain at best, we recommend that the Commission not mandate central clearing with respect to IDB or any other cash market transactions.

IV. The Commission should adopt a phased approach to implementation

A phased approach to implementation is necessary to ensure that the market can support a clearing mandate without undue costs to market participants and market liquidity or stability. As detailed in Part I, we recommend the Commission first adopt rules designed to ensure that market participants have sufficient access to clearing. Further, we recommend that subsequent to the Commission's adoption of such rules and FICC's implementation of the necessary corresponding changes to its access models, policies and procedures, the Commission provide 18 months for the implementation of a tailored clearing mandate that applies to bilateral repo transactions. The Commission and market participants could then observe the effects of the clearing mandate in the bilateral repo market and consider whether and how to apply the mandate to triparty repo transactions.

[47] *See also id.* ("[I]t may be prudent to first allow all-to-all platforms to develop organically as the business/economic case evolves (that is, if demand develops) rather than have the official sector create premature policies incentivizing or mandating this type of trading.").

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We appreciate the opportunity to provide our comments to the Commission regarding the Proposed Rule, and we would be pleased to meet with the Commission and its staff to discuss our comments. If the staff has questions or comments, please do not hesitate to call Matthew Daigler, Vice President & Senior Counsel, or the undersigned, at [redacted], with any questions regarding this letter.

Very truly yours,

/s/ Jennifer W. Han

Jennifer W. Han
Executive Vice President
Chief Counsel & Head of Global Regulatory Affairs

cc: The Hon. Gary Gensler, SEC Chairman
The Hon. Hester M. Peirce, SEC Commissioner
The Hon. Caroline A. Crenshaw, SEC Commissioner
The Hon. Mark T. Uyeda, SEC Commissioner
The Hon. Jaime Lizárraga, SEC Commissioner
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