



May 20, 2026

Via Electronic Mail

The Honorable Paul S. Atkins
Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E. Washington, D.C. 20549

Re: Request for Exemptive Relief Under Section 36 of the Securities Exchange Act of 1934 — Extension of Inter-Affiliate Exception Relief to Private Fund Families

Dear Chairman Atkins:

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”) on behalf of private funds³ and their affiliated investment advisers that maintain, or contemplate establishing, directly or indirectly, wholly-owned captive broker-dealer or futures commission merchant subsidiaries (each, a “Captive Clearing Subsidiary”) that act as direct members of Treasury CCAs (as defined below) for the purpose of accessing central clearing for U.S. Treasury security repurchase (“repo”) agreements and reverse repo agreements.

Pursuant to Section 36(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), we hereby request that the U.S. Securities and Exchange Commission (the “Commission”) grant targeted exemptive relief from the condition in the Treasury Clearing Rule (as defined below) requiring that an “affiliated counterparty” be a bank, broker-dealer, futures commission merchant or foreign equivalent (each, an “Exempted Entity”) (such condition, the “Enumerated Entity Condition”) as applied to inter-affiliate U.S. Treasury repo agreements between any Private Fund or Private Funds managed by a

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>.

³ Issuers that would be investment companies but for Sections 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 (“Private Funds”).

single investment adviser or a group of affiliated investment advisers (together, a “Fund Family”) and their directly or indirectly wholly-owned Captive Clearing Subsidiaries.

We would like to acknowledge and make note of the exemptive request (the “MFA Letter”) submitted on December 18, 2024 by the Managed Funds Association (“MFA”)⁴, as well as the exemptive request (the “SIFMA Letter”) submitted on April 10, 2026 by SIFMA⁵. The Associations agree with the positions and arguments in the MFA Letter and the SIFMA Letter and submit this request to provide Inter-Affiliate Exception (as defined below) relief to any Fund Family that utilizes a Captive Clearing Subsidiary structure (“Captive Clearing Structure”). We believe the requested relief is consistent with the public interest and the protection of investors, as required by Section 36(a) of the Exchange Act, for the reasons set forth below.

Executive Summary

The Associations support mandatory clearing as a robust long-term market structure for U.S. Treasury securities. However, the Enumerated Entity Condition in the Inter-Affiliate Exception to the Treasury Clearing Rule effectively forecloses the use of Captive Clearing Structures by Private Funds, notwithstanding that all other conditions of the exception are satisfied. This Letter requests that the Commission grant targeted exemptive relief under Section 36(a) of the Exchange Act from the Enumerated Entity Condition as applied to inter-affiliate U.S. Treasury repo and reverse repo agreements between any Fund Family and its wholly-owned Captive Clearing Subsidiaries. In this respect, this Letter is distinct from the Associations’ separate comment letter submitted to the Commission regarding exemptive relief for non-U.S. persons from the Trade Submission Requirement, which did not address relief for Private Funds utilizing Captive Clearing Structures.

The requested relief would expand access to central clearing, preserve all other Inter-Affiliate Exception safeguards, promote netting efficiency and cross-margining benefits, harmonize the Commission’s framework with the CFTC’s inter-affiliate approach and protect investors by enabling Private Fund complexes to access central clearing through efficient Captive Clearing Structures.

I. Background

On December 13, 2023, the Commission adopted final rules amending Exchange Act Rule 17ad-22 requiring Treasury covered clearing agencies (“Treasury CCAs”) to establish policies and procedures for their direct participants to submit all “eligible secondary market transactions” in U.S. Treasury securities for clearing (the “Treasury Clearing Rule”). The Treasury Clearing Rule also imposed an access requirement obligating Treasury CCAs to facilitate indirect participant access. The Treasury Clearing Rule also carves out from the clearing mandate certain repo and reverse repo agreements conducted between a direct participant of a Treasury CCA and a qualifying “affiliated counterparty” (the “Inter-Affiliate Exception”). To qualify for the Inter-Affiliate Exception as originally adopted, the parties must satisfy four conditions:

1. **Outward-Facing Clearing:** The direct participant’s affiliated counterparty must submit for clearing all of its U.S. Treasury repo and reverse repo agreements where its counterparty to the trade is not its affiliated direct participant (the “Outward-Facing Trade Clearing Condition”).

⁴ See Letter from Jennifer M. Han, Executive Vice President, Chief Counsel and Head of Global Regulatory Affairs, MFA, dated December 18, 2024, *available at* <https://www.mfaalts.org/wp-content/uploads/2024/12/MFA-Treasury-Clearing-Mandate-Exemption-Request-inter-affiliate-exception-As-submitted-12.18.24.pdf>.

⁵ See Letter from Robert Toomey, Head of Capital Markets, Managing Director/Associate General Counsel, SIFMA, dated April 10, 2026, *available at* <https://www.sifma.org/wp-content/uploads/2026/04/SIFMA-Section-36-Exemptive-Relief-Request-for-Interaffiliate-Transactions.pdf>.

2. **Regulatory Status:** The affiliated counterparty must itself be an Exempted Entity.
3. **Majority Ownership:** The affiliated counterparty and the direct participant must be linked by a direct or indirect majority ownership interest, whether the counterparty holds such interest in the direct participant, the direct participant holds such interest in the counterparty or a common parent holds a majority ownership interest in both (the “Common Majority Ownership Condition”).
4. **Financial Consolidation:** The affiliated counterparty, the direct participant or their common majority owner must prepare consolidated financial statements under U.S. GAAP or IFRS that incorporate the financial results of the relevant majority-owned entity or entities (the “Accounting Consolidation Condition”).

II. Captive Clearing Structures for Treasury CCA Access

A common structure involves a fund establishing a wholly-owned subsidiary that is a registered broker-dealer or futures commission merchant and a direct participant of a Treasury CCA, through which the fund enters into bilateral Treasury repo and reverse repo agreements that such Captive Clearing Subsidiary then submits for clearing at the Treasury CCA via back-to-back cleared repo and reverse repo agreements with third-party counterparties. The Captive Clearing Subsidiary acts as a conduit providing the fund with the economic and operational benefits of central clearing (including access to the Treasury CCA’s netting, margining and default management infrastructure).

Because a Private Fund is not itself an Exempted Entity, the Enumerated Entity Condition effectively forecloses the availability of the Inter-Affiliate Exception for this structure, even though all other conditions are satisfied.

III. Policy Rationale Supporting Relief Under Section 36(a): Public Interest and Investor Protection

A Private Fund that wholly owns a captive broker-dealer for clearing purposes is no less “affiliated” with that broker-dealer than any other affiliated entity in the same structural position. Captive Clearing Structures increase clearing capacity by enabling funds to access a Treasury CCA without relying on the limited number of unaffiliated third-party netting members willing to offer correspondent clearing or sponsoring services. Captive structures also promote netting efficiency by enabling Fund Families to “net down” the aggregate number of repo and reverse repo agreements executed with third parties, reducing the overall volume submitted to a Treasury CCA while preserving the risk-reduction benefits of central clearing: a benefit the Commission itself recognized in the Adopting Release to the Treasury Clearing Rule (the “Adopting Release”) as among the most significant advantages of central clearing. In addition, Captive Clearing Structures enable Fund Families to take advantage of cross-margining arrangements between FICC and CME Group, reducing margin requirements for participants with offsetting positions across the two Treasury CCAs, consistent with the Commission’s stated encouragement of such arrangements.

The requested relief also advances regulatory harmonization. The Commission stated in the Adopting Release that the Inter-Affiliate Exception was intended to be consistent with the CFTC’s treatment of inter-affiliate transactions, yet the CFTC’s inter-affiliate swaps clearing exemption contains no analogous Enumerated Entity Condition. A Private Fund using a Captive Clearing Subsidiary that satisfies the Outward-Facing Trade Clearing Condition,⁶ the Common Majority Ownership Condition and the Accounting Consolidation Condition presents a risk profile that is not materially different

⁶ The Agencies note that the 10 Percent Non-U.S. Affiliate Relief requested in the SIFMA Letter remains an additional request for the reasons stated therein.

from an inter-affiliate swap transaction otherwise subject to the CFTC's exemption, and placing severe structural hurdles on their implementation of the clearing mandate will create market disruption and fragmentation that is not in service of the broader goals of the mandate.

The Commission has broad exemptive authority under Exchange Act Section 36(a) and has indicated it would use that authority as necessary to address implementation challenges arising from the Treasury Clearing Rule. The relief requested here is precisely the type of narrow, targeted exemption that falls within this authority. It does not affect the Outward-Facing Trade Clearing Condition (though we continue to support the 10 Percent Non-U.S. Affiliate Relief requested in the SIFMA Letter for the reasons stated therein), the Common Majority Ownership Condition or the Accounting Consolidation Condition, and therefore does not reduce the volume of transactions subject to central clearing. It simply recognizes that a Fund Family that wholly owns and controls a Captive Clearing Subsidiary is, in substance, in a comparable position to the affiliated groups for which the Inter-Affiliate Exception was designed, and that the Enumerated Entity Condition, as applied to the fund leg of an intra-family captive clearing transaction, serves no independent risk-management purpose in that context.

In summary, granting the requested relief would: (i) increase the practical availability of central clearing for Private Fund complexes, consistent with the Commission's goal of expanding cleared Treasury market participation; (ii) preserve all other Inter-Affiliate Exception safeguards; (iii) promote netting efficiency and cross-margining benefits for the market as a whole; (iv) harmonize the Commission's framework with the CFTC's inter-affiliate approach and (v) protect investors by enabling Private Fund complexes to access central clearing through efficient, scalable Captive Clearing Structures.

IV. Relief Requested and Conditions

Pursuant to Section 36(a) of the Exchange Act, we request that the Commission provide exemptive relief from the Enumerated Entity Condition to the Inter-Affiliate Exception of the Treasury Clearing Rule in connection with a transaction between a Fund Family and its Captive Clearing Subsidiary, subject to the conditions that:

1. the Captive Clearing Subsidiary is, directly or indirectly, wholly owned by one or more Private Funds;
2. such Private Fund(s) are under the management of a single investment adviser or a group of affiliated investment advisers; and
3. all other conditions of the Inter-Affiliate Exception that would otherwise be applicable are satisfied by such Private Fund(s) and its/their Captive Clearing Subsidiary, including, to the extent relevant, the Outward-Facing Trade Clearing Condition, with the 10 Percent Non-U.S. Affiliate Relief requested in the SIFMA Letter (for the reasons stated therein).

In other words, we support the positions of both the MFA Letter and the SIFMA Letter and request only that the regulatory status of the direct participant's affiliated counterparty be expanded to include one or more Private Funds within a Fund Family that utilize a Captive Clearing Structure.

V. Conclusion

For the foregoing reasons, we respectfully request that the Commission grant the exemptive relief described in Section IV of this letter pursuant to Section 36(a) of the Exchange Act. Narrowly tailored relief from the Enumerated Entity Condition, while preserving all other Inter-Affiliate Exception safeguards, would (i) be consistent with the Commission's stated rationale for the Inter-Affiliate Exception, (ii) advance regulatory harmonization with the CFTC's framework and (iii) serve the

public interest by expanding access to efficient, cleared Treasury market participation for the benefit of investors in Private Funds.

We appreciate the Commission'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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cc: The Hon. Hester M. Peirce, Commissioner
The Hon. Mark T. Uyeda, Commissioner
Mr. Jamie Selway, Director, Division of Trading and Markets