January 27, 2026

Via Electronic Mail: rule-comments@sec.gov

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Notice of Filing of Proposed Rule Change to Amend and Restate the Second Amended and Restated Cross-Margining Agreement between FICC and CME and Amend Related GSD Rules (File No. SR-FICC-2025-025)

Dear Ms. Countryman:

MFA[1] appreciates this opportunity to submit these comments to the U.S. Securities and Exchange Commission ("**Commission**" or "**SEC**") regarding the above-referenced proposed rule changes by the Fixed Income Clearing Corporation ("**FICC**"), as modified by a partial amendment filed by FICC on December 19, 2025 ("**Proposed Rule**").[2] We have long supported extending the margin efficiencies of cross-margining to positions cleared and carried for customers. Cross-margining would lower costs for market participants by allowing them to apply margin across positions submitted for clearing through various clearinghouses. In this way, a market participant could ensure that it can post margin adequate to support its positions without having to post

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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.

2 Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change to Amend and Restate the Second Amended and Restated Cross-Margining Agreement between FICC and CME and Amend Related GSD Rules, Rel. No. 34-104485 (Dec. 22, 2025), 90 Fed. Reg. 60791 (Dec. 29, 2025), available at: https://www.govinfo.gov/content/pkg/FR-2025-12-29/pdf/2025-23885.pdf. Text of the Proposed Rule is available at: https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/ficc.

margin in excess of regulatory requirements due to an inability to apply margin across platforms. This will improve Treasury market efficiency and resiliency.

We appreciate that FICC and the Chicago Mercantile Exchange Inc. ("**CME**") are moving forward with facilitating cross-margining for customers and support the Proposed Rule, subject to the comments below.

I. Background

FICC is proposing a rule change related to its cross-margining arrangement with CME (the "**Customer Cross-Margining Arrangement**"). The proposed rule change consists of:

(i) A proposed Third Amended and Restated Cross-Margining Agreement (the "**Third A&R Agreement**") between FICC and CME, which would replace the Second Amended and Restated Cross-Margining Agreement between FICC and CME in its entirety and would be incorporated into the FICC Government Securities Division ("**GSD**") Rulebook ("**GSD Rules**"); and

(ii) A number of related rule changes to the GSD Rules.

Together, the proposed changes would extend the availability of the Customer Cross-Margining Arrangement to positions cleared and carried for customers ("**Customer Positions**") by a dually registered broker-dealer ("**BD**") and futures commission merchant ("**FCM**") that is a common member of FICC and CME.

II. Provide Transparency Regarding Margin Practices

Under the Proposed Rules, the Third A&R Agreement would include provisions describing the methodology for calculating potential reductions to the margin requirements for Customer Positions. FICC is proposing to apply the same margin reduction methodology to Customer Positions as it applies to Proprietary Positions (as defined in the GSD Rules), with margin reductions calculated on a customer-by-customer basis for each cross-margining customer.[3]

While we fully support the goal of the Proposed Rule to expand cross-margining to Customer Positions, we encourage FICC and CME to provide comprehensive transparency

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[3] As with Proprietary Positions, FICC and CME each would calculate the margin savings that would result from viewing the "Combined Portfolio" of CME-cleared Customer Positions and FICC-cleared Customer Positions as a single portfolio rather than as separate standalone portfolios. FICC and CME would then compare the respective margin reduction percentages, and each would then reduce the margin required for the Combined Portfolio by the lower percentage (subject to a cap of 80%).

regarding margin practices, including detailed breakdowns of calculations, netting arrangements, and the availability of excess collateral, related to positions eligible for the Customer Cross-Margining Arrangement. This transparency is critical for the smooth operation of the Arrangement. Unlike Proprietary Positions, Customer Positions include an extra layer of complexity—*i.e.*, the clearing member who clears the Customer Positions, which in many cases will make its own margin calculation in addition to the calculation of FICC or CME. Transparency will help ensure that the clearing member and its customer can calculate and anticipate margin needs effectively, including intraday margin obligations, and set aside the appropriate amount of margin.

The ability to accurately calculate these margin needs is especially important during periods of stress. Sudden, unexpected increases in margin can lead to procyclicality and, potentially, adverse feedback loops. For example, in March 2020, volatility-driven models raised initial margin requirements for exchange-traded derivatives, including futures and listed commodity derivatives, and triggered substantial variation-margin calls, increasing the system's demand for liquidity precisely when it was scarce.[4]

III. Clarify the Circumstances and Process for Suspending or Terminating Customer Cross-Margining Arrangements

We encourage FICC and CME to provide clarity regarding what conditions under which a customer's ability to cross-margin would be suspended, or its cross-margining arrangement terminated, such as upon the occurrence of an operational error or some other unexpected event, whether on the part of FICC/CME or the customer. It would be extremely disruptive if FICC and the CME were to revert back to independent margin calculations with little notice to the customer because it could lead to large margin calls that bear little to no relation to the actual risk of the combined Customer Positions.

For this reason, we recommend that Customer Cross-Margining Arrangements not be suspended or terminated without sufficient notice. We also believe FICC and CME should establish a fall-back mechanism short of a complete termination of the Arrangement for circumstances in which margin is not able to be calculated pursuant to a Customer Cross-Margining Arrangement. If indirect participants of FICC and CME are going to be able to rely on the Customer Cross-Margining Arrangement, it must be transparent and dependable. Sudden changes to the availability of the Arrangement will make it less appealing for customers, which will ultimately harm Treasury market efficiency and resiliency.

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[4] *See, e.g.*, FIA, Revisiting Procyclicality: The Impact of the COVID Crisis on CCP Margin Requirements (Oct. 2020), available at: https://www.fia.org/sites/default/files/2020-10/FIA_WP_Procyclicality_CCP%20Margin%20Requirements.pdf.

IV. Promote a Viable Done-Away Clearing Model to Maximize the Benefits of Cross-Margining

To fully benefit from cross-margining, customers must be able to consolidate the clearing of their portfolios in one or a small number of clearing members. They can only do this if there is a viable done-away clearing model. FICC's rules currently do not require a direct participant offering customer clearing to accept transactions executed by the customer with third-party executing firms ("done-away" transactions). As a consequence, customers often need to establish a clearing relationship with each executing counterparty, which divides portfolios, increases margin costs and operational complexity, and potentially reduces netting efficiencies and the benefits of cross-margining. Therefore, to maximize the benefits of clearing and minimize the costs, the SEC (and FICC) should do more to ensure that customers may centralize the clearing of their in-scope portfolio in one or a small number of direct clearing members.[5]

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We appreciate the opportunity to provide our comments to the Commission regarding the Proposed Rule, and we would be pleased to meet with the Commission and its staff to discuss our comments. If the staff has questions or comments, please do not hesitate to contact Matthew Daigler or the undersigned at (202) 730-2600 with any questions regarding this letter.

Respectfully submitted,

/s/ Jennifer W. Han

Jennifer W. Han
Chief Legal Officer and Head of Global Regulatory Affairs MFA

cc: The Hon. Mark T. Uyeda, Acting Chair
The Hon. Hester M. Peirce, Commissioner
The Hon. Caroline A. Crenshaw, Commissioner
Jamie Selway, Director, Division of Trading and Markets

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[5] We understand that the Customer Cross-Margining Arrangement is largely impractical for BD-FCMs that are part of a banking organization because the U.S. implementation of the Basel capital regulation framework ("**Capital Rules**") constrains the practical utility of the Customer Cross-Margin Arrangement. We encourage the SEC and the Commodity Futures Trading Commission to engage with the U.S. Prudential Regulators to revise the Capital Rules to recognize cross-product netting arrangements.