



September 10, 2026

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 Mortgage REITs

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 Mortgage REITs³ 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 agreements and reverse repo agreements (“U.S. Treasury Repos”).

I. Executive Summary

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 Rule⁴ requiring that an

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 Real estate investment trusts that would be investment companies but for Section 3(c)(5)(C) of the Investment Company Act of 1940 (“Mortgage REITs”).

⁴ 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

“affiliated counterparty” be a bank, broker-dealer, futures commission or foreign equivalent (each, an “Exempted Entity”) (such condition, the “Enumerated Entity Condition”) with respect to inter-affiliate U.S. Treasury Repos between any Mortgage REIT (together with its consolidated affiliates, a “REIT Group”) and its directly or indirectly wholly-owned Captive Clearing Subsidiaries.

II. Background

The Treasury Clearing Rule carves out from the clearing mandate U.S. Treasury Repos conducted between a direct participant of a Treasury covered clearing agency (“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 Repos where its counterparty to the trade is not its affiliated direct participant (the “Outward-Facing Trade Clearing Condition”).
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”).

On June 18, 2026, in Order Release No. 34-105736 (the “Private Fund Order”), the Commission granted relief from the bank / broker-dealer / FCM condition of the inter-affiliate exclusion for repurchase transactions between a “Private Fund” (an issuer excluded from investment-company status by Section 3(c)(1) or 3(c)(7)) and its captive clearing subsidiary.

We would like to acknowledge and make note of the exemptive request (the “SIFMA Letter”) submitted on April 10, 2026, by SIFMA⁵. We believe the requested relief is consistent

participants to submit all “eligible secondary market transactions” in U.S. Treasury securities for clearing (the “Treasury Clearing Rule”).

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/>.

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.

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

The rationale, risk profile, and structure of the use by REIT Groups of a Captive Clearing Subsidiary are substantively the same as the Commission just addressed in the Private Fund Order. The sole difference is the particular clause of Section 3(c) under which the affiliate is excluded from investment-company status. Sections 3(c)(1), 3(c)(7), and 3(c)(5)(C) each place an issuer outside the “investment company” definition, but on unrelated grounds — respectively, the limited number of its beneficial holders, the qualification of its holders as “qualified purchasers,” and the nature of its assets (mortgages and other real estate-related interests). None of those grounds bears on the risk of an inter-affiliate repurchase transaction that is between a parent and its wholly owned, consolidated captive clearing subsidiary and is backed by the outward-facing condition.

A. Clearing Capacity Is Enhanced Through The Use Of A Captive Clearing Subsidiary By REIT Groups.

Captive Clearing Structures increase clearing capacity by enabling REIT Groups 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 REIT Groups to “net down” the aggregate number of Treasury Repos 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 REIT Groups 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.

B. An Exemption for Inter-Affiliate Clearing by REIT Groups is Consistent with the CFTC’s Inter-Affiliate Swaps Clearing Exemption.

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 Mortgage REIT using a Captive Clearing Subsidiary that satisfies the Outward-Facing Trade Clearing Condition, the Common Majority Ownership Condition and the Accounting Consolidation Condition presents a risk profile that is not materially different from an inter-affiliate swap transaction otherwise subject to the CFTC’s exemption.

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 REIT Group 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 mortgage REIT leg of an intra-group captive clearing transaction, serves no independent risk-management purpose in that context.

Note as well that the relief sought is not inconsistent with tax rules as REITs are permitted to hold a portion of their assets in non-real estate investments either directly or through a taxable REIT subsidiary, and the relief requested would preserve the flexibility for REITs to manage their affairs as among their parent and subsidiary entities in the same manner as exists today prior to the clearing mandate becoming applicable to U.S. Treasury Repos.

IV. Relief Requested and Conditions

In summary, granting the requested relief would: (i) increase the practical availability of central clearing for Mortgage REITs, 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 Mortgage REITs to access central clearing through efficient, scalable Captive Clearing Structures.

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 Mortgage REIT (or REIT Group) 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 REIT Groups.
2. such REIT Group(s) are either internally managed or 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 REIT Groups 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).

We request that the regulatory status of the direct participant's affiliated counterparty be expanded to include REIT Groups that utilize a Captive Clearing Structure.

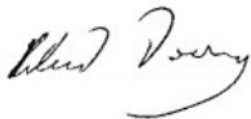
We appreciate the Commission's continued engagement with these important issues and welcome the opportunity to discuss our views further. If you have any questions or require additional information, please do not hesitate to contact William Thum at 202-962-7381 or bthum@sifma.org; or Rob Toomey at 212-313-1124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

Respectfully submitted,



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Robert Toomey

Managing Director & Head of Capital Markets, SIFMA

cc: The Hon. Hester M. Peirce, Commissioner
The Hon. Mark T. Uyeda, Commissioner
Mr. Jamie Selway, Director, Division of Trading and Markets
Ms. Elizabeth L. Fitzgerald, Assistant Director Office of Clearance and Settlement