



February 19, 2026

7 USC §§ 1a(50), 2(h)(8), 7b-3  
17 CFR §§ 37.3(a)(1), and Part 37

Via email: [tsmith@cftc.gov](mailto:tsmith@cftc.gov); [ffisanich@cftc.gov](mailto:ffisanich@cftc.gov)

Frank Fisanich, Acting Director, Division of Market Oversight  
Thomas Smith, Acting Director, Market Participant Division  
Commodity Futures Trading Commission  
Three Lafayette Centre 1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

**Re: Electronic Trading of Invoice Spread Packages**

Dear Messrs. Fisanich and Smith:

MFA<sup>1</sup> submits this no-action request to follow-up our January 15, 2026 letter to CFTC Chairman Selig regarding MFA regulatory requests that seek to implement the administration’s priorities to eliminate duplicative regulations and unnecessary constraints on well-functioning derivatives markets.<sup>2</sup> We submit today’s letter on behalf of MFA member firms seeking targeted relief from the Division of Market Oversight and the Market Participants Division (collectively, the “**Divisions**” or “**Staff**”) of the Commodity Futures Trading Commission (“**CFTC**” or “**Commission**”) pursuant to Rule 140.99 to ensure that invoice spread package transactions -- an important risk management tool -- are permitted to trade in an open and competitive environment over transparent and competitive electronic platforms in the U.S.

Today’s request seeks to bring invoice spread trading into the 21<sup>st</sup> century by permitting electronic trading. Invoice spread package transactions currently trade by telephone or other legacy protocols in the U.S. Unlike much of the U.S. interest rate swap (“**IRS**”) markets, which have in the past half-century become increasingly transparent, efficient, and electronic, the invoice spread package segment of the market has remained stuck in the past. The current reliance on manual workflows decreases competition and liquidity but increases risk in the broader markets. The status quo moreover is increasingly inconsistent with modern market structure and Commission policy.

<sup>1</sup> 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.

<sup>2</sup> MFA, Letter to the Commodity Futures Trading Commission re: Regulatory Priorities (Jan. 15, 2026), avail. at <https://www.mfaalts.org/wp-content/uploads/2026/01/MFA-CFTC-Letter-re-Regulatory-Priorities-011526-FINAL-1.pdf>.

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The transition to electronic trading in other areas has delivered material benefits to investors through improved liquidity, lower transaction costs, and increased operational efficiency. However, despite broad market demand, the current interpretation of Chicago Mercantile Exchange (“CME”) Rule 538 effectively blocks invoice spread packages, comprised of an IRS and a Treasury future, from trading electronically. CME has asserted that Rule 538 uniquely prohibits the package from being executed on or pursuant to the rules of a swap execution facility (“SEF”). This interpretation persists even though SEFs are CFTC-regulated trading venues specifically designed to promote transparency, competition, and operational integrity in the swaps market. CFTC mandates also require SEF trading in other contexts.

We therefore request that the Staff reexamine how to permit market participants to transact invoice spread packages using electronic trading platforms. The Divisions can effectuate electronic trading of invoice spread packages by issuing targeted no-action relief exempting electronic platforms that solely offer invoice spread packages from the SEF definition. Such an approach would permit invoice spread packages to trade electronically, competitively, and transparently, all without disrupting the CME’s interpretation of Rule 538. If the Staff grants our requested relief, invoice spread package transactions would not be required to trade on SEFs but would trade on other open, transparent, electronic marketplaces. The Divisions’ relief would encourage more widespread use among market participants of this important risk management tool and support the continued growth and development of the invoice spread market within the U.S.

**I. Invoice spread packages are an important risk management tool but have been blocked from trading electronically on transparent and competitive electronic platforms**

Invoice spreads packages are composed of an IRS and a Treasury future. The terms of the swap are designed to match the attributes of the future, including a duration-neutral notional value, effective date matching to the last delivery date of the future, and maturity date matching the cheapest-to-deliver security.<sup>3</sup> Investment managers and other market participants rely on invoice spread packages to risk-manage important segments of client portfolios.

These packages provide an important risk management and hedging tool, as they enable investors to express a view on the spread between U.S. government debt and a similarly-dated IRS. Invoice spread packages furthermore represent a material portion of trading volume in a given Treasury future,<sup>4</sup> with the CME estimating that packaged invoice spreads can trade approximately \$5billion in notional value – 50,000 futures contracts – per day.<sup>5</sup>

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<sup>3</sup> CME, CME Interest Rate Portfolio Margining, Unparalleled Capital Efficiencies for Futures, Options, & Cleared Swap Portfolios (Feb. 2025), at 2 (avail. at <https://www.cmegroup.com/trading/interest-rates/cleared-otc/files/portfolio-margining-capital-efficiencies.pdf>).

<sup>4</sup> See, e.g., CME Invoice Spread Volumes, Clarus Technology (April 20, 2016), avail. at: <https://www.clarusft.com/cme-invoice-spread-volumes-updated/>.

<sup>5</sup> See About Invoice Spreads, Invoice Swap Spreads (visited Jan. 16, 2026) (embedded video at mins. 1:23-1:32) (avail. at <https://www.cmegroup.com/trading/interest-rates/treasury-invoice-swaps.html?redirect=/invoicespreads>).

The CME has interpreted Rule 538, however, to effectively prohibit invoice spreads from trading on transparent and competitive electronic platforms.<sup>6</sup> The CME's interpretation of Rule 538 prohibits a swap that is traded on, or subject to the rules of a designated contract market ("DCM") or swap execution facility ("SEF"), from being part of a package transaction that contains a CME-listed Treasury future that is negotiated away from CME.

Application of Rule 538 to invoice spread packages, as interpreted by the CME, now operates as a structural restraint on competition and innovation that is no longer reasonably necessary to achieve any legitimate regulatory objective. By conditioning the availability of the packaged trade on avoiding execution of the swap leg on electronic platforms, the rule effectively ties execution of economically linked instruments to a single execution paradigm that forecloses competition from Commission-regulated trading venues. This outcome is increasingly difficult to reconcile with the DCM Core Principles requiring fair access, open and competitive execution, and responsiveness to evolving market conditions.<sup>7</sup> We also note that other similar packaged interest rate risk management trades, such as those composed of an IRS and a Treasury bond, have long been available for trading on SEFs.

We can discern no credible justification for the limitation of CME Rule 538, as repeatedly pointed out by buy-side firms and other institutional investors.<sup>8</sup> It moreover makes little sense that the rule *only* prohibits the trading of invoice spread packages on highly regulated and transparent platforms overseen by the Commission. The Rule 538 limitation further ignores the broad market demand that exists to trade these packages in a more efficient and transparent manner for the benefit of market participants, their clients and investors, and the broader markets. In this context, targeted Staff no-action relief is appropriate to end the impediment to electronic execution of invoice spread packages. Targeted no-action relief is also aligned with the policy goals of the Commission and applicable core principles.<sup>9</sup>

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<sup>6</sup> CME Rule 538 is accompanied by a frequently-asked question in a CME Advisory Notice that forestalls trading of invoice spread packages electronically. See CME Market Regulation Advisory Notice RA1311-5 (Jun. 2, 2014), avail. at <https://www.cmegroup.com/tools-information/lookups/advisories/market-regulation/files/RA1311-5.pdf>. The CME interpreted its rule such that "[a] swap that is traded on or subject to the rules of a [DCM] or a [SEF] is ineligible to be the related position component of an EFR or EOO transaction executed pursuant to Rule 538." *Id.* CME maintained the FAQ in the Advisory Notice and as such foreclosed electronic trading of invoice spread packages, notwithstanding significant advances in market structure and Commission policy favoring open and competitive execution.

<sup>7</sup> Commodity Exchange Act § 5(d)(9) (2026); Core Principles and Other Requirements for Designated Contract Markets, 77 FR 36,612 (June 19, 2012) (codified at 17 CFR pt. 38).

<sup>8</sup> See comment letters from each of Alphadyne Asset Management, AQR Capital Management, Axonic Capital, the Federal Home Loan Banks, Fortress Liquid Markets, ISDA, Kepos Capital, MFA, MKP Capital Management, Ropes & Gray and SIFMA AMG, available in the comment files for Industry Filings IF 13-004, IF 13-005 and IF 13-007 at <http://comments.cftc.gov/PublicComments/ReleasesWithComments.aspx?Type=ListAll&Year=2013>.

<sup>9</sup> See note 7, *supra*.

**II. The Commission should take action to enable invoice spread packages to trade electronically, competitively, and transparently**

Taking into account the regulatory objectives of continuing to increase operational efficiency and transparency in the IRS market, MFA respectfully requests that the Divisions issue targeted no-action relief from the SEF definition for electronic platforms that solely offer invoice spread packages to enable invoice spread packages to be traded electronically, competitively, and transparently, including via a request-for-quote system.<sup>10</sup> Invoice spread package transactions would not be required to trade on SEFs but would trade on other open, transparent, electronic marketplaces. This request again would not require the CME to amend Rule 538 or its interpretation of the rule.

Our requested relief would enable market participants to transact these packages in a more efficient, transparent, and competitive manner. Such relief also would facilitate the continued growth and development of this important market segment in the U.S., as opposed to it moving offshore to non-U.S. domiciled multilateral trading facilities that are not subject to CME Rule 538. In granting the requested relief, the Divisions moreover would promote market transparency, liquidity, and competition, consistent with the Commission's policy and its statutory objectives.

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We thank the Divisions for considering this important topic. Should you have questions or require additional information, please feel free to contact Jeff Himstreet ([jhimstreet@mfaalts.org](mailto:jhimstreet@mfaalts.org)) or the undersigned ([jhan@mfaalts.org](mailto:jhan@mfaalts.org)) with any questions regarding this request.

Sincerely yours,

/s/ Jennifer W. Han

Jennifer W. Han  
Executive Vice President  
Chief Legal Officer & Head of Global Regulatory Affairs  
MFA

cc: Michael Selig, Chairman, CFTC  
Amir Zaidi, Chief of Staff, CFTC

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<sup>10</sup> See Withdrawal of Staff Advisory on Swap Execution Facility Registration Requirement, CFTC Letter No. 25-05 (March 13, 2025), avail. at: <https://www.cftc.gov/PressRoom/PressReleases/9055-25>.