

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106062; File Nos. S7-2026-07 and S7-2026-11]

Reopening of Comment Period; Notices of Request for Exemptive Relief, Pursuant to Section 36(a) of the Securities Exchange Act of 1934, from Certain Aspects of Rule 17ad-22(e)(18)(iv) of the Securities Exchange Act of 1934 and Requests for Comment

I. INTRODUCTION

On December 13, 2023, the Securities and Exchange Commission (“Commission” or “SEC”) adopted,¹ among other things, Rule 17ad-22(e)(18)(iv)(A) (the “Trade Submission Requirement”)² under the Securities Exchange Act of 1934 (“Exchange Act”). The Trade Submission Requirement requires a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury securities (“U.S. Treasury securities CCA”)³ to establish, implement, maintain and enforce written policies and procedures reasonably designed to require that any direct participant must submit for clearance and settlement all “eligible secondary market transactions” to which that direct participant is a counterparty. An “eligible secondary market transaction” is, in turn, defined as, among other things, a repurchase or reverse repurchase agreement collateralized by U.S. Treasury securities, in which one of the counterparties is a direct participant (“repo”).⁴

On February 27, 2026, the Institute of International Bankers submitted a letter

¹ 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, Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714, 2737 (Jan. 16, 2024).

² 17 CFR 240.17ad-22(e)(18)(iv)(A).

³ The U.S. Treasury securities CCAs are the Fixed Income Clearing Corporation, the CME Securities Clearing Corp., and ICE Clear Credit, LLC.

⁴ 17 CFR 240.17ad-22(a).

to the Commission requesting exemptive relief from the Trade Submission Requirement for certain Non-U.S. Transactions, specifically, the transactions of foreign financial institutions who are direct participants of a U.S. Treasury securities CCA when transacting with non-U.S. clients. On March 6, 2026, the Commission published the notice to request and encourage interested persons to comment on the request for exemptive relief pursuant to section 36 of the Exchange Act, including whether the Commission should grant the request.⁵ As part of the IIB Notice, the Commission included specific questions to which it is soliciting comments. The initial comment period for the IIB Notice closed on April 10, 2026, and the Commission then reopened the comment period, which then closed on May 29, 2026.⁶

On April 10, 2026, the Securities Industry and Financial Markets Association submitted a letter to the Commission requesting exemptive relief in two areas related to the Trade Submission Requirement. First, SIFMA requested exemptive relief to expand the Inter-Affiliate Exclusion to the Trade Submission Requirement (the “SIFMA First Request”). Specifically, SIFMA requested that the definition of an “affiliated counterparty” be expanded to include all affiliates,

⁵ Notice of Request for Exemptive Relief, Pursuant to Section 36(a) of the Securities Exchange Act of 1934, From Certain Aspects of Rule 17ad-22(e)(18)(iv) of the Securities Exchange Act of 1934 and Request for Comment, Exchange Act Release No. 104944 (Mar. 6, 2026), 91 FR 12030 (Mar. 11, 2026) (“IIB Notice”).

⁶ Reopening of Comment Period; Notice of Request for Exemptive Relief, Pursuant to Section 36(a) of the Securities Exchange Act of 1934, from Certain Aspects of Rule 17ad-22(e)(18)(iv) of the Securities Exchange Act of 1934 and Request for Comment, Exchange Act Release No. 105261 (Apr. 17, 2026), 91 FR 21584 (Apr. 22, 2026). Specifically, the Commission sought comment on “(i) whether the relief requested interacts, if at all, with the relief requested by the Securities Industry and Financial Markets Association (‘SIFMA’), and (ii) whether there are any competitive concerns that could arise if the Commission granted the relief requested as noticed, including, but not limited to, the potential impact on liquidity in the U.S. Treasury market.” *Id.*

except for investment company entities.⁷ Second, SIFMA requested that the outward-facing condition not include repo transactions between non-U.S. affiliates and non-U.S. counterparties, to the extent that the direct participant does not exceed a specific activity level threshold for those transactions (the “SIFMA Second Request”). On April 17, 2026, the Commission published the notice to request and encourage interested persons to comment on the request for exemptive relief pursuant to section 36 of the Exchange Act, including whether the Commission should grant the request.⁸ As part of the SIFMA Notice, the Commission included specific questions to which it solicited comments. The comment period for the SIFMA Notice closed on May 29, 2026.

⁷ Rule 17ad-22(a) defines an affiliated counterparty as any counterparty which meets the following criteria: (i) The counterparty is either a bank (as defined in 15 U.S.C. 78c(6)), broker (as defined in 15 U.S.C. 78c(4)), dealer (as defined in 15 U.S.C. 78c(5)), or futures commission merchant (as defined in 7 U.S.C. 1a(28)), or any entity regulated as a bank, broker, dealer, or futures commission merchant in its home jurisdiction; (ii) The counterparty holds, directly or indirectly, a majority ownership interest in the direct participant, or the direct participant, directly or indirectly, holds a majority ownership interest in the counterparty, or a third party, directly or indirectly, holds a majority ownership interest in both the direct participant and the counterparty; and (iii) The counterparty, direct participant, or third party referenced in paragraph (ii) of this definition as holding the majority ownership interest would be required to report its financial statements on a consolidated basis under U.S. Generally Accepted Accounting Principles or International Financial Reporting Standards, and such consolidated financial statements include the financial results of the majority-owned party or of both majority-owned parties.

⁸ Notice of Request for Exemptive Relief, Pursuant to Section 36(a) of the Securities Exchange Act of 1934, From Certain Aspects of Rule 17ad-22(e)(18)(iv) of the Securities Exchange Act of 1934 and Request for Comment, Exchange Act Release No. 105262 (Apr. 17, 2026), 91 FR 21533 (Apr. 22, 2026) (“SIFMA Notice” and, together with the IIB Notice, “Notices”). The SIFMA Notice specifically requested comment on how the Notices interact, stating: “[h]ow does the relief requested interact, if at all, with the relief requested by the Institute for International Bankers (‘IIB’)? Are there any competitive concerns that could arise if the Commission granted the relief, as noticed, in these two contexts? If so, should the Commission modify the exemptive relief for either or both requests? In what ways should either or both requests for exemptive relief be modified? As an example, to address competitive concerns, should the Commission impose a percentage threshold relief as a condition to the relief sought by IIB? If so, should that percentage threshold and the method of calculation be the same or would it need to be different? Also, should the Commission include a limited clearing requirement, subject to a sufficient timeline for implementation, for firms who report multiple instances of exceeding that threshold? Please explain.”

II. SUMMARY OF CERTAIN COMMENTS RECEIVED AND REQUESTS FOR COMMENT

The Commission has received certain comments on both Notices that provide different approaches or modifications to the requested exemptive relief.⁹ Some commenters state that a unified or holistic approach to the issues presented in the IIB Notice and in the SIFMA Second Request may be workable (meaning, that one exemption generally could address these issues presented in both Notices). The Commission is considering the issuance of a single exemption and has identified additional questions for consideration. Providing the public with additional time to respond to the specific questions below would benefit the Commission in its consideration of whether to grant the requests for exemptive relief.

A. Firm-Specific Approach

Certain commenters would support an approach that would exempt a certain amount of a firm's Qualifying Non-U.S. Transactions (as defined below) from the definition of eligible secondary market transaction.

Based on the comments, the Commission understands that for such a holistic approach, Qualifying Non-U.S. Transactions would refer to uncleared eligible secondary market repo transactions between:

⁹ See, e.g., Letters from Stephanie Webster, General Counsel, Institute of International Bankers, dated April 10, 2026, May 29, 2026, and August 4, 2026; Letter from Robert Toomey, Head of Capital Markets, Managing Director/Associate General Counsel, SIFMA, dated July 1, 2026; Letter from Financial Services Forum, dated April 10, 2026 and May 29, 2026. All comments are available at <https://www.sec.gov/rules-regulations/public-comments/s7-2026-11> and <https://www.sec.gov/rules-regulations/public-comments/s7-2026-07>.

1. A Non-U.S. Client, meaning an entity that is not:
 - a. A direct participant of a covered clearing agency for U.S. Treasury securities,
 - b. A U.S. person,¹⁰
 - c. A U.S. branch of a non-U.S. person, or
 - d. A non-U.S. person whose obligations under the transaction are guaranteed by a U.S. person; and
2. An entity that is any of the following:
 - a. A Non-U.S. participant, meaning a direct participant of a U.S. Treasury securities CCA that is not:
 - i. A U.S. person,
 - ii. A U.S. branch of a non-U.S. person;
 - iii. A non-U.S. person whose obligations under the transaction are guaranteed by a U.S. person; or
 - b. Any affiliated counterparty¹¹ of a direct participant of a U.S. Treasury securities CCA and that is not:
 - i. A U.S. person,

¹⁰ U.S. person would be defined as in Exchange Act Rule 3a71-3, 17 CFR 240.3a71-3.

¹¹ As mentioned above, the SIFMA First Request sought relief from the limitation in the Interaffiliate Exclusion that an affiliated counterparty would be limited to a bank, broker-dealer or futures commission merchant. *See* SIFMA Notice, at 7-8. Specifically, commenters have stated that the definition is too limiting given the different types of corporate entities that may be affiliates and have instead proposed that the Commission exercise its exemptive authority to treat all counterparties that meet clauses (ii) and (iii) of the definition of an affiliated counterparty as an affiliated counterparty, except for an affiliate that is an “investment company” as defined in section 3 of the Investment Company Act of 1940 (regardless of whether such investment company is registered or required to be registered under the Investment Company Act of 1940).

- ii. A U.S. branch of a non-U.S. person, or
- iii. A non-U.S. person whose obligations under the transaction are guaranteed by a U.S. person, or
- c. A foreign branch¹² of a direct participant of a U.S. Treasury securities CCA that is a U.S. person.

Under one commenter's approach, a firm's Qualifying Non-U.S. Transactions would be exempt from the definition of eligible secondary market transaction if the quotient of the following is less than a specified percentage ("Percentage Cap"):

- The firm's Qualifying Non-U.S. Transactions (as defined above); divided by
- The sum of (i) all of the firm's cleared eligible secondary market transactions that are repo transactions, and (ii) the firm's Qualifying Non-U.S. Transactions (i.e., the numerator transactions).¹³

Under another commenter's approach, a firm's Qualifying Non-U.S. Transactions would be exempt from the definition of eligible secondary market transaction if the volume of a firm's Qualifying Non-U.S. Transactions is less than the product of (x) the Percentage Cap, multiplied by (y) the firm's eligible secondary market transactions that are repo transactions, cleared or uncleared, excluding transactions entered into between a direct participant and an affiliated counterparty.¹⁴

The Percentage Cap would be a specific percentage, such as 20%, 15%, or 10%. Commenters have expressed varying degrees of support for such a cap, with

¹² Foreign branch would be defined as in Exchange Act Rule 3a71-3, 17 CFR 240.3a71-3.

¹³ See FSF April 10, 2026, Letter at 4-5, *supra* note 9.

¹⁴ See IIB May 29, 2026 and Aug. 4, 2026 Letters, SIFMA July Letter, *supra* note 9.

some arguing that no cap is appropriate, others proposing a specific cap, and others stating that a cap should be decreased over time to allow time for implementation.¹⁵

Commenters also stated that any firm-specific approach should be calculated on a weighted rolling daily average over the past three fiscal quarters (“Assessment Period”), with more weight given to recent quarters, while other commenters have criticized such a calculation as operationally difficult.¹⁶

The Commission seeks feedback regarding its understanding of the comments regarding firm-specific approaches, including:

1. Whether either of the firm-specific approaches described above would address the issues raised in both the IIB and SIFMA Notices?
2. Whether it would be appropriate to provide any exemptive relief based only on a firm-specific approach, with no alternative market-wide ratio, as discussed below?
3. Whether in the first approach described above the denominator for any exemptive relief should be modified in any other way, such as including transactions that are exempt and/or excluding interaffiliate transactions (and if so, why)?
4. Whether in the second approach described above, the Percentage Cap should be multiplied by a different measurement of the firm’s transactions, such as the daily average notional size of such firm’s U.S. Treasury securities repo activity, cleared

¹⁵ See generally note 9 (citing IIB, FSF and SIFMA letters); see also, e.g., Letter from Curtis Tao, General Counsel, HSBC Bank USA, National Association, dated May 28, 2026.

¹⁶ SIFMA Notice at 9, see HSBC Letter at 7.

or uncleared, excluding transactions entered into between a direct participant of a U.S. Treasury securities CCA and an affiliated counterparty?¹⁷

5. Whether a firm-specific approach in any exemptive relief should be calculated as a weighted rolling daily average over the Assessment Period. If so, how should the weighted rolling daily average be calculated? For example, should the weighted rolling daily average be calculated by applying a 20% weight to the first quarter, a 30% weight to the second quarter, and a 50% weight to the third (and most recent) quarter?¹⁸
6. For purposes of a firm-specific approach for any exemptive relief, should the definition of an affiliated counterparty use the approach suggested by the SIFMA First Request? In other words, should affiliated counterparty in the firm-specific approach mean all affiliates that meet clauses (ii) and (iii) of the affiliated counterparty definition in Rule 17ad-22,¹⁹ except for an affiliate that is an “investment company” as defined in section 3 of the Investment Company Act of 1940 (regardless of whether such investment company is registered or required to be registered under the Investment Company Act of 1940)?
7. Whether a Percentage Cap that starts at 20% for two years, then 15% for two years, and then 10% is a workable approach for any exemptive relief, to allow time for market participants to comply with a firm-specific approach. If not workable, what would be workable in terms of time periods or percentages?

B. Market-Wide Ratio

¹⁷ IIB August 4, 2026 Letter at 2.

¹⁸ *See also* IIB August 4, 2026 Letter at 4-5.

¹⁹ *See supra* note 7.

Commenters also suggested that, in addition to the firm-specific approach identified above, the Commission should also include as part of any exemptive relief an alternative market-wide ratio that would help ensure a level playing field between market participants with a large U.S. domestic Treasury repo business and those whose Treasury repo business is smaller in volume and focused outside the U.S. Specifically, this “Market-Wide Ratio” would be a fixed number for the industry (as opposed to being specific for each firm), and each firm would apply the greater of a firm-specific approach or the Market-Wide Ratio to its own business. One commenter described the threshold as the quotient obtained by dividing (i) the product of (A) the Percentage Cap, times (b) a reasonably accurate estimate of the overall daily average notional size of U.S. Treasury securities repo activity, divided by (ii) the number of firms having one or more subsidiaries that participate as direct participants at U.S. Treasury securities CCAs (without double counting if multiple branches or affiliates of the same company would participate).²⁰ The commenters stated that, under this approach, the Commission should calibrate this Percentage Cap periodically.²¹

The Commission seeks feedback regarding its understanding of the comments, including:

8. Whether a Market-Wide Ratio is necessary as an alternative to a firm-specific approach and whether it would be used and by what type of firm.
9. How to determine the Market-Wide Ratio, including what specific data sources should be used to determine market-wide U.S. Treasury repo activity, and

²⁰ See IIB May 29, 2026 Letter at 3. See also IIB August 4, 2026 Letter at 3.

²¹ IIB May 29, 2026 Letter at 3; see also SIFMA July 1, 2026 Letter at 2-3.

whether dividing such an amount by the number of firms having one or more subsidiaries that participate as direct participants at U.S. Treasury securities CCAs is an appropriate method for determining the Market-Wide Ratio.

10. If there is no such specific data source that could be used to determine the Market-Wide Ratio as described, what alternative approach could be used to determine a Market-Wide Ratio?
11. If the Market-Wide Ratio should be determined using the same Percentage Cap as the firm-wide approach described in Part II.B above.
12. How often to calibrate such a Market-Wide Ratio.
13. Whether the Commission should establish a fixed dollar amount using some other method, and if so, how should it be calculated.

C. Reporting and Compliance

Some commenters proposed including a requirement that a firm that materially exceeds the cap should report to the Commission, in the event the Commission pursues issuing one exemption and includes a cap as a condition of such relief.²²

The Commission seeks feedback regarding its understanding of this comment, including:

14. Given that many firms may not be SEC registrants, whether firms should be required to report exceedances to a U.S. Treasury securities CCA and/or CCAs, in the event that a firm is a member of more than one U.S. Treasury securities CCA?
15. In the event a firm exceeds the cap, what should the consequence be? Should a firm be able to exceed the cap so long as the exceedance stays below a certain

²² SIFMA April Letter, FSF Letter, *supra* note 9.

amount (e.g., 20%) or does not extend beyond a certain number of Assessment Periods?²³ Should there be a cure period, and if so, what should be the length of that cure period? Should a firm be prohibited from relying on any exemption for some length of time after exceedances of a certain volume or duration?²⁴

D. Request for Comment

The Commission is reopening the comment period for the IIB and SIFMA Notices until August 31, 2026.

We request and encourage any interested person to submit comment with respect to the questions set forth in this notice in Sections II.A, II.B, and II.C above.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/comments/s7-2026-07/notice-request-exemptive-relief-pursuant-section-36a-securities-exchange-act-1934-certain-aspects> and <https://www.sec.gov/comments/s7-2026-11/notice-request-exemptive-relief-pursuant-section-36a-securities-exchange-act-1934-certain-aspects>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Numbers S7-2026-07 and S7-2026-11 on the subject line.

Paper Comments:

²³ See also IIB August 4, 2026 Letter at 1.

²⁴ See also IIB August 4, 2026 Letter at 1.

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

All submissions should refer to File Numbers S7-2026-07 and S7-2026-11. The file numbers should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules-regulations/public-comments/s7-2026-07> and <https://www.sec.gov/rules-regulations/public-comments/s7-2026-11>). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publications submitted material that is obscene or subject to copyright protection.

For further information, you may contact Elizabeth Fitzgerald, Assistant Director, at (202) 551-6036, in the Division of Trading and Markets; U.S. Securities and Exchange Commission, 100 F Street NE, Washington, D.C. 20549.

By the Commission.

Dated: August 7, 2026.

J. Matthew DeLesDernier,
Deputy Secretary.