

September 29, 2025

Via Electronic Mail

The Honorable Paul S. Atkins

Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

The Honorable Caroline D. Pham

Acting Chairman
U.S. Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Re: SEC-CFTC Joint Roundtable on Regulatory Harmonization Efforts

Dear Chairman Atkins and Acting Chairman Pham,

MFA¹ and its members strongly support the U.S. Securities and Exchange Commission's ("**SEC**") and Commodity Futures Trading Commission's ("**CFTC**", together the "**Commissions**") regulatory harmonization efforts. MFA commends your leadership and the agencies' renewed commitment to coordination and innovation in U.S. financial markets.

MFA members have long been active participants in both SEC- and CFTC-regulated markets. However, duplicative regulation—particularly the dual registration requirements for SEC-registered investment advisers ("**RIAs**") and CFTC-registered commodity pool operators ("**CPOs**")—continue to impose significant costs and burdens without commensurate benefits to investors or market integrity. This issue exemplifies the kind of longstanding regulatory inefficiency that the SEC and CFTC have committed to addressing in their recent joint statement on harmonization efforts. As you both have noted, the

¹ Managed Funds Association (MFA), based in Washington, D.C., New York City, Brussels, and London, represents the global alternative asset management industry. MFA's mission is to advance the ability of alternative asset managers to raise capital, invest it, and generate returns for their beneficiaries. MFA advocates on behalf of its membership and convenes stakeholders to address global regulatory, operational, and business issues. MFA has more than 180 fund manager members, including traditional hedge funds, private credit funds, and hybrid funds, that employ a diverse set of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors diversify their investments, manage risk, and generate attractive returns throughout the economic cycle.

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Commissions are embarking on a “long-awaited journey to provide markets the clarity they deserve” by working “in lockstep” to reduce unnecessary barriers and enhance market efficiency.²

A. Eliminating Redundant Regulation

The agencies’ recent work to harmonize regulatory frameworks for digital assets and spot crypto products further underscores the importance of eliminating regulatory “no man’s lands” and duplicative oversight. As stated in your joint remarks, “failure to coordinate, and the resulting regulatory uncertainty, have chilled productive economic activity even when the products would otherwise be allowable under federal law”.³ The same chilling effect applies to duplicative registration of fund managers as both RIAs and CPOs—an inefficiency that can and should be resolved through coordinated exemptive relief. Reinstating a CFTC exemption for SEC-registered advisers managing private funds for sophisticated investors would be a tangible and impactful step toward realizing the agencies’ shared vision of regulatory clarity and coherence.

The CFTC as early as 2002 recognized the benefits of streamlining registration and reporting requirements for CPOs and commodity trading advisors, particularly where other agencies provide overlapping supervision.⁴ The CFTC adopted **Rule 4.13(a)(4)**, which exempted from CPO registration SEC-registered advisers managing private funds offered only to qualified eligible participants. This exemption was a model of regulatory efficiency: it streamlined oversight, reduced redundancy, was appropriate given the limited investor protection risk of sophisticated, sophisticated investors, and importantly allowed both regulators to better allocate limited resources. Although the **Dodd-Frank Act preserved this exemption**, the CFTC **rescinded Rule 4.13(a)(4)** in 2012, reversing these gains and reintroducing duplicative compliance burdens.

We are encouraged by the CFTC’s 2025 Unified Agenda, which includes consideration of amendments to Rules 4.13(a)(3) and (4), and by Acting Chairman Pham’s recent statement that rules imposing “excessive and unnecessary costs” are being withdrawn. MFA strongly supports reinstating an

² U.S. Securities and Exchange Commission, “SEC and CFTC Issue Joint Statement on Regulatory Harmonization Efforts; Will Co-Host Roundtable on Sept. 29,” September 5, 2025, <https://www.sec.gov/newsroom/press-releases/2025-112-sec-cftc-issue-joint-statement-regulatory-harmonization-efforts-will-co-host-roundtable-sept-29>.

³ Chairman Paul S. Atkins and Acting Chairman Caroline D. Pham, “Joint Statement from the Chairman of the SEC and Acting Chairman of the CFTC,” U.S. Securities and Exchange Commission, September 5, 2025, <https://www.sec.gov/newsroom/speeches-statements/joint-statement-atkins-pham-090525>.

⁴ CFTC, Report on the Study of the Commodity Exchange Act and the Commission’s Rules and Orders Governing the Conduct of Registrants Under the Act 23–24 (June 2002), avail. at <https://www.cftc.gov/sites/default/files/files/opa/opaintermediarystudy.pdf>.

exemption for SEC-registered advisers managing private funds for sophisticated investors.⁵ Doing so would align with the goals of the Trump Administration to eliminate unnecessary regulation and promote market efficiency. The CFTC would continue to have numerous rules and reporting requirements, such as large trader reports, position limits, and swap reporting requirements, that enable it to fully oversee the derivatives markets.

B. Harmonizing Product Regulation, Venue Definitions, and Capital and Margin Frameworks

MFA strongly supports the Commissions' efforts to harmonize product regulation, venue definitions, and capital and margin frameworks. The lack of regulatory certainty—particularly in emerging areas such as digital assets—has at times made it challenging for fund managers to confidently engage in trading and investment activity (e.g., SEC and CFTC custody rules pertaining to fund managers). In our experience, dual regulatory regimes with respect to products (e.g., security futures) have deterred innovation and product development, limiting the availability of new tools and strategies for investors.

Similarly, greater regulatory clarity around the definition of trading venue would reduce confusion and compliance complexity for market participants operating across multiple platforms. For example, market participants would have a firmer understanding of their respective regulatory obligations especially for novel assets like crypto, **where their classification as a security or a commodity is debated**. Regulatory certainty would reduce fragmented market access and regulatory arbitrage, and would support financial innovation and more seamless cross-market activity.

It furthermore is important that the Commissions take steps to facilitate greater use of cross-margining across market venues. Increased use of cross-margining would allow market participants to facilitate more efficient risk management practices by firms. The Commissions have long recognized the benefits of cross-margining programs.⁶ Expanding cross-margining programs under both the Fixed Income Clearing Corporation and the Chicago Mercantile Exchange to indirect participants such as private funds and other buy-side entities would lower the costs of clearing to indirect participants and enhance market efficiencies more generally by permitting participants to calculate risk-based margin requirements

⁵ MFA, "Letter to Acting Chairman Pham Regarding Reinstatement of CFTC Rule 4.13(a)(4)," September 22, 2025, <https://www.mfaalts.org/wp-content/uploads/2025/09/MFA-Chair-Pham-Letter-re-413a4-092225-Final.pdf>

⁶ *See, e.g.*, Exch. Act Rel. No. 98327, pp. 9-10 (Sept. 8, 2023) (noting that the Commission "has historically supported and approved cross-margining at clearing agencies and has recognized the potential benefits of cross-margining systems, which include freeing capital through reduced margin requirements, reducing clearing costs by integrating clearing functions, reducing clearing agency risk by centralizing asset management, and harmonizing liquidation procedures" and that cross-margining programs "enhance member liquidity and systemic liquidity both in times of normal trading and in times of market stress by reducing margin requirements for members, which could prove crucial in maintaining member liquidity during periods of market volatility, and enhancing market liquidity as a whole").

across correlated positions that are cleared at different clearinghouses. Cross-margining also would afford the Commissions and other regulators a more accurate view of a counterparties' net exposures to better monitor for systemic and other risks.⁷

Moreover, divergent capital and margin requirements make it unnecessarily expensive or operationally difficult for managers to engage in trading and hedging activity. These disparities can distort market behavior, discourage risk management, and reduce liquidity. Aligning these frameworks would not only reduce costs and complexity for market participants but also enhance systemic resilience and regulatory oversight.

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While the SEC and CFTC operate under distinct statutory mandates, they oversee many of the same market participants and activities. This overlap presents a valuable opportunity for the Commissions to conduct a holistic review of duplicative requirements and identify areas for greater regulatory efficiency. As highlighted in your joint statement, harmonizing product and venue definitions, streamlining reporting and data standards, aligning capital and margin frameworks, and coordinating innovation exemptions are essential to building a more agile and effective regulatory system. Reinstating the Rule 4.13(a)(4) exemption would be a clear example of how the agencies can work together to reduce costs and burdens for fund managers, maximize government resources, and support innovation and market growth. MFA looks forward to continuing its engagement with both agencies to advance these priorities and strengthen the competitiveness and resilience of U.S. financial markets.

Sincerely,

/s/ Bryan Corbett

Bryan Corbett
President & CEO

CC: The Hon. Hester M. Peirce, Commissioner, SEC
The Hon. Caroline A. Crenshaw, Commissioner, SEC
The Hon. Mark T. Uyeda, Commissioner, SEC
Brian Daly, Director, Division of Investment Management, SEC
Jamie Selway, Director, Division of Trading and Markets, SEC
SEC Crypto Task Force

⁷ In addition, to fully realize the benefits of cross-margining programs, it is critical that any amendments to the capital requirements for larger banking organizations and those banking organizations with significant trading activities by U.S. banking regulators recognize the risk off-sets associated with cross-product netting arrangements and related margining, as appropriate.