



asset management group

November 2, 2023

Ms. Brigitte C. Weyls, Chief Counsel
Office of Commissioner Caroline D. Pham
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Statement regarding GMAC consideration of CME & FICC cross margining and expansion of Rule 1.25-eligible investments to include FICC-cleared repurchase agreements (the “FICC Recommendations”)

Dear Ms. Weyls:

The Asset Management Group of the Securities Industry and Financial Markets Association (“SIFMA AMG”)¹ is fully supportive of the expansion of clearing into U.S. Treasury markets, supports the expansion of cross-margining of cleared products, and supports the investment of customer margin in highly liquid, low-risk investments. We have previously conveyed our thoughts on the significant regulatory, risk, and operational enhancements needed to successfully implement U.S. Treasury clearing. While supportive of the FICC recommendations, we have concerns which should be addressed ahead of implementation:

1. **Portfolio Margining:** In proposing the cross margining of futures and cleared repos between CME and FICC, how would the different types of portfolio margined customers (futures and cleared swaps, cleared swaps and cleared SBS, and futures and cleared repos) be treated if an FCM defaulted or became insolvent?
2. **Porting:** If porting only happens post-default of an FCM / BD on an “all or nothing basis”, will the lack of porting under the FICC rules (or if the successor FCM is not also a sponsored clearing member / BD), frustrate porting for all futures customers or at least, the cross-margining customers?
3. **Bankruptcy Analysis:** Once these and other issues are clarified, an insolvency analysis must confirm the bankruptcy treatment of customer funds deposited by participants and held by the failed member acting as the FCM, the related DCO, and/or the related FICC member.

On behalf of SIFMA AMG, we appreciate the opportunity to communicate our thoughts, and if you have any questions, please do not hesitate to contact us by calling William Thum at (202) 962-7381.

Sincerely,

William C. Thum
Managing Director and Associate General Counsel

¹ 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 whose combined assets under management exceed \$45 trillion. 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.