

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104944; File No. S7-2026-07]

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

March 6, 2026.

I. INTRODUCTION

On December 13, 2023, the Securities and Exchange Commission (the “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 (i) a repurchase or reverse repurchase agreement collateralized by U.S. Treasury securities, in which one of the counterparties is a direct participant (“repo”); or (ii) a purchase or sale, between a direct participant and: (A) any counterparty, if the direct participant of the covered clearing agency brings together multiple buyers and sellers using a trading facility (such as a limit order book) and is a counterparty to

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) (“Adopting Release”).

² 17 CFR 240.17ad-22(e)(iv)(A).

³ The U.S. Treasury securities CCAs are the Fixed Income Clearing Corporation (“FICC”), the CME Securities Clearing Corp. (“CMESC”), and ICE Clear Credit, LLC (“ICC”).

both the buyer and seller in two separate transactions; or (B) a registered broker-dealer, government securities broker, or government securities dealer.⁴

On February 27, 2026, a trade association submitted a letter 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, as discussed further below.⁵ We are publishing this notice to provide interested persons with an opportunity to comment on the request for exemptive relief pursuant to Section 36⁶ of the Exchange Act.⁷

II. REQUESTED RELIEF

The association stated that many foreign financial institutions are direct participants of U.S. Treasury securities CCAs to realize the benefits of central clearing, including multilateral netting, and to promote their ability to trade with U.S. financial institutions.⁸ The association stated that foreign financial institutions use a diversity of trading models with respect to their participation in U.S. Treasury securities CCAs, including in some instances participating through U.S. branches or broker-dealer subsidiaries, but also sometimes participating through their (non-U.S.) head offices or other non-U.S. branches.⁹ The association stated that the manner in which a given financial

⁴ 17 CFR 240.17ad-22(a).

⁵ See Letter from Stephanie Webster, General Counsel, Institute of International Bankers (“IIB” or “association”), dated Feb. 27, 2026 (“IIB Letter”).

⁶ 15 U.S.C. 78mm. Section 36(a)(1) of the Exchange Act gives the Commission the authority to exempt any person, security or transaction or any class or classes of persons, securities or transactions, conditionally or unconditionally, from any Exchange Act provision by rule, regulation or order, to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors.

⁷ 15 U.S.C. 78a *et seq.*

⁸ IIB Letter, *supra* note 5, at 3.

⁹ *Id.* at 3.

institution participates at a U.S. Treasury securities CCA generally depends on its internal risk management practices and the preferences of its counterparties, some of which may prefer to transact with a local (*i.e.*, non-U.S.) branch.¹⁰

The association stated that, when a financial institution is approved as a direct participant of a U.S. Treasury securities CCA, that direct participant becomes subject to the rules of that U.S. Treasury securities CCA, including any rules required to implement the Trade Submission Requirement.¹¹ However, the association states that such foreign financial institutions face a question regarding the “potential extraterritorial scope” of the Trade Submission Requirement, including the potential application of the Trade Submission Requirement to eligible secondary market transactions between a foreign financial institution direct participant in a U.S. Treasury securities CCA (*e.g.*, a foreign bank’s head office) and its foreign investor clients.¹² The association raises several potential consequences arising from the application of the Trade Submission Requirement to such transactions.

First, the association states that there exists legal uncertainty regarding whether fundamental requirements to central clearing, such as netting (including close-out netting in a default scenario), are enforceable in all relevant jurisdictions.¹³ This legal uncertainty also exists for the direct participant’s non-U.S. counterparties, who would likely need to access central clearing indirectly through a direct participant, and it remains unclear whether U.S. Treasury securities CCAs would or could accept non-U.S. counterparties from every relevant foreign jurisdiction as indirect

¹⁰ *See id.* at 3.

¹¹ 15 U.S.C. 78s(g)(1) (“Every self-regulatory organization shall comply with the provisions of this title, the rules and regulations thereunder, and its own rules, and (subject to the provisions of section 17(d) of this title, paragraph (2) of this subsection, and the rules thereunder) absent reasonable justification or excuse enforce compliance . . . in the case of a registered clearing agency, with its own rules by its participants”).

¹² *See* IIB Letter, *supra* note 5, at 3.

¹³ *See id.*

participants.¹⁴

Second, the association states that clearing trades for non-U.S. clients could raise questions under non-U.S. law, including whether doing so could require the direct participant acting as a clearing firm to register as a broker in those jurisdictions.¹⁵

Third, the association states that no U.S. Treasury securities CCA currently operates on a 24-hour basis.¹⁶ Therefore, a direct participant located in, for example, Singapore, operationally may be unable to submit its repo trades with Singaporean counterparties to a U.S. Treasury securities CCA in a prompt and accurate manner when the U.S. Treasury securities CCA does not open until hours after the counterparties enter into the repo transaction.¹⁷ Relatedly, the association states that FICC does not facilitate Euroclear settlement, which means that non-U.S. participants clearing a non-U.S. transaction that customarily would settle through Euroclear requires additional steps to bring the repo into the Depository Trust Corporation via Fedwire.¹⁸

Fourth, the association states that “an almost unlimited mandate to clear foreign financial institutions’ transactions” would bring in scope non-U.S. counterparties that are transacting only locally, are unlikely to be familiar with the evolving conventions of the U.S. domestic repo market, and are therefore far less likely to sign onto documentation that, in their domestic market, is wholly

¹⁴ *See id.*

¹⁵ *See id.* at 3-4.

¹⁶ *See id.* at 4. IIB further stated that the Commission’s analysis of this issue when adopting the Treasury clearing rules is inapposite to bilateral repos conducted outside the United States. *Id.*

¹⁷ *See id.* (stating that, at a minimum, “the Commission would need to clarify the timeframe in which these transactions must be submitted for clearing and weigh the benefits of requiring an overnight transaction to be cleared if it cannot be submitted until halfway through its term when the applicable covered clearing agency opens”).

¹⁸ *See id.* The association referred to FICC which, at the time of the letter, was the only operational U.S. Treasury securities CCA. The Commission understands that no existing covered clearing agency facilitates Euroclear settlement at this time.

novel, not explained by a local law requirement, and burdensome.¹⁹

The association states these issues could lead non-U.S. counterparties to question their participation in the U.S. Treasury securities market more broadly when they have alternative government bond markets in which they could invest without raising these issues or more generally incurring the costs of central clearing.²⁰ The association states that a shift by foreign investors away from U.S. Treasuries to, for example, European or Asian sovereign bonds could materially increase the U.S. government's borrowing costs and impair overall U.S. Treasury security market liquidity and resiliency.²¹

The association states that reduced counterparty interest in the U.S. Treasury securities market could also lead some foreign financial institutions to question the costs and benefits of continuing to participate in U.S. Treasury securities CCAs as direct participants, given that withdrawal from U.S. Treasury securities CCAs would eliminate any extraterritorial application of the Trade Submission Requirement.²² Also, the association states that market participants accessing central clearing indirectly, either through foreign financial institution or through other firms, would be harmed through a reduction in their choice of potential clearing firms, which could result in increased costs to access clearing.²³ Finally, the association states that reduced participation and liquidity in cleared repos could also impact the secured overnight financing rate ("SOFR"), the calculation of which depends on those repos and which is used as a benchmark interest rate for many transactions.²⁴

¹⁹ *See id.*

²⁰ *See id.*

²¹ *See* IIB Letter, *supra* note 5, at 4.

²² *See* IIB Letter, *supra* note 5, at 5.

²³ *See id.*

²⁴ *See id.*

The association requests that the Commission grant an exemption from the Trade Submission Requirement for an eligible secondary market transaction between a Non-U.S. Participant and a Non-U.S. Client (such transaction, a “Non-U.S. Transaction”).²⁵

For this purpose, a “Non-U.S. Participant” would mean a direct participant of a U.S. Treasury securities CCA that is not:

- a U.S. person (as defined by Exchange Act Rule 3a71-3),²⁶
- a U.S. branch of a non-U.S. person, or
- a non-U.S. person whose obligations under the transaction are guaranteed by a U.S. person.²⁷

A “Non-U.S. Client” would mean a counterparty to a Non-U.S. Participant that is not:

- a direct participant of a U.S. Treasury securities CCA,
- a U.S. person,
- a U.S. branch of a non-U.S. person, or
- a non-U.S. person whose obligations under the transaction are guaranteed by a U.S. person.

III. REQUEST FOR COMMENT

We request and encourage any interested person to submit comments on the requested relief, including whether the Commission should grant the exemptive relief. In particular, we

²⁵ See *id.* at 5-6.

²⁶ IIB states that it proposes to rely on this “U.S. person” definition because it is broadly familiar to market participants active in cross-border securities markets due to its use for purposes of Title VII of the Dodd-Frank Act. See IIB Letter, *supra* note 5, at 6 n. 11.

²⁷ For this purpose, a transaction would be guaranteed by a U.S. person if the counterparty to the transaction had rights of recourse against a U.S. person, *i.e.*, has a conditional or unconditional legally enforceable right, in whole or in part, to receive payments from, or otherwise collect from, the U.S. person in connection with the transaction. See IIB Letter, *supra* note 5, at 6 n. 12.

solicit comments on the following questions:

1. Do commenters agree that the Commission should grant an exemption from the Trade Submission Requirement for an eligible secondary market transaction between a Non-U.S. Participant and a Non-U.S. Client (such transaction, a “Non-U.S. Transaction”)?
2. If granting this relief, is it appropriate to use the definition of a U.S. person from Rule 3a71-3, or should some different definition be used? If a different definition, which one and why?
3. Is the scope of the definition of a Non-U.S. Participant appropriate?
4. Would the requested relief impact how market participants structure their repo transactions or access central clearing (*e.g.*, through an affiliated direct participant or by joining a U.S. Treasury securities CCA directly)? If so, please describe the impact and how this impact would occur.
5. Would the requested relief impact competition between different types of direct participants of a U.S. Treasury securities CCA (*e.g.*, between banks and broker-dealers)? If so, please describe the impact on competition and how this impact would occur, as well as any potential mechanism to address that impact and the potential effects thereof.
6. Would the requested relief impact competition between direct participants of a U.S. Treasury securities CCA based on home jurisdiction (*e.g.*, between U.S. direct participants and non-U.S. direct participants)? If so, please describe the impact on competition and how this impact would occur, as well as any potential mechanism to address that impact and the potential effects thereof. Would any

such impact change if the Commission extended the requested relief to also cover eligible secondary market transactions of the non-U.S. branch of a U.S. direct participant in a U.S. Treasury securities CCA, with non-U.S. clients?

7. Would the requested relief impact competition between direct participants of a U.S. Treasury securities CCA and any market participants who are not direct participants of a U.S. Treasury securities CCA? If so, please describe the impact on competition and how this impact would occur, as well as any potential mechanism to address that impact and the potential effects thereof.
8. Would the requested relief have any impact on existing U.S. reporting requirements (*e.g.*, FINRA's TRACE reporting or the requirements with respect to certain non-centrally cleared bilateral repo reporting established by the Office of Financial Research within the U.S. Department of the Treasury²⁸)? Please explain.
9. Would the requested relief have any impact on liquidity and/or overall resiliency of the U.S. Treasury markets? If so, please describe the impact on liquidity and overall resiliency and how the impact would occur.
10. Would the requested relief have any impact on foreign participation in U.S. Treasury markets? If so, please describe the impact on foreign participation and how the impact would occur.
11. Would the requested relief impact a U.S. Treasury securities CCA's ability to risk manage the transactions of its direct participants? If so, please describe the impact on a U.S. Treasury securities CCA's risk management.

²⁸

See 12 CFR Part 1610.

12. Would the requested relief impact contagion risk²⁹ for U.S. Treasury securities CCAs, or systemic risk more broadly?
13. Would the requested relief impact any of the benefits that the Commission identified as arising from the Trade Submission Requirement, such as decreasing counterparty credit risk, decreasing the risk of a disorderly member default, increasing multilateral netting?³⁰
14. Should we add any conditions to the requested relief, such as an activity limit threshold (meaning, for example, that Non-U.S. Transactions would be exempted so long as they did not surpass a particular portion of the direct participant's overall U.S. Treasury market activity)? If so, please describe what those conditions should be and why. For conditions specific to an activity limit threshold, please describe what the threshold should be and why that threshold would be appropriate.
15. Please describe how the requested relief would or would not protect investors and the public interest consistent with Sections 17A and 36 of the Exchange Act.
16. Please describe how the requested relief would or would not help to facilitate the prompt and accurate clearance and settlement of securities transactions as well as the safeguarding of securities and funds consistent with Section 17A of the Exchange Act.

Comments should be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Comments may be submitted by any of the following methods:

²⁹ See Adopting Release, *supra* note 1, 89 FR at 2717, 2741-42.

³⁰ See *id.* at 2717-18.

Electronic Comments:

- Use the Commission’s Internet comment form (<https://www.sec.gov/rules-regulations/exchange-act-exemptive-notices-orders>);
- or
- Send an e-mail to rule-comments@sec.gov. Please include File Number [•] on the subject line.

Paper Comments:

- 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 Number [•]. This file number 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/exchange-act-exemptive-notices-orders>). 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, or Heather Percival, Senior Special Counsel, at (202) 551-3498, 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 March 6, 2026.

Sherry R. Haywood,

Assistant Secretary.

Note: The following appendix containing the IIB Letter will not appear in the *Federal Register*.

Appendix: IIB Request for Exemptive Relief from Treasury Trade Submission Requirement for Non-U.S. Transactions.



INSTITUTE OF INTERNATIONAL BANKERS

299 Park Avenue, 17th Floor
New York, N.Y. 10171
Telephone: (212) 421-1611
www.iib.org

Submitted via email

Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: **Request for Exemptive Relief from Treasury Trade Submission Requirement for Non-U.S. Transactions**

Dear Ms. Countryman:

The Institute of International Bankers (the “IIB”)¹ is writing to request that the Securities and Exchange Commission (“SEC” or “Commission”) grant an exemption pursuant to Section 36 of the Securities Exchange Act of 1934 (“Exchange Act”) from the application of Exchange Act Rule 17ad-22(e)(18)(iv)(A) and (B) (together, the “Trade Submission Requirement”) to Non-U.S. Transactions (as further defined below). As set out in further detail below, the requested exemption is necessary and appropriate in the public interest, and is consistent with the protection of investors, because it would help promote liquidity in the U.S. Treasury securities market by preserving foreign investor participation in that market.

Background

The Trade Submission Requirement obligates a covered clearing agency for U.S. Treasury securities (a “U.S. Treasury securities CCA”) to establish, implement, maintain, and enforce written policies and procedures reasonably designed to require that every direct participant of the covered clearing agency submit for clearance and settlement all eligible secondary market transactions in U.S. Treasury securities to which it is a

¹ The Institute of International Bankers represents the U.S. operations of internationally headquartered financial institutions from more than 35 countries around the world. The membership consists principally of international banks that operate branches, agencies, bank subsidiaries, and broker-dealer subsidiaries in the United States. The IIB works to ensure a level playing field for these institutions, which are an important source of credit for U.S. borrowers and comprise the majority of U.S. primary dealers. These institutions also enhance the depth and liquidity of U.S. financial markets and contribute significantly to the U.S. economy through direct employment of U.S. citizens, as well as through other operating and capital expenditures. For more information, visit iib.org.

counterparty, and to identify and monitor the U.S. Treasury securities CCA's direct participants' submission of transactions for clearing, including how the U.S. Treasury securities CCA would address a failure to submit transactions.

The Trade Submission Requirement was originally scheduled to take effect on December 31, 2025, for eligible cash market transactions, and June 30, 2026, for eligible repo transactions.² However, in light of a request from a group of trade associations, including the IIB, the Commission extended the compliance dates to December 31, 2026, for eligible cash market transactions, and June 30, 2027, for eligible repo transactions.³

We appreciate the Commission's extension of compliance dates for the Trade Submission Requirement and related openness to further engagement on compliance, operational, and interpretive questions.⁴ The requested exemption is intended to resolve one of the most significant of those questions, which relates to the extraterritorial scope of the Trade Submission Requirement.

Discussion

Need for Relief

Foreign financial institutions serve as a key source of stability and liquidity for the U.S. Treasury securities market. For example, these institutions, acting through branches, agencies, or broker-dealer subsidiaries in the United States, comprise a majority of primary dealers in the U.S. Treasury market, thereby serving as a reliable baseline for U.S. Treasury securities demand by participating in all auctions of U.S. government debt and making pre-agreed minimum bids. Foreign financial institutions more broadly are active participants in government auctions and secondary market transactions for U.S. Treasury securities, including by serving as an important channel through which the broader foreign investor community—including foreign sovereign wealth funds, pension plans, insurance companies, and others—access the U.S. Treasury securities market.

² Specifically, the Commission established the compliance dates for Rule 17ad-22(e)(18)(iv)(A) and (B) as follows: (1) each U.S. Treasury securities CCA will be required to file with the Commission any proposed rule changes regarding those amendments required under Section 19(b) of the Exchange Act and/ or advance notices required under Title VIII of the Dodd-Frank Act no later than 150 days following January 16, 2024, and (2) the proposed rule changes must be effective by December 31, 2025, for cash market transactions encompassed by section (ii) of the definition of an eligible secondary market transaction, and by June 30, 2026, for repo transactions encompassed by section (i) of the definition of an eligible secondary market transactions. *See* Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714, 2771 (Jan. 16, 2024) (“Adopting Release”).

³ *See* Exchange Act Release No. 102487 (Feb. 25, 2025), 90 FR 11134 (Mar. 4, 2025).

⁴ *See id.* at 11136.

Many foreign financial institutions are direct participants of U.S. Treasury securities CCAs, including the Fixed Income Clearing Corporation (“FICC”). They participate at FICC in order to realize the benefits of central clearing, including multilateral netting, and to promote their ability to trade with U.S. financial institutions. Foreign financial institutions use a diversity of trading models with respect to their participation in U.S. Treasury securities CCAs, including in some instances participating through U.S. branches or broker-dealer subsidiaries, but also sometimes participating through their (non-U.S.) head offices or other non-U.S. branches. The manner in which a given institution participates at a U.S. Treasury securities CCA generally depends on its internal risk management practices and the preferences of its counterparties, some of which may prefer to transact with a local (*i.e.*, non-U.S.) branch.

In light of their participation in U.S. Treasury securities CCAs, foreign financial institutions will become subject to clearing agency rules implementing the Trade Submission Requirement. Therefore, a key question they face is the potential extraterritorial scope of those rules, including the potential application of those rules to eligible secondary market transactions between a foreign financial institution participant in a U.S. Treasury securities CCA (*e.g.*, a foreign bank’s head office) and its foreign investor clients.

Applying Trade Submission Requirement rules in this extraterritorial manner would have several negative consequences that were not considered by the Commission when it adopted the Trade Submission Requirement. For example, we are not aware of any analysis from the Commission regarding whether fundamental requirements, such as netting (including close-out netting in a default scenario), are enforceable in all the relevant jurisdictions. Without legal certainty with respect to these types of issues, the benefits of central clearing cannot be achieved.

Similar issues would arise with a foreign financial institution’s non-U.S. counterparties. If transacting with a foreign financial institution that was a direct participant of a U.S. Treasury securities CCA required those counterparties to have access to the U.S. Treasury securities CCA, they would likely need to do so indirectly (*e.g.*, through a sponsoring member). However, U.S. Treasury securities CCAs have not considered whether their direct participants would or could accept non-U.S. counterparties from every relevant foreign jurisdiction as indirect participants, including as a result of the legal enforceability concerns noted above.⁵ Clearing trades for foreign

⁵ For example, FICC’s heavily caveated list of approved jurisdictions for sponsored members is relatively limited in scope and certainly is not broad enough to cover every jurisdiction where a foreign financial institution’s foreign clients might be located. *See* Jurisdictions Approved by FICC for Sponsored Members (July 17, 2024), *available at* <https://www.dtcc.com/-/media/Files/Downloads/Clearing-Services/Approved-FICC-Jurisdictions-for-Sponsored-Members.pdf> (“This list this [sic] is provided for information purposes only. It is based on legal advice obtained for the sole benefit of FICC without any specific consideration of the circumstances of any Sponsored Members. The legal analysis of any jurisdiction depends on a

clients also could raise questions under non-U.S. law, including, for example, whether doing so could require the direct participant acting as the clearing firm to register as a broker in those jurisdictions. Without further analysis, the Commission cannot be sure whether expanding the Trade Submission Requirement to cover transactions between non-U.S. direct participants and non-U.S. counterparties would, contrary to its aims, inhibit access to clearing.

As another example, no U.S. Treasury security CCA currently operates on a 24-hour basis. While the Commission decided not to address this limitation through a clearing exception for aftermarket trading, it based its decision on an empirical analysis of transactions already cleared by FICC—then the sole U.S. Treasury securities CCA—as well as certain conventions in the U.S. domestic repo market.⁶ However, that analysis is inapposite to bilateral repos conducted outside the United States. If a foreign bank located in Singapore becomes a direct participant and, therefore, must clear all of its repo transactions, how could it do so in a prompt and accurate manner,⁷ and in compliance with the Trade Submission Requirement, for a transaction out of Singapore with a Singaporean counterparty? In this connection, we note that FICC does not facilitate Euroclear settlement, which means that Non-U.S. Participants clearing a Non-U.S. Transaction that customarily would settle through Euroclear requires additional steps to bring the repo into the Depository Trust Corporation via Fedwire—thus expanding the scope of Non-U.S. Participants that would find it impracticable to clear repo transactions in a prompt and accurate manner under the Trade Submission Requirement. At a minimum, the Commission would need to clarify the timeframe in which these transactions must be submitted for clearing and weigh the benefits of requiring an overnight transaction to be cleared if it cannot be submitted until halfway through its term when the applicable covered clearing agency opens. Moreover, an almost unlimited mandate to clear foreign financial institutions' transactions would bring in scope non-U.S. counterparties that are transacting only locally, that are unlikely to be familiar with the evolving conventions of the U.S. domestic repo market, and are, therefore, far less likely to sign onto documentation that, in their domestic market, is wholly novel, not explained by a local law requirement, and burdensome.

All of these issues could lead non-U.S. counterparties to question their participation in the U.S. Treasury security market when they have alternative government bond markets in which they could invest without raising these issues or more generally incurring the costs of central clearing. A shift by foreign investors away from U.S. Treasuries to, for example, European or Asian sovereign bonds could materially increase

number of factors, including the number of existing Sponsored Members located in a jurisdiction and the type of legal entity of the Sponsored Member applicant.”).

⁶ See Adopting Release, 89 FR at 2740-41.

⁷ See *id.* at 2715 (citing the Government Securities Act of 1986, 15 U.S.C. § 78c(a)(12)(B)(i)).

the U.S. government's borrowing costs and impair overall U.S. Treasury security market liquidity and resiliency.

Reduced counterparty interest in the U.S. Treasury securities market, along with the costs of clearing, legal enforceability, and operational/time zone issues described above, could also lead some foreign financial institutions to question the costs and benefits of continuing to participate in U.S. Treasury securities CCAs as direct participants, given that withdrawal from U.S. Treasury securities CCAs would eliminate any extraterritorial application of Trade Submission Requirement rules.⁸ That result would be contrary to one of the Commission's core goals in promulgating the Trade Submission Requirement, which was to expand access to clearing, including through facilitating direct membership at clearing agencies.⁹ Market participants that access U.S. Treasury securities CCAs indirectly (*e.g.*, through a sponsoring member), including foreign financial institutions but also other firms, would also be harmed through a reduction in their choice of potential clearing firms, which could also result in increased costs to access clearing.

Reduced participation and liquidity in cleared repos could also impact the secured overnight financing rate ("SOFR"), the calculation of which depends on those repos. Innumerable market participants now rely on SOFR as a benchmark interest rate for their transactions. The U.S. government, including the Commission,¹⁰ has spent years promoting the transition to, and use of, SOFR as a benchmark—applying the Trade Submission Requirement to transactions between non-U.S. direct participants and non-U.S. counterparties could hinder those efforts.

Scope and Rationale for Relief

To address the issues summarized above, we are requesting that the Commission grant an exemption from the Trade Submission Requirement for an eligible secondary market transaction between a Non-U.S. Participant and a Non-U.S. Client (such transaction, a "Non-U.S. Transaction"). For this purpose, a "Non-U.S. Participant" would mean a direct participant of a U.S. Treasury securities CCA that is not a U.S.

⁸ The Trade Submission Requirement's exception for interaffiliate repos does little to assuage these concerns, given the requirement for a direct participant's affiliate to clear all other repos in order to rely on the exemption and the exception's limitation to affiliates that are banks, broker-dealers, or futures commission merchants (or foreign equivalents). *See* Adopting Release, 89 FR at 2736-8. For an illustration of the differences in availability of the interaffiliate exception and the exemption requested pursuant to this letter and the kinds of participants that can avail themselves of such exception or exemption, respectively, please see Appendix A attached hereto.

⁹ *Id.* at 2755-6.

¹⁰ *See, e.g.*, Commission Staff Statement on LIBOR Transition—Key Considerations for Market Participants (Dec. 7, 2021), *available at* <https://www.sec.gov/newsroom/speeches-statements/staff-statement-libor-transition-20211207>.

person (as defined by Exchange Act Rule 3a71-3),¹¹ U.S. branch of a non-U.S. person, or non-U.S. person whose obligations under the transaction are guaranteed by a U.S. person.¹² A “Non-U.S. Client” would mean a counterparty to a Non-U.S. Participant that is not a direct participant of a U.S. Treasury securities CCA, a U.S. person, a U.S. branch of a non-U.S. person, or a non-U.S. person whose obligations under the transaction are guaranteed by a U.S. person.

By limiting the requested exemption’s scope to Non-U.S. Transactions, this request is intended to target solely those transactions whose only U.S. nexus is that one (but not both) of the parties is a direct participant of a U.S. Treasury securities CCA. We respectfully submit that this limited U.S. nexus should not be sufficient to subject otherwise wholly non-U.S. transactions extraterritorially to U.S. clearing requirements. We note that, in the analogous case of the mandatory swaps clearing requirement adopted by the Commodity Futures Trading Commission (“CFTC”), the CFTC has adopted a similar limitation on the extraterritorial scope of that requirement.¹³

We recognize that the scope of the Trade Submission Requirement could be seen to undercut some of the Commission’s rationale for the requirement, including the Commission’s goal of reducing the “contagion risk” that a default on a bilaterally settled transaction could impact a direct participant’s financial resources and ability to meet its obligations to the U.S. Treasury securities CCA and helping any U.S. Treasury securities CCA to avoid a potentially disorderly participant default due to variable default management techniques for bilaterally settled transactions.¹⁴

We respectfully note, however, that the same objection arises in connection with other exceptions to the Trade Submission Requirement already adopted by the Commission, such as exceptions for repos with central banks, sovereign entities,

¹¹ We propose to rely on this “U.S. person” definition because it is broadly familiar to market participants active in cross-border securities markets due to its use for purposes of Title VII of the Dodd-Frank Act.

¹² For this purpose, a transaction would be guaranteed by a U.S. person if the counterparty to the transaction had rights of recourse against a U.S. person, *i.e.*, has a conditional or unconditional legally enforceable right, in whole or in part, to receive payments from, or otherwise collect from, the U.S. person in connection with the transaction.

¹³ *See* CFTC, Interpretive Guidance and Policy Statement Regarding Compliance With Certain Swap Regulations, 78 FR 45292, 45369 (July 26, 2013), *available at* <https://www.cftc.gov/sites/default/files/idc/groups/public/@lrfederalregister/documents/file/2013-17958a.pdf>. The Commission similarly took the view that, for a transaction between non-U.S. persons where “the counterparty credit risk and operational risk of such transactions reside primarily outside the United States,” its mandatory security-based swap clearing requirement should not apply. *See* Exchange Act Release No. 74834 (Apr. 29, 2015), 80 FR 27444, 27481 (May 13, 2015).

¹⁴ *See* Adopting Release, 89 FR at 2717-18.

Ms. Vanessa Countryman

February 27, 2026

Page 7

international financial institutions, natural persons, central counterparties, and state or local governments. As with those exceptions, here we think the broader public interest considerations at play outweigh any potential reduction in indirect risk to U.S. Treasury securities CCAs from requiring clearing for Non-U.S. Transactions. That is especially the case considering that applying the Trade Submission Requirement to Non-U.S. Transactions would discourage overall participation in U.S. Treasury securities CCAs, as noted above, which would have a countervailing effect on clearing volume.

We do not believe that the requested exemption would lead to a significant reduction in the extent of central clearing, due to evasion or otherwise. Limits on the extraterritorial scope of the CFTC's clearing requirement have not been observed to result in any such issue. In addition, because the exemption would not apply to transactions between Non-U.S. Participants, the overall interbank/interdealer market would remain in-scope for mandatory clearing. To the extent that U.S. market participants desired to avoid the Trade Submission Requirement by restructuring their trading activity to take place through foreign entities, they could do so even absent the exemption by limiting their dealings to foreign counterparties that are not direct participants of a U.S. Treasury securities CCA. The exemption would merely ensure that any such dynamic does not create incentives for firms to withdraw from participating at U.S. Treasury securities CCAs. We think that removing that incentive, combined with retaining clearing requirements for transactions between Non-U.S. Participants, should overall retain, if not increase, the extent of central clearing relative to extraterritorial application of the Trade Submission Requirement.

Conclusion

For the reasons set out above, we request that the Commission grant an exemption pursuant to Section 36 of the Exchange Act from application of the Trade Submission Requirement to Non-U.S. Transactions.

* * *

Thank you for your consideration of this request. Please do not hesitate to contact Stephanie Webster (swebster@iib.org) with any questions you may have.

Respectfully submitted,



Stephanie Webster
General Counsel
Institute of International Bankers

Ms. Vanessa Countryman

February 27, 2026

Page 8

cc: Chairman Paul S. Atkins
Commissioner Hester M. Peirce
Commissioner Mark T. Uyeda

Appendix A

APPLICABILITY OF TRADE SUBMISSION REQUIREMENT UNDER INTERAFFILIATE EXCEPTION VS. EXEMPTION FOR NON-U.S. TRANSACTIONS

The exemption for non-U.S. transactions requested pursuant to this letter is intended to address the applicability of the Trade Submission Requirement for transactions where a non-U.S. direct participant of a U.S. Treasury securities CCA is transacting with a non-U.S. counterparty. The limited universe of transactions that would be subject to the exemption for non-U.S. transactions requested pursuant to this letter is highlighted in green in the illustrative table set forth below.

Direct Participant	Non-Participant Counterparty	Interaffiliate Exception Applicable?	Exemption for Non-US Transactions Applicable?
U.S. person	U.S. affiliate	Yes, if other conditions are satisfied	No
U.S. person	U.S. non-affiliate	No	No
U.S. person	Non-U.S. affiliate	Yes, if other conditions are satisfied	No
U.S. person	Non-U.S. non-affiliate	No	No
U.S. branch of non-U.S. person	U.S. affiliate	Yes, if other conditions are satisfied	No
U.S. branch of non-U.S. person	U.S. non-affiliate	No	No
U.S. branch of non-U.S. person	Non-U.S. affiliate	Yes, if other conditions are satisfied	No
U.S. branch of non-U.S. person	Non-U.S. non-affiliate	No	No
Non-U.S. person guaranteed by a U.S. person	U.S. affiliate	Yes, if other conditions are satisfied	No
Non-U.S. person guaranteed by a U.S. person	U.S. non-affiliate	No	No
Non-U.S. person guaranteed by a U.S. person	Non-U.S. affiliate	Yes, if other conditions are satisfied	No

Non-U.S. person guaranteed by a U.S. person	Non-U.S. non-affiliate	No	No
Non-U.S. person (neither U.S. branch nor guaranteed by a U.S. person)	U.S. affiliate	Yes, if other conditions are satisfied	No
Non-U.S. person (neither U.S. branch nor guaranteed by a U.S. person)	U.S. non-affiliate	No	No
Non-U.S. person (neither U.S. branch nor guaranteed by a U.S. person)	U.S. branch of non-U.S. affiliate	Yes, if other conditions are satisfied	No
Non-U.S. person (neither U.S. branch nor guaranteed by a U.S. person)	U.S. branch of non-U.S. non-affiliate	No	No
Non-U.S. person (neither U.S. branch nor guaranteed by a U.S. person)	Non-U.S. affiliate guaranteed by a U.S. person	Yes, if other conditions are satisfied	No
Non-U.S. person (neither U.S. branch nor guaranteed by a U.S. person)	Non-U.S. non-affiliate guaranteed by a U.S. person	No	No
Non-U.S. person (neither U.S. branch nor guaranteed by a U.S. person)	Non-U.S. affiliate (neither U.S. branch nor guaranteed by a U.S. person)	Yes, if other conditions are satisfied	Yes
Non-U.S. person (neither U.S. branch nor guaranteed by a U.S. person)	Non-U.S. non-affiliate (neither U.S. branch nor guaranteed by a U.S. person)	No	Yes