



April 10, 2026

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

Re: SEC “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” [Release No.34-104944; File No. S7-2026-07]

Dear Ms. Countryman:

ICMA welcomes the opportunity to comment on the above referenced request for exemptive relief in SEC Release No. 34-20494 (the “Release”)¹ and supports the Commission granting targeted exemptive relief from the Trade Submission Requirement for transactions between a Non-U.S. Participant and a Non-U.S. Client where the transaction does not involve any U.S. nexus.

Executive Summary

The proposed relief appropriately recognises the global nature of the U.S. Treasury market and helps avoid adverse and unintended extraterritorial effects whereby non-U.S. firms’ offshore activities that have no U.S. nexus are captured by the Trade Submission Requirement. Providing clarity in this area would reduce legal uncertainty, operational complexity, and unnecessary compliance costs for international market participants while at the same time avoid non-U.S. market participants seeking alternatives to trading and holding U.S. Treasury securities.

Some market participants have raised concerns regarding potential level playing field implications in markets outside the U.S. for non-U.S. affiliates or non-U.S. branches of U.S. headquartered direct participants. Such entities would not be eligible for the exemptive relief as proposed, which results in a different regulatory treatment depending on whether a firm trading outside the U.S. is part of a U.S. or a non-U.S. headquartered group. In this regard, these market participants suggest that extending the scope of the relief to also include non-U.S. branches and non-U.S. subsidiaries of U.S. headquartered firms could resolve the potential for these

¹ 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 (Mar 6, 2026), available [here](#).

entities operating at a competitive disadvantage in non-U.S. markets. As the larger U.S. headquartered firms through their offshore branches and affiliates provide a high degree of market making and liquidity for U.S. Treasury securities and related repo in European and Asian markets, extending the exemption to these firms would also avoid disruption and fragmentation from shifting business to smaller banks that do not have the same balance sheet capacity or experience to support the business.

Should there be any attendant concerns regarding circumvention of the central clearing requirement, the Commission could consider monitoring trading activity and, if appropriate, at a later stage adopt further measures to address this.

On balance, we consider the proposed relief with the above suggested refinements represents a key step in addressing extraterritorial concerns, while addressing the level field issues raised by U.S. market participants.

We believe that the proposed relief effectively addresses the concerns set out in ICMA's recent [letter](#) to Commissioner Uyeda dated 26 February.

We therefore generally support the exemptive relief with the caveats above and offer the following comments on selected questions raised in the Release:

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”)?

Yes. For Non-U.S. Transactions as proposed, the activity does not present the U.S. market systemic risk that the Trade Submission Requirement is intended to address. Limiting the rule to transactions to market participants with a clear U.S. nexus better aligns the scope of the mandate with the geographic location of risk and reduces unnecessary and inappropriate extraterritorial regulation.

In addition, non-U.S. firms can face legal and practical barriers to mandatory central clearing in the U.S., including time-zone differences and limited offshore operational support, jurisdictional licensing limitations, legal constraints on membership and substantial onboarding and compliance costs. Imposing mandatory clearing in these circumstances would create disproportionate burdens.

- 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?**

Subject to our comments above, the definition from existing rules (Rule 3a71-3)(a)(4)(i) promotes consistency and reduces interpretive uncertainty for market participants.

- 3. Is the scope of the definition of a Non-U.S. Participant appropriate?**

Yes, subject to the suggested refinements discussed above.

- 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.**

For international participants, the exemption would support continued international participation and avoid distortions that otherwise could arise if firms alter booking models, legal entity structures, or clearing arrangements primarily for regulatory reasons, thereby reducing the risk of non-U.S. firms scaling back or exiting the U.S. Treasury market.

- 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.**

No comments

- 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?**

As discussed above, some market participants have raised concerns regarding potential competitive implications particularly if non-U.S. affiliates or branches of U.S.

headquartered firms were to remain subject to the Trade Submission Requirement. Those market participants have suggested extending the scope of the relief to non-U.S. branches or affiliates of U.S. headquartered firms in order to avoid placing such firms at a competitive disadvantage in markets outside the U.S.

- 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.**

The relief removes a significant barrier to clearing agency membership for non-U.S. firms. By decoupling membership status from the clearing mandate for offshore transactions, the SEC encourages a broader, more diverse range of international direct participants.

- 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 noncentrally cleared bilateral repo reporting established by the Office of Financial Research within the U.S. Department of the Treasury)? Please explain.**

The exemption should not alter existing reporting obligations to the extent that reporting requirements operate under separate frameworks and are designed to support transparency irrespective of clearing status.

- 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.**

The exemption will avoid a negative impact on U.S. Treasury market liquidity or resiliency. By removing regulatory friction for cross-border activity, it helps maintain participation by international firms, which is an important component of market functioning.

- 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.**

The relief would reduce legal uncertainty as well as compliance and operational barriers and burdens for foreign participants engaging in offshore transactions with non-U.S.

clients and may help avoid negative impacts on foreign participation in U.S. Treasury markets.

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.

No comments

12. Would the requested relief impact contagion risk for U.S. Treasury securities CCAs, or systemic risk more broadly?

No comments

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?

The benefits of the Trade Submission Requirement would remain the same for transactions within scope.

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.

No comments

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.

We believe the requested relief is consistent with the provision of 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



We see no issues with settlement and safeguarding of securities and funds in relation to Section 17A of the Exchange Act presented by the proposed relief.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Bryan Pascoe", is positioned below the "Yours sincerely," text. The signature is fluid and cursive, with a prominent initial "B" and a long, sweeping tail.

Bryan Pascoe

Chief Executive