



September 8, 2025

Via Electronic Submission (OCARquest@SEC.gov)

Accounting Group – Interpretations
Office of the Chief Accountant
United States Securities and Exchange Commission
100 F Street NE, Mail Stop 6628
Washington DC, 20549-6628

Attention: Rachel Mincin

Re: Confirmation Letter Related to the SIFMA¹ Accounting Committee's UST Clearing Working Group's (the "Working Group") Whitepaper 'Accounting Treatment for UST Repo Transactions Cleared Through FICC'

This letter is to confirm our discussion on July 29, 2025 with the Staff of the Office of the Chief Accountant of the Securities and Exchange Commission (the "Staff") that the Staff would not object to the conclusion reached by the Working Group that the Fixed Income Clearing Corporation ("FICC") is the principal counterparty to the Agent Clearing Member's ("ACM") customer's repurchase agreement transaction ("repo") upon novation to FICC, and that upon such novation, the ACM is not counterparty to the customer's repo, but rather has provided FICC with a financial guarantee of the ACM's customer's obligations to FICC².

We understand that the Staff's conclusion is based solely on the facts and circumstances provided to the Staff via the July 1, 2025 submission titled 'Accounting Treatment for UST Repo Transactions Cleared Through FICC' (the "Submission"), and a conference call held on July 22, 2025. Further, the Staff's

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

² The view provided by the Staff did not address all aspects of the analysis provided by the Working Group, as it was limited to the conclusion reached by the Working Group.

conclusions are subject to the Working Group's assumptions in the Submission, including those about certain provisions that will be included in the customer agreement, which are:


1. Explicit acknowledgement from the customer that ACM's role is as agent to the customer's repurchase agreement transaction when performing clearing services for the customer;
2. The customer is legally obligated to perform under all terms of the transaction and must deliver all cash and securities when due;
3. The ACM does not guarantee the value of the customer's repo to the customer, rather the ACM is responsible for the performance of clearing services for the customer (i.e., performance of all of the outstanding cash and security delivery obligations to FICC on behalf of its customer);
4. The ACM does not guarantee FICC's performance to the customer;
5. The ACM cannot initiate, amend, or terminate a transaction without instruction from the customer (other than in event of customer default);
6. The ACM's compensation for providing clearing services is limited to a pre-defined fee (though the ACM may be entitled to receive interest earned on margin posted by the customer); and
7. The ACM is permitted to call for sufficient margin such that its credit risk to the customer is substantively mitigated.

In addition, we understand that the Staff considered that FICC has obtained from external counsel:

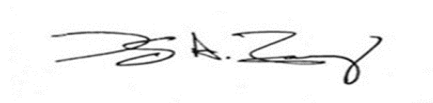
- A "would" level legal opinion confirming that a court applying New York law would conclude that novation of the trades extinguishes the payment and delivery obligations between the pre-novation counterparties and replaces them with new identical payment and delivery obligations between each party and FICC, and;
- A "would" level legal opinion confirming that a court applying New York law would conclude that in submitting, carrying and clearing the customer's repo transaction, the ACM acts as agent for the customer.

Finally, we note that the Staff's views are based on the facts and circumstances and assumptions specified in the Submission and should not be applied to other facts and circumstances.

Sincerely,



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