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Mr. Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Submitted via: CFTC Comments Portal

January 16, 2026

Dear Mr. Kirkpatrick:

Proposal To Provide Exemptive Relief To Facilitate Cross-Margining of Customer Positions Cleared at Chicago Mercantile Exchange, Inc. and Fixed Income Clearing Corporation

The Alternative Investment Management Association ("AIMA")[1] appreciates the opportunity to submit this response to the Commodity Futures Trading Commission's ("CFTC" or "Commission") proposal to issue an order that would provide exemptive relief from the Commodity Exchange Act and Commission regulations related to segregation and protection of futures customers funds (the "Proposed Order").[2] Specifically, the Proposed Order would permit joint clearing members of the Chicago Mercantile Exchange, Inc. ("CME") and the Fixed Income Clearing Corporation ("FICC") that are dually registered as broker-dealers with the Securities and Exchange Commission ("SEC") and as futures commission merchants ("FCMs") with the Commission ("BD-FCMs") to hold futures customer funds in a commingled customer account at FICC.

The U.S. Treasury market is the deepest and most liquid government securities market in the world. It plays a central role in both the U.S. and global economies, finances the federal government, provides a safe and liquid asset and facilitates the implementation of monetary policy. As the marketplace

1 AIMA is the world's largest membership association for alternative investments managers. Its membership has more firms, managing more assets than any other industry body, and, through our 10 offices located around the world, we serve over 2,000 members in 60 different countries. AIMA's mission, which includes that of its private credit affiliate, the Alternative Credit Council is to ensure that our industry of hedge funds, private market funds and digital asset funds is always best positioned for success. Success in our industry is defined by its contribution to capital formation, economic growth and positive outcomes for investors, while being able to operate efficiently within appropriate and proportionate regulatory frameworks. AIMA's many peer groups, events, educational sessions and publications, available exclusively to members, enable firms to actively refine their business practices, policies and processes to secure their place in that success.

2 CFTC, "Proposal To Provide Exemptive Relief To Facilitate Cross-Margining of Customer Positions Cleared at Chicago Mercantile Exchange, Inc. and Fixed Income Clearing Corporation", 90 Fed. Reg. 58525 (Dec. 17, 2025) (the "Proposed Order").

transitions to the central clearing of eligible secondary market transactions ("ESMTs")[3], there continue to be a number of issues that need to be addressed prior to the clearing mandates' go-live dates, one of which is permitting the cross-margining of BD-FCM customers' U.S. Treasury security positions with positions in related products, e.g., Treasury futures contracts.

AIMA has long been a supporter of expanding cross-margining capabilities to BD-FCM customers in the Treasury market. Indeed, and as the Commission acknowledges in several instances, expanding cross-margining arrangements to customers, pursuant to the Proposed Order, can increase clearing efficiency, reduce the costs of clearing, bolster the broader financial system and more.[4] Accordingly, we generally support the Commission issuing the requested exemptive relief; however, there are two issues in particular that should be addressed prior to the Commission proceeding.

First, in order to ensure the success and resiliency of an expanded cross-margining arrangement, there need to be adequate protections in place that prohibit either CME, FICC or a BD-FCM from unilaterally suspending or terminating a customer's cross-margining access. Margin obligations are essential for liquidity management, fund strategies and fund operations. Therefore, if a customer's cross-margining capabilities are suspended or terminated, the customer could be subject to an intraday initial margin surge, which puts the customer at risk of having to unwind certain trades and/or a stress on its collateral during volatility.

To help remedy this concern, the Commission should require CME, FICC and BD-FCMs to provide customers with clear, objective and transparent criteria that govern when cross-margining access may be suspended or terminated. These criteria should prohibit discriminatory or commercially motivated suspensions or terminations that are unrelated to bona fide risk concerns. Prior written notice should also be required before a customer's cross-margining capabilities are suspended or terminated so that the customer may adjust accordingly and avoid the outcomes mentioned above.

Second, the importance of transparent, repeatable and well-governed margined methodologies cannot be understated, particularly in a market as large, liquid and important as the U.S. Treasury market and for those customers that avail themselves of this new cross-margining opportunity. Specifically, because customer participation will materially impact liquidity planning and the broader economics of ESMTs and futures portfolios, it is essential that customers and their BD-FCMs have clear visibility into the drivers of initial margin outcomes and the conditions under which cross-margining benefits may expand or contract.

The CME-FICC cross-margining methodology for customers should be supported by publicly available documentation so that customers and their BD-FCMs can properly assess their trading capabilities and strategies and robustly manage risk. The documentation should include: (i) the risk factors and correlation assumptions underlying cross-product offsets; (ii) the stress scenarios and lookback windows used in determining margin requirements; (iii) the processes for model calibration, back-testing and performance monitoring; and (iv) the governance framework for changes to margin models or offset parameters.

In conclusion, AIMA broadly supports expanding cross-margining capabilities to BD-FCM customers in the U.S. Treasury market because it will yield many benefits for customers and the marketplace in general. Moreover, the importance and availability of customer cross-margining is paramount in an

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3 17 CFR § 240.17ad-22(a).
4 Proposed Order, *supra* note 2, at 58536-37.

era where the central clearing of ESMTs is required. However, the realization of the benefits of expanded cross-margining are not guaranteed. As explained above, customers need certainty regarding the ability to access cross-margining and clarity regarding margin methodologies, both of which are critical in a market as important as the U.S. Treasury market. Therefore, we hope that the Commission will consider the improvements we have outlined above.

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For further information on the points raised in this letter, please contact Daniel Austin, Head of U.S. Markets Policy and Regulation, by email at daustin@aima.org.

Yours sincerely,

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