



January 16, 2026

Mr. Christopher Kirkpatrick
Secretary
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Re: Proposal to Provide Exemptive Relief to Facilitate Cross-Margining of Customer Positions Cleared at Chicago Mercantile Exchange, Inc. and Fixed Income Clearing Corporation

Dear Mr. Kirkpatrick:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ and the Asset Management Group of SIFMA (“SIFMA AMG”)² submits this letter to the U.S. Commodity Futures Trading Commission (“Commission” or “CFTC”) in support of the CFTC’s proposed order (the “Proposal”) providing exemptive relief from the Commodity Exchange Act (“CEA”) and CFTC regulations to allow the Chicago Mercantile Exchange, Inc. (“CME”) and the Fixed Income Clearing Corporation (“FICC”) to make their existing cross-margining arrangement available to certain customers of dually registered broker-dealers (“BDs”)/futures commission merchants (“FCMs”), subject to the conditions detailed in the Proposal. As the CFTC noted in the Proposal, the ability of regulated central clearing counterparties, such as CME and FICC, to cross-margin related positions of a single customer account or across affiliated customer accounts benefits both the individual market participant utilizing cross-margining and the financial markets more broadly. Such cross-margining allows risk offsets to be appropriately recognized while preserving the protections of centralized clearing.

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 SIFMA AMG brings the asset management community together to provide views on U.S. and global policy and to create industry best practices.

SIFMA AMG’s members represent U.S. and global asset management firms—both independent and broker-dealer affiliated—that manage more than 50% of global AUM. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds.

As discussed in the Proposal, the CEA and CFTC regulations prevent FCMs that are dually registered as BDs with the Securities and Exchange Commission and are joint clearing members of CME and FICC from holding futures customer funds and futures customer positions with any other positions or funds. These restrictions arise from the existing segregation, custody, and permissible investment requirements applicable to futures customer funds, rather than from concerns regarding the risk-reducing nature of cross-margining itself. In addition, the CEA and CFTC regulations require that futures customer funds be held with a bank or trust company. Therefore, CME and FICC petitioned the CFTC to grant exemptive relief permitting BD-FCMs to (1) hold non-futures customer funds and positions together with futures customer funds and positions in a futures account, and (2) deposit at FICC, and enable FICC to hold customer funds and margin associated with futures positions. SIFMA and SIFMA AMG support the Proposal as an appropriately tailored approach to achieving broader capital efficiency while maintaining the customer and market resiliency protections of centralized clearing.

As noted in the CFTC's Global Markets Advisory Committee's ("GMAC") February 2024 recommendation entitled *FICC-CME Customer Position Cross-Margining Structure Recommendation*, there is a history of regulated central clearing counterparties successfully leveraging limited cross-margining to optimize capital efficiency without undermining the market resiliency afforded by centralized clearing and associated margin requirements.³ For example, since 2004, CME and FICC have had a cross-margining agreement that applies only to the proprietary futures and securities positions of CME-FICC joint clearing members, enabling them to more efficiently manage the risk associated with their proprietary positions in U.S. Treasuries and Treasury futures as a single portfolio. The Proposal would extend this cross-margining program to customer accounts of eligible BD-FCMs (many of which are sophisticated institutional customers), allowing participating customers to benefit from the same level of capital efficiencies as BD-FCMs.

Expanding the CME-FICC cross-margining program to customers of eligible BD-FCMs, subject to the conditions such as customer opt-in, continued segregation of customer funds, and compliance with risk management and collateral requirements described in the Proposal, also will have broader benefits to the financial markets. As noted in the Proposal, cross-margining reduces clearing costs. These cost reductions will help support and counterbalance potential clearing cost increases Treasury market participants may experience with mandatory clearing of certain U.S. Treasury transactions taking effect later this year and in 2027. As mandatory clearing requirements expand, the volume of cleared Treasury trades will increase, making capital efficiency through cross-margining even more important for market participants. In addition, the clearing efficiencies flowing from cross-margining also will ensure that margin requirements reflect risk offsets in participants' portfolios which generally will enhance liquidity in the Treasury markets.

³ See *CFTC Global Markets Advisory Committee Advances Key Recommendations*, CFTC Release No. 8860-24 (Feb. 8, 2024). The GMAC's "FICC-CME Customer Position Cross Margining Structure Recommendation" is available at https://www.cftc.gov/media/9591/gmac_FICC_CME110623/download. SIFMA supported this GMAC recommendation.

Furthermore, the Proposal details the protections that would apply to customer collateral in the event a central counterparty (i.e., FICC or CME) or a BD-FCM became insolvent, both for those customers engaged in cross-margining and those that do not engage in cross-margining. BD-FCMs with customers that opt in to cross-margining will continue to be required to segregate customer funds and positions from proprietary funds and positions. SIFMA and SIFMA AMG appreciate that default management and customer protections are contemplated within FICC-CME's proposed framework, but we would urge the CFTC, before approving the Proposal, to ensure that these procedures are robust, legally supported, transparent to participants, and backed up with appropriate fallbacks.

We also urge the CFTC, prior to approval of the Proposal and with input from market participants, to appropriately stress test the margin calculations to determine that they are sufficiently conservative to assure coverage of risks at the clearing houses. Finally, it is important that the margin calculation mechanisms and any optimization platforms offered by the clearing houses be appropriately resilient and tested for operational resilience. Developed and fully transparent fallback procedures for any operational issues are needed to limit possible negative impacts to liquidity across the Treasury market should those systems be unavailable.

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SIFMA and SIFMA AMG appreciate the opportunity to comment on the CFTC's Proposal to provide exemptive relief that will allow CME and FICC to extend their cross-margining program to the customer accounts of eligible BD-FCMs. As discussed, we support the Proposal so that customers of eligible BD-FCMs can enjoy the benefits and protections of the CME-FICC cross-margining program that has applied to BD-FCM proprietary activity for many years. If you have any questions or need any additional information, please contact Robert Toomey at SIFMA (rttoomey@sifma.org) or William Thum at SIFMA AMG (bthum@sifma.org).

Sincerely,



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