ICMA
International Capital Market Association

May 29 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. 34-105262; File No. S7-2026-11]***

Dear Ms. Countryman:

ICMA welcomes the opportunity to comment on the above referenced request for exemptive relief in SEC Release No. No. 34-105262; File No. S7-2026-11 and supports the Commission granting targeted exemptive relief from the Trade Submission Requirement for transactions between a direct participant and an affiliated counterparty.

In particular, we support the proposed expansion of the definition of "affiliate" for purposes of the Inter-Affiliate Exclusion. The current scope appears relatively restricted and may not fully reflect how global financial groups manage liquidity and collateral functions across legal entities. Expanding the definition would better align the exemption with the underlying policy intention.

We also support the targeted relief for genuinely non-U.S. repo transactions involving non-U.S. affiliates and non-U.S. counterparties, in line with our response for the SEC Release No. 34-20494; File No. S7-2026-07.

However, while we understand the Commission's and objective of preventing evasion of the clearing mandate, some ICMA members are cautious about the proposed 10 percent cap, although methodologically defined, may create significant costs in terms of implementation, monitoring and governance and create operational, systems, and compliance burdens.

We also noted suggestions from certain market participants that a phased implementation, for example, begins with a higher threshold before gradually tightening over time, could allow firms additional time to adapt. However, such an approach may not fully address the concerns of some members regarding the underlying operational complexity associated with ongoing monitoring and compliance of the threshold framework.

In addition, some market participants suggested that the proposed methodology for the 10 percentage threshold creates unintended advantages or disadvantages based on firm size, business model, or organisational structure. If a quantitative cap is retained, the Commission could consider calibration approaches that better account for differences in firms' market participation and organisational structures (explained further in Q7).

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

1. Is the requested expansion of the types of affiliates that could qualify for the Inter Affiliate Exclusion appropriate? Please explain.

Yes, we support the requested expansion. Expanding the scope of qualifying affiliates would better reflect how global financial institutions manage their internal funding and collateral across jurisdictions and legal entities.

2. Is the 10 percent threshold appropriate? Please explain why or why not, and if possible, provide data to demonstrate why it is or is not. Would another threshold be appropriate and why?

We understand the rationale for a threshold as an anti-evasion safeguard. However, we question whether a 10 percent quantitative threshold is operationally practical. The operational burden of aggregating data across multiple entities and jurisdictions, monitoring outstanding positions over a rolling multi-quarter period, and implementing the necessary system uplift and governance controls may significantly reduce the practical usage of the relief.

3. Are the calculations for the numerator and denominator appropriate? Please explain. Alternatively, should the numerator and denominator include repo transactions between two non-U.S. affiliates? Please explain.

The proposed numerator and denominator are reasonable.

4. Should the numerator transactions and denominator transactions be calculated as an average of outstanding daily open notional balances over each of the last three quarters with more weight given to more recent quarters? Please explain why or why not. Would another method or period of time be appropriate for the calculation and why?

No comment.

5. Should the denominator transactions be measured across a direct participant's entire organization, as opposed to on a direct participant-by-direct participant basis? Please explain why or why not, and whether such an approach would also be appropriate for the numerator transaction.

Measuring across the organisation appears more consistent with the economic reality of how the entire group manage its internal trades on a consolidated basis. However, as mentioned, this approach increases operational complexity, especially given data sits across multiple systems and jurisdictions.

6. 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.

Inter-affiliate repos are typically for internal liquidity and balance sheet management rather than client-facing activities, and booking decisions are driven by a range of factors, including commercial, regulatory, and operational considerations, beyond just clearing requirements.

7. Would the requested relief impact competition between different types of firms or based on the firm's organizational structure or size? If so, please describe the impact on competition and how this impact would occur.

Larger global institutions may be better positioned to comply with the threshold than smaller or less internationally diversified firms due to system and resource advantages. In addition, depending on the organisational structure and the concentration of cleared activity across the group, some firms may be structurally better positioned to remain below the threshold than others. In particular, some market participants noted the interaction between the proposed threshold and the separate exemptive relief requested by the IIB. If certain non-U.S. transactions are excluded from the clearing requirement under the IIB request, they do not contribute to cleared eligible repo activity and therefore would be removed from the denominator for the purpose of the threshold calculation. This would put such firms at a competitive disadvantage compared to firms with larger volumes of in-scope cleared Treasury repo activity.

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 requested relief may support market liquidity by providing operational flexibility for internal funding and collateral management.

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 requested relief may support continued foreign participation in U.S. Treasury markets by reducing operational friction for cross-border internal funding structures.

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

For CCAs to comment.

12. 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?

We do not believe the core benefits of central clearing would be undermined.

13. 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.

For CCAs to comment.

14. As an alternative to the requested relief, should the Commission issue an exemption for a direct participant's inter-affiliate transactions that are for treasury, liquidity, or collateral risk management purposes? If so, how should the Commission define such

purposes, and what evidence could a direct participant use to demonstrate why such transactions are for treasury, liquidity, or collateral risk management purposes?

While we would support this in theory, in practice, it can be challenging to demonstrate what activities / transactions are executed for TLC purposes.

15. Should the Commission include a self-reporting mechanism to the Commission in the event that a particular direct participant materially exceeds the 10 percent threshold, or any other threshold the Commission may condition the relief upon? If the Commission were to include such a mechanism, please describe how that mechanism would work. Should the Commission consider providing such a mechanism with reporting to another entity, such as the covered clearing agency or agencies of which that entity is a direct participant, its regulator, or some other entity?

No comment.

16. Additionally, what should be considered "material" when determining whether a firm has materially exceeded the 10 percent threshold, or any other threshold the Commission may condition the relief upon?

Potential considerations may include duration of breach, size of breach, and whether the breach was temporary or structural.

17. If self-reporting should be made to the covered clearing agency, how would this reporting mechanism differ, if at all, from Rule 17ad-22(e)(18)(iv)(B), which requires a covered clearing agency to identify and monitor its direct participants' submission of transactions for clearing as required by Rule 17ad-22(e)(18)(iv)(A), including how the covered clearing agency would address a failure to submit transactions in accordance with Rule 17ad-22(e)(18)(iv)(A)? Would some sort of self-reporting mechanism be burdensome to administer at one or more U.S. Treasury securities CCAs?

For CCAs to comment.

18. Should the Commission include a limited clearing requirement, subject to a sufficient timeline for implementation, for firms who report multiple instances of exceeding the 10 percent threshold, or any other threshold the Commission may condition the relief upon? If so, what should the limited clearing requirement be? What form would such a limited clearing requirement take? Should such limited clearing requirement necessarily exclude

repos between two non-U.S. affiliates? What would be a sufficient timeline for implementation?

No comment.

19. If the Commission were to grant the requested relief, should we modify any of the conditions in the request for exemptive relief? Should the Commission condition the requested relief on any additional requirements? If so, please describe what those conditions should be and why.

No comment.

20. How does the relief requested interact, if at all, with the relief requested by the Institute for International Bankers ("IIB")? 47 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.

The requested relief appears complementary to the IIB request as both seek to address the genuinely non-U.S. activities. The Commission should ensure consistency between the two frameworks and not applying multiple overlapping quantitative caps without clear justification. The Commission should also be aware of the potential interaction effects as explained under Question 7 in terms of threshold calculation.

21. 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.

22. 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,

Bryan Pascoe

Chief Executive