



May 29, 2026

VIA ELECTRONIC SUBMISSION

Internal Revenue Service
Attn: CC:PA:01:PR (Notice 2026-23) Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

Re: Recommendations for 2026-27 IRS Priority Guidance Plan/Notice 2026-23

Dear Sir or Madam:

The Securities Industry and Financial Markets Association¹ (“SIFMA”), the Asset Management Group of the Securities Industry and Financial Markets Association² (“SIFMA AMG”) and their members (collectively, the “Associations,” “we,” “our” or “us”) respectfully submit this letter (this “Letter”) in response to Notice 2026-23, and appreciate the opportunity to offer our suggestions regarding regulatory guidance to be placed on the 2026-27 Priority Guidance Plan (2026-27 PGP).

We are pleased to confirm our firm support for the suggestion provided by Nareit®, the National Association of Real Estate Investment Trusts®, in its letter dated May 29, 2026, to clarify that overnight U.S. Treasury reverse repurchase transactions subject to the clearing mandate issued by the Securities and Exchange Commission (the “SEC”) and cleared through the centralized clearing procedures of the Fixed Income Clearing Corporation (“FICC”) (or any similar SEC-regulated and approved centralized clearinghouse) are not treated as securities subject to the 5% asset test of section 856(c)(4)(B)(iv)(I).

The SEC’s clearing mandate for transactions involving U.S. Treasury securities is intended to mitigate counterparty credit risk and thereby broaden the market for U.S. Treasury securities. Through its clearing procedures and regulations, the FICC – through acting as buyer for every seller and seller for every buyer - virtually eliminates counterparty credit risk (i.e., risk of loss in the case of a default

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). For more information, visit <http://www.sifma.org>.

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 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. For more information, visit <http://www.sifma.org/amg>.

by a counterparty) on the transactions it clears. As a result, overnight U.S Treasury reverse repurchase transactions cleared through the FICC are highly safe and highly liquid.

If FICC-cleared overnight U.S. Treasury reverse repurchase transactions are required to be treated as “securities” issued by a single issuer (the FICC), mortgage REITs could be unduly restricted in their ability to invest in such repos and to effectively manage their interest rate risk. While the 5% asset test is intended to lessen risk by limiting exposure concentration to a single issuer, given the clearing mandate, a REIT will no longer be able to diversify its reverse repurchase agreements across multiple issuers and will instead be restricted to invest no more than 5% in U.S. Treasury reverse repurchase transactions as there will be no alternative but to clear the transactions through the FICC.

Accordingly, we support Nareit’s recommendation that the IRS and the Treasury Department clarify that overnight U.S. Treasury reverse repurchase transactions cleared on the FICC (or any similar SEC-regulated and -approved centralized clearinghouse) are not treated as securities subject to the 5% asset test.

We appreciate the IRS and Treasury Department’s continued engagement with these important issues and welcome the opportunity to discuss our views further. If you have any questions or require additional information, please do not hesitate to contact William Thum at 202-962-7381 or bthum@sifma.org; or Rob Toomey at 212-313-1124 or rtoomey@sifma.org.

Respectfully submitted,



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Robert Toomey
Managing Director and Head of Capital Markets, SIFMA