November 2, 2026

Via Electronic Submission

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
110 F Street, N.E.
Washington, D.C. 20549-1090

Re: Exemption of Debt Obligations Issued by the European Union for Purposes of Trading Futures (RIN 3235-AN82 and File No. S7-2026-29)

Dear Ms. Countryman:

MFA[1] appreciates the opportunity to comment on the Securities and Exchange Commission's ("**Commission**" or "**SEC**") proposed rule to designate debt obligations issued by the European Union ("**EU**") as exempted securities under the Securities Exchange Act of 1934 ("**Exchange Act**").[2] The Proposed Rule would amend Rule 3a12-8 under the Exchange Act to designate debt obligations issued by the EU as "exempted securities" solely for purposes of the offer, sale, or confirmation of sale of qualifying futures contracts on those securities.

MFA strongly supports the Proposed Rule. Designating EU debt obligations under Rule 3a12-8 would eliminate an unnecessary distinction between EU debt futures and futures on economically comparable foreign-government debt, broaden access to useful risk-management tools, and reduce operational friction. Given the size, liquidity, credit quality, and growing importance of the EU debt market, the Proposed Rule is a measured extension of the existing

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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] Exemption of Debt Obligations Issued by the EU Under the Securities Exchange Act of 1934 for Purposes of Trading Futures Contracts on Those Securities, 91 Fed. Reg. 56387 (Sep. 2, 2026) ("**Proposed Rule**"), available at: https://www.govinfo.gov/content/pkg/FR-2026-09-02/pdf/2026-17939.pdf.

regulatory framework that would preserve investor protection and market integrity.

I. Background

Rule 3a12-8 under the Exchange Act designates the debt obligations of certain foreign governments as "exempted securities" solely for purposes of the offer, sale, or confirmation of sale of futures contracts on those securities. Futures contracts on debt obligations issued by governments designated under Rule 3a12-8 are excluded from the security futures regime and are instead subject to the exclusive jurisdiction of the Commodity Futures Trading Commission ("**CFTC**"). The Rule currently includes twenty-one foreign governments, including eleven Member States of the European Union.

The Proposed Rule would add EU debt obligations to the definition of "Designated Foreign Government Security," giving qualifying futures on those obligations the same treatment as futures on debt issued by governments already designated under Rule 3a12-8.[3] The amendment would address the current asymmetry between futures on EU debt obligations and futures on debt issued by designated EU Member States, while improving market access, hedging opportunities, market depth, and competition.[4]

II. The Proposed Rule Will Expand the Risk-Management Opportunities

The Proposed Rule would expand access to an important risk-management tool for U.S. market participants, including MFA members with exposures to EU debt obligations and related European fixed-income markets. The current framework generally limits participation to qualified institutional buyers ("**QIBs**") and certain intermediaries under the Commission's 2009 Exemptive Order.[5] Broader access under Rule 3a12-8 would allow market participants to hedge EU-debt exposures more directly and reduce reliance on correlated instruments that may introduce basis risk.[6]

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3 *See id.* at 56390.

4 See *id.* at 56387.

5 *See* Order Under Section 36 of the Securities Exchange Act of 1934 Granting an Exemption From Exchange Act Section 6(h)(1) for Certain Persons Effecting Transactions in Foreign Security Futures and Under Exchange Act Section 15(a)(2) and Section 36 Granting Exemptions From Exchange Act Section 15(a)(1) and Certain Other Requirements, Exchange Act Rel. No. 60194 (June 30, 2009), 74 FR 32200 (July 7, 2009) ("**2009 Exemptive Order**").

6 *See* Proposed Rule at 56398-400, 56402-03.

This expanded access would not create an unregulated market. Qualifying futures on EU debt obligations would remain subject to the CFTC's established framework for futures on exempted securities, while the underlying EU debt obligations would remain subject to the federal securities laws.[7]

The introduction of Euro-EU Bond Futures, together with increased EU debt issuance and trading activity, demonstrates the growing demand for instruments that allow market participants to manage EU-debt exposures directly.[8] The 2009 Exemptive Order is not an equivalent substitute for Rule 3a12-8 because it imposes additional limitations and conditions on access.

III. The Proposed Rule Harmonizes the Regulatory Treatment of EU Debt Futures

Eleven EU Member States are already designated under Rule 3a12-8, and qualifying futures on their sovereign debt are subject to the CFTC's exclusive jurisdiction. Futures on EU debt obligations, however, remain subject to the security-futures framework and joint SEC-CFTC jurisdiction. Given the increasingly comparable economic characteristics of EU and sovereign debt, that distinction is no longer warranted.

EU debt has grown substantially in size and liquidity and increasingly is viewed as comparable to sovereign debt.[9] The European Central Bank assigns EU bonds to the same haircut category as sovereign bonds, and U.S. prudential regulations assign exposures to the European Commission a zero-percent risk weight.[10] Applying different frameworks to economically

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7 MFA believes exclusive CFTC jurisdiction is appropriate in this context. As the Commission recognized when adopting Rule 3a12-8, the risk of market manipulation in foreign government debt markets may be limited, and qualifying futures contracts would remain subject to the CFTC's regulatory framework while the underlying EU debt obligations remain subject to the federal securities laws. *See* Exemption for Certain Foreign Government Securities for Purposes of Futures Trading 49 Fed. Reg. 8595, 8598 (Mar. 8, 1984), available at: https://www.govinfo.gov/content/pkg/FR-1984-03-08/pdf/FR-1984-03-08; Proposed Rule, 91 Fed. Reg. 56390, n.39, 56392.

8 *Eurex to launch futures on EU bonds* (Apr. 23, 2025), available at https://www.eurex.com/ex-en/find/news-center/news/Eurex-to-launch-futures-on-EU-bonds--4411966; *see* Proposed Rule at 56395, n.85 (referencing ICMA H2 2025 Report, 8).

9 Secondary-market activity data supports that EU bonds generated approximately €1.15 trillion in trading volume across EU and UK markets during the first half of 2025. *See id.* at 56394-95 tbl. 2.

10 Findings of the EU-Bond Investor Survey provide that 80% of investors saw EU bonds as substitutes for core area government bonds. *Id.* at 56391, n.45, 56393-94.

comparable futures also creates avoidable operational complexity for market participants managing EU debt futures alongside futures on designated foreign-government debt.

The Proposed Rule addresses this disparity through a targeted amendment that would place qualifying EU debt futures under the CFTC's exclusive jurisdiction without altering the regulatory treatment of the underlying debt obligations. This measured approach would harmonize economically similar products while preserving existing protections for the underlying securities.[11]

IV. Conclusion

For these reasons, MFA respectfully encourages the Commission to adopt the Proposed Rule as proposed. The amendment would expand risk-management opportunities and harmonize the treatment of economically comparable futures products while preserving appropriate regulatory oversight.

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MFA appreciates the opportunity to comment on the Proposed Rule. Please do not hesitate to contact Matthew Daigler (mdaigler@mfaalts.org) or the undersigned (jhan@mfaalts.org) with any questions regarding this letter.

Sincerely,

/s/ Jennifer W. Han

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

Cc: The Hon. Paul S. Atkins, Chairman
The Hon. Mark T. Uyeda, Commissioner
Jamie Selway, Director, Division of Trading and Markets

[11] *See id.* at 56404-05.