



SECURITIES AND EXCHANGE COMMISSION

17 CFR PART 240

[Release No. 34-102487; File No. S7-23-22]

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Extension of Compliance Dates for Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities

AGENCY: Securities and Exchange Commission

ACTION: Final rule; extension of compliance date.

SUMMARY: The Securities and Exchange Commission (“Commission” or “SEC”) is extending the compliance date for the amendments to the rules applicable to covered clearing agencies for U.S. Treasury securities (“U.S. Treasury securities CCAs”), which require that such covered clearing agencies have written policies and procedures reasonably designed to require that every direct participant of the covered clearing agency submit for clearance and settlement all eligible secondary market transactions in U.S. Treasury securities to which it is a counterparty and to identify and monitor its direct participants’ submission of transactions for clearing, including how the U.S. Treasury securities CCA would address a failure to submit transactions, that were adopted on December 13, 2023. Specifically, the Commission is extending the compliance dates by one year, from December 31, 2025, to December 31, 2026, for eligible cash market transactions, and from June 30, 2026, to June 30, 2027, for eligible repo transactions.

DATES: *Effective date:* The effective date for this release is [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. The effective date for the Trade Submission Requirement adopted on December 13, 2023, remains March 18, 2024.

Compliance dates: The compliance date for Rule 17ad-22(e)(18)(iv)(A) and (B), published January 16, 2024 at 89 FR 2829, is extended from December 31, 2025, to December 31, 2026, for eligible cash market transactions, and from June 30, 2026, to June 30, 2027, for eligible repo transactions.

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SUPPLEMENTARY INFORMATION: The Commission is extending the compliance date for Rule 17ad-22(e)(18)(iv)(A) and (B) under the Securities Exchange Act of 1934 (the “Exchange Act”).¹ The Commission is not extending the compliance date for Rule 17ad-22(e)(18)(iv)(C) or Rule 15c3-3.²

I. DISCUSSION

On December 13, 2023, the Commission adopted, among other things, Rule 17ad-22(e)(18)(iv)(A) and (B) (together, the “Trade Submission Requirement”).³ The Trade Submission Requirement is designed to help reduce contagion risk to U.S. Treasury securities CCAs and bring the benefits of central clearing to more transactions involving U.S. Treasury securities.⁴ Under the Trade Submission Requirement, U.S. Treasury securities CCAs must establish, implement, maintain, and enforce written policies and procedures reasonably designed to require that every direct participant of the covered clearing agency submit for clearance and settlement all eligible secondary market transactions in U.S. Treasury securities to which it is a counterparty, and to identify and monitor the U.S. Treasury securities CCA’s direct participants’ submission of transactions for clearing, including how the U.S. Treasury securities CCA would address a failure to submit transactions.⁵

The Commission established the compliance dates for Rule 17ad-22(e)(18)(iv)(A) and (B) as follows: (1) each U.S. Treasury securities CCA will be required to file with the

¹ 17 CFR 240.17ad-22(e)(18)(iv)(A) and (B).

² 17 CFR 240.17ad-22(e)(18)(iv)(C); 17 CFR 240.15c3-3.

³ Exchange Act Release No. 34-99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) (“Adopting Release”).

⁴ *See id.* at 2716.

⁵ *See* 17 CFR 240.17ad-22(e)(18)(iv)(A) and (B).

Commission any proposed rule changes regarding those amendments required under Section 19(b) of the Exchange Act and/or advance notices required under Title VIII of the Dodd-Frank Act no later than 150 days following January 16, 2024, and (2) the proposed rule changes must be effective by December 31, 2025, for cash market transactions encompassed by section (ii) of the definition of an eligible secondary market transaction, and by June 30, 2026, for repo transactions encompassed by section (i) of the definition of an eligible secondary market transactions.⁶ Therefore, compliance by the direct participants of a U.S. Treasury securities CCA with the requirement to clear eligible secondary market transactions would not be required until December 31, 2025, and June 30, 2026, respectively, for cash and repo transactions.⁷

Since the Trade Submission Requirement was adopted, Commission staff has been working with market participants, including the current U.S. Treasury securities CCA and applicants to become U.S. Treasury securities CCAs to address certain operational questions relating to implementation of these rules. As part of these efforts, Commission staff has become aware, through telephonic meetings and letters, that certain market participants believe that additional time to implement Rule 17ad-22(e)(18)(iv)(A) and (B) would be appropriate. In this regard, a group of trade associations representing different types of market participants submitted

⁶ Adopting Release, *supra* note 3, 89 FR at 2771. A U.S. Treasury securities CCA, the Fixed Income Clearing Corporation (“FICC”), made such a filing on June 12, 2024. *See* Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change to Modify the GSD Rules Relating to the Adoption of a Trade Submission Requirement, Exchange Act Release No. 34-100417 (June 25, 2024), 89 FR 54602 (July 1, 2024) (FICC-2024-009). On Aug. 12, 2024, the Commission designated a longer period for Commission action on this proposed rule change. *See* Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change to Modify the GSD Rules Relating to the Adoption of a Trade Submission Requirement, Exchange Act Release No. 34-100693 (Aug. 12, 2024), 89 FR 66746 (Aug. 26, 2024). On Sept. 26, 2024, the Commission issued an order instituting proceedings to determine whether to approve or disapprove this proposed rule change. *See* Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change to Modify the GSD Rules Relating to the Adoption of a Trade Submission Requirement, Exchange Act Release No. 34-101194 (Sept. 26, 2024), 89 FR 80296 (Oct. 2, 2024). On Dec. 11, 2024, the Commission designated a longer period for Commission action on this proposed rule change. *See* Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Designation of Longer Period for Commission Action on Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Partial Amendment No. 1, Relating to the Adoption of a Trade Submission Requirement, Exchange Act Release No. 34-101880 (Dec. 11, 2024), 89 FR 102207 (Dec. 17, 2024). The deadline for Commission action on this proposed rule change is Feb. 26, 2025. *Id.*

⁷ Adopting Release, *supra* note 3, 89 FR at 2771.

a letter requesting that the Commission extend the compliance dates established in the Adopting Release by at least one year, and a separate trade association submitted a letter requesting that the Commission extend the compliance dates for the submission of repo transactions established in the Adopting Release by 24 months.⁸

The Associations stated that they are concerned that, without an extension, the transition to central clearing will be seriously compromised and will inevitably lead to disruptions in the cash and repo markets in U.S. Treasury securities to the detriment of the financial system.⁹ The Associations identified ongoing industry work in a number of areas that requires additional time for completion, including: the development of a “done-away” market structure, both with respect to an efficient approach to trading and the establishment of new entrants for clearing and trading; the development of standard documentation and supporting legal opinions to facilitate the robust liquidity in cleared Treasury markets; and a significant onboarding process that dealers and clients must undertake (including negotiation and execution of clearing agreements) that takes time and resources to complete with respect to the broad range of clients that trade in this market.¹⁰ Similarly, the additional trade association stated that time is needed to develop done-away capabilities, including regarding payment and margin flows, operational connections, lack of middleware solutions and platforms, accounting treatment, and development of documentation, among others.¹¹ This association specified that further customization will be needed with respect to documentation to address registered fund issues, including the need for potential additional documents, consideration of any Investment Company Act of 1940 (“1940

⁸ See Letter from the Securities Industry and Financial Markets Association (“SIFMA”), SIFMA’s Asset Management Group, Managed Funds Association, Futures Industry Association (“FIA”), FIA Principal Traders Group, International Swaps and Derivatives Association, Alternative Investment Management Association, and The Institute of International Bankers (collectively, the “Associations”), dated Jan. 24, 2025 (“Associations’ Letter”), *available at, e.g.*, <https://www.sifma.org/wp-content/uploads/2025/01/SIFMA-Extension-Request-US-Treasury-Clearing-Mandate-FINAL-Clean.pdf>; Letter from the Investment Company Institute, dated Feb. 21, 2025 (“ICI Letter”).

⁹ See Associations’ Letter, *supra* note 8, at 2.

¹⁰ See Associations’ Letter, *supra* note 8, at 2.

¹¹ See ICI Letter, *supra* note 8, at 6.

Act”) issues to be negotiated between the parties, and the development of legal opinions on bankruptcy and enforceability.¹² This association stated that it can take a registered fund several months, and potentially longer, to negotiate the bespoke sponsoring member documentation necessary to participate in the FICC “sponsored service.”¹³

The Associations also stated that members of U.S. Treasury securities CCAs will need to upgrade systems, operations, and legal relationships with the U.S. Treasury securities CCAs and with their customers to allow access to central clearing consistent with the Trade Submission Requirement.¹⁴ The Associations stated that the current timeline will not allow adequate time for all market participants to transition into cleared U.S. Treasury markets.¹⁵

The Associations further stated that additional time is needed to consider how to resolve critical issues both for further development of the market and so that market participants (including covered clearing agencies, clearing members, and participants) may successfully implement the Trade Submission Requirement in an efficient manner for the industry.¹⁶ The Associations stated that these issues need to be resolved so that market participants understand

¹² See ICI Letter, *supra* note 8, at 6-7.

¹³ See *id.*

¹⁴ See Associations’ Letter, *supra* note 8, at 3. See also ICI Letter, *supra* note 8, at 7-8 (discussing need for additional time to allow registered funds and other buy-side participants to develop the operational systems to comply with the Trade Submission requirement for cash transactions).

¹⁵ See Associations’ Letter, *supra* note 8, at 3. See also ICI Letter, *supra* note 8, at 2 (stating that it has become clear that additional time for compliance with the Trade Submission Requirement is needed).

¹⁶ See Associations’ Letter, *supra* note 8, at 1 and 4. The industry participants identified what they viewed as these critical issues as follows: 1) SEC rule clarifications with respect to the treatment of mixed CUSIP tri-party transactions; 2) SEC rule clarifications as to the scope of the inter-affiliate exemption; including, in particular, expanding the exemption to allow for internal liquidity and collateral management; 3) SEC-registered fund rules that effectively require double margining for cleared repos; 4) SEC rule clarifications with respect to the ability of firms to pre-fund customer segregated margin with USD (and not only UST); 5) SEC rule clarifications with respect to the ability of firms to take debit in the formula even if client does not pay margin back within 24 hours; 6) SEC rule clarifications as to the overall extraterritorial scope of the rule, and necessary SEC engagement with overseas regulators to ensure the ability for global participants to clear cash and repo transactions; 7) SEC to seek public comment and fully consider the clearing application of the CME Group, as well as ICE and other clearing houses, and the availability of the cross-margining model to facilitate cross-product netting between repos and futures; 8) standard documentation and supporting legal opinions are finalized for the efficient customer on-boarding and development of robust liquidity in cleared Treasury markets; and 9) bank capital issues under the existing capital framework need to be resolved for the development of the “done-away” market structure to confirm similar treatment currently applicable to the “done-with” market structure. *Id.* at 2.

what is meant to be included within the clearing requirements and what activities may be impacted.¹⁷ The Associations also stated that the resolution of these issues will require more time than the February 26, 2025 statutory deadline for final Commission action on FICC’s proposed eligible secondary market trade submission rules allows.¹⁸

In addition, one association specifically raised several issues related to registered funds. First, the association stated additional time is necessary to address margin issues associated with registered funds’ repo transactions. The association identified several such issues, including the interaction of the 2% overcollateralization requirement with margin requirements that apply to cleared transactions but do not exist for uncleared repo transactions;¹⁹ and the development and adoption of contractual terms to ensure that a registered fund maintains compliance with the 1940 Act when using certain segregated margin accounts at FICC.²⁰ Second, the association stated that time is needed for review of potential new FICC access models that may provide an additional means to manage the risks posed by registered funds that participate in cleared repo

¹⁷ See Associations’ Letter, *supra* note 8, at 4. The Associations stated that the implementation timeline for the Trade Submission Requirement is significantly shorter than that proposed for similarly sized industry reforms, including the LIBOR transition and the uncleared margin rules. *Id.* at 2.

¹⁸ Specifically, the Associations stated that “[a]ny extension should allow for FICC to withdraw its current trade submission filings [(FICC-2024-009)] so that it and any other interested [U.S. Treasury securities CCAs] have the necessary time and ability to consult further with market participants and the SEC on resolving these fundamental scoping questions before developing and submitting [self-regulatory organization] rulebook changes for eligible secondary market transaction CCA submission.” See Associations’ Letter, *supra* note 8, at 4. See also *supra* note 6 (discussing FICC-2024-009).

¹⁹ See ICI Letter, *supra* note 8, at 3-4; see also *supra* note 16 (identifying this issue as item 3 in the Associations’ Letter). The association stated that additional time is necessary for registered funds and their counterparties to assess the relative benefits and tradeoffs of the FICC (and potentially, other CCA) access models for Treasury repo clearing, and for sponsoring members to negotiate the contractual terms required to enable a registered fund to deliver its assets as margin to FICC or another CCA while still ensuring its repo transactions are “collateralized fully” under Rule 5b-3 under the 1940 Act. This association further stated that, currently for voluntarily cleared repo transactions, a registered fund’s counterparty, in its capacity as the registered fund’s sponsoring member, typically satisfies both its own margin obligations as well as those of the registered fund in connection with such transactions, but that, once the Trade Submission Requirement applies, the economics for sponsoring members may no longer support this arrangement and the margin obligations may outweigh any benefits that clearing provides to the sponsoring member.

²⁰ See ICI Letter, *supra* note 8, at 4-5.

transactions at FICC.²¹ The association stated that FICC has not yet submitted any proposed rule changes to its rulebook regarding such a model to the Commission for approval.²²

After considering these requests, the Commission is extending the compliance dates for the Trade Submission Requirement. The Commission agrees that an extension would allow for further engagement on compliance, operational, and interpretive questions, including those highlighted by the Associations related to, among other things, the further development of done-away clearing, standard documentation, onboarding processes, and systems and operations upgrades. In addition, an extension should improve market participants' ability to plan for compliance with the Trade Submission Requirement, including the development and implementation of appropriate means to access clearance and settlement services for U.S. Treasury securities and to facilitate orderly implementation of the Trade Submission Requirement, which should, in turn, help avoid the potential for any disruptions in cash and repo markets in U.S. Treasury securities. Although one commenter stated that the compliance dates should be extended to allow other clearing houses the opportunity to apply to register as a U.S. Treasury securities CCA,²³ the compliance dates do not prohibit the filing or consideration of such applications after that time.

As discussed further below,²⁴ in determining an appropriate length of time for the extension, the Commission has considered a number of factors, including the costs and benefits of a longer extension. A one year extension results in a compliance date for repo transactions that is approximately 27 months away from the date of this release and for cash transactions that is approximately 22 months away from the date of this release. This extension should allow

²¹ See ICI Letter, *supra* note 8, at 5-6.

²² See *id.*

²³ See ICI Letter, *supra* note 8, at 8 (discussing the March 31, 2025 compliance date for Rule 17ad-22(e)(6)(i) and Rule 15c3-3), and at 7 (discussing the need for additional time for the Trade Submission Requirement as it pertains to repo transactions).

²⁴ See Section II *infra*.

ample time for Commission consideration of clearing agency applications,²⁵ proposed rule changes from new or existing clearing agencies,²⁶ and the execution of new contractual arrangements for market participants.²⁷

Therefore, the Commission extends the compliance date for Rule 17ad-22(e)(18)(iv)(A) and (B) by one year to December 31, 2026, for eligible cash market transactions, and June 30, 2027, for eligible repo market transactions.

Lastly, the Commission is not extending the compliance dates for Rule 17ad-22(e)(18)(iv)(C) (regarding access) and Rule 15c3-3 (regarding the broker-dealer customer protection rule). Although these rules have a March 31, 2025, compliance date, no market participant is obligated to use a particular access model or to segregate its margin.²⁸ If a direct participant of a U.S. Treasury securities CCA determines to offer certain access models or segregated margin accounts, the CCA would be obligated to enforce those rules regarding such models or accounts against the relevant participant, and the direct participant must comply with those rules.²⁹

II. ECONOMIC ANALYSIS

The Commission is mindful of the economic effects, including the costs and benefits, of the compliance date extension. Exchange Act section 3(f) requires the Commission, when it is

²⁵ See 15 U.S.C. 78s(a)(1) (establishing the statutory review period for clearing agency applications under the Exchange Act which, generally, can take up to 270 days).

²⁶ See 15 U.S.C. 78s(b)(2) (establishing the statutory review period for clearing agency proposed rule changes under the Exchange Act which can take up to 240 days).

²⁷ See ICI Letter, *supra* note 8, at 5, 6-7 (stating that negotiation of such documentation can take months or even a year or longer).

²⁸ The Commission is issuing an order granting temporary exemptive relief regarding Rule 17ad-22(e)(6)(i) (17 CFR 240.17ad-22(e)(6)(i)), which also has a compliance date of March 31, 2025. See Order Granting Temporary Exemptive Relief, Pursuant to Sections 17A and 36(a) of the Securities Exchange Act of 1934, from Certain Aspects of Rule 17ad-22(e)(6)(i), Exchange Act Release No. 34-102486 (Feb. 25, 2025).

²⁹ For example, the rule amendments in the Adopting Release permit broker-dealers to include a debit in the customer reserve formula equal to the amount of margin required and on deposit at a U.S. Treasury securities CCA, subject to the conditions in Note H to Rule 15c3-3a. Each of the conditions in Note H must be met for a broker-dealer to include the debit in the formula. These conditions include the requirement that the U.S. Treasury securities CCA adopts rules designed to protect and segregate the margin, and the U.S. Treasury securities CCA and broker-dealer are in compliance with those rules. See 17 CFR 240.15c3-3a, Note H and Adopting Release, *supra* note 3, 89 FR at 2760-68.

engaged in rulemaking pursuant to the Exchange Act and is required to consider or determine whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.³⁰ In addition, Exchange Act section 23(a)(2) requires the Commission, when making rules pursuant to the Exchange Act, to consider among other matters the impact that any such rule would have on competition and not to adopt any rule that would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.³¹

The baseline against which the costs, benefits, and the effects on efficiency, competition, and capital formation of the compliance date extension are measured consists of the current state of the market for U.S. Treasury securities, including the repo market, current practice as it relates to the purchase and sale of U.S. Treasury securities, and the current regulatory framework, including recently adopted rules. As discussed above, pursuant to the Adopting Release, the compliance date for the Trade Submission Requirement was December 31, 2025, for eligible cash market transactions, and June 30, 2026, for eligible repo market transactions.³²

The Trade Submission Requirement will apply to all covered clearing agencies for U.S. Treasury securities, and, in turn, will have an impact on direct participants in such covered clearing agencies and other market participants transacting with such direct participants. Such market participants include, among others: broker-dealers that are not direct participants of such covered clearing agencies, hedge funds, family offices, separately managed accounts, registered investment companies (including money market funds, certain exchange-traded funds, and other types of mutual funds), principal trading firms, private pension funds, triparty agents, custodian banks, and the Fedwire Settlement Service.³³

³⁰ See 15 U.S.C. 78c(f).

³¹ See 15 U.S.C. 78w(a)(2).

³² See *supra* Section I.

³³ See Adopting Release, *supra* note 3, at part IV.B.7.

The Commission is extending the compliance date for the Trade Submission Requirement to December 31, 2026, for eligible cash market transactions, and June 30, 2027, for eligible repo market transactions. Extending the compliance date will mitigate the costs that industry participants (including covered clearing agencies) will face relative to the baseline of the Initial Compliance Date.³⁴ As discussed above, a number of issues, including but not limited to issues related to the scope of the rule and inter-dependencies of many items required for successful completion, have been raised and there are concerns expressed by commenters that absent an extension, the transition to central clearing could be compromised which in turn could produce expensive disruptions in the cash and repo Treasury markets. The commenters state that multiple issues exist requiring cooperation and collaboration among various regulators and that need to be clarified and implemented.³⁵ In addition, fundamental market structure changes necessary to allow for done-away trading have not yet been designed and implemented by industry participants. The compliance date extension will reduce the possibility of such costly disruptions.

³⁴ *Id.* Extending the compliance date will also mitigate the potential costs associated with overlap of the compliance date of the Trade Submission Requirement and rules that were adopted prior to the Trade Submission Requirement, to the extent the compliance dates of those prior final rules have not already passed. *See* Adopting Release, *supra* note 3, at section IV.C.2.e. As explained in the Adopting Release, where overlap in compliance periods exists, the Commission acknowledges that there may be additional costs on those entities subject to one or more other rules, but spreading the compliance dates out over an extended period limits the number of implementation activities occurring simultaneously. *Id.* For the same reason, extending the compliance date will likely mitigate the potential costs associated with overlap of the compliance date and the compliance dates of rules that have been adopted since the Trade Submission Requirement. Specifically, the Commission has adopted five rules since the Trade Submission Requirement in which it considered the overlap of compliance dates with those established in the Adopting Release, including for the Trade Submission Requirement. *See Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers*, Release No. IA-6546 (Feb. 8, 2024), 89 FR 17984 (March 12, 2024) (compliance date extended by *Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers; Extension of Compliance Date*, Release No. IA-6838 (Jan. 29, 2025), 90 FR 9007 (Feb. 5, 2025); *Covered Clearing Agency Resilience and Recovery and Orderly Wind-Down Plans*, Release No. 34-101446 (Oct. 25, 2024), 89 FR 91000 (Nov. 18, 2024); *Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders*, Release No. 34-101070 (Sept. 18, 2024), 89 FR 81620 (Oct. 8, 2024); *Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934: Amendments Regarding the FOCUS Report*, Release Nos. 33-11342; 34-101925; IC-35420 (Dec. 16, 2024), 90 FR 7250 (Jan. 21, 2025); *Daily Computation of Customer and Broker-Dealer Reserve Requirements Under the Broker-Dealer Customer Protection Rule*, Release No. 34-102022 (Dec. 20, 2024), 90 FR 2790 (Jan. 13, 2025).

³⁵ *See* Associations' Letter, *supra* note 8, at 1 (listing the critical issues identified by the Associations). *See also* ICI Letter, *supra* note 8, at 4-8 (discussing issues identified by ICI)

In aggregate, the extension of the compliance dates for the Trade Submission Requirement to December 31, 2026, for eligible cash market transactions, and June 30, 2027, for eligible repo market transactions will also delay the realization of the economic benefits associated with the final rules. In particular, the benefits of central clearing including the reduction of contagion risk to U.S. Treasury securities CCAs and the resulting lowering of systemic risk would be delayed.

The Commission has also previously acknowledged that “the centralization of clearance and settlement activities at covered clearing agencies allows market participants to reduce costs, increase operational efficiency, and manage risks more effectively.”³⁶ The extension of the compliance date will postpone the realization of such benefits.

The effect of the extension of the compliance dates on efficiency, competition, or capital formation will be a delay in the impact on efficiency, competition, and capital formation described in the final rule.

The Commission considered reasonable alternatives to the new compliance dates, namely a longer extension. As discussed above, one commenter requested that the Commission extend the compliance dates established in the Adopting Release by 24 months stating that the additional time was needed to develop done-away capabilities, to further address necessary customization needed with respect to documentation to address registered fund issues, to address margin issues associated with registered funds’ repo transactions, and to review potential new FICC access models.³⁷

An extension longer than the one year by which the Commission is extending the compliance dates for the Trade Submission Requirement would entail a tradeoff: while it could further reduce some costs associated with disruptions under a more compressed timeline, as explained above, it also further delays the benefits from implementation. As discussed above, a

³⁶ Covered Clearing Agency Standards Proposing Release, Exchange Act Release No. 71699 (Mar. 12, 2014), 79 FR 29507, 29587 (May 27, 2014).

³⁷ See ICI Letter, *supra* note 8.

one year extension results in a compliance date for repo transactions that is approximately 27 months away from the date of this release and for cash transactions that is approximately 22 months away from the date of this release. The Commission believes a one-year extension, which is consistent with the minimum amount of additional time requested in the Associations' Letter, is sufficient given that compliance activity has been ongoing and the incremental cost savings of an extension longer than one year are uncertain relative to the benefits that would be lost as a result.

III. PROCEDURAL AND OTHER MATTERS

The Administrative Procedure Act ("APA") generally requires an agency to publish notice of a rulemaking in the Federal Register and provide an opportunity for public comment. This requirement does not apply, however, if the agency "for good cause finds . . . that notice and public procedure are impracticable, unnecessary, or contrary to the public interest."³⁸

For the reasons cited above, the Commission, for good cause, finds that notice and solicitation of comment regarding the extension of the compliance dates set forth herein is impracticable, unnecessary, or contrary to the public interest.³⁹ The Associations' letter was submitted recently and given the issues and challenges with implementation that have been raised, as well as the upcoming March 31, 2025 deadline and the pending proposed rule change from FICC, there is good cause for not providing notice and comment. This rule does not impose any new substantive regulatory requirements on any person and merely reflects the extension of the compliance dates for the Trade Submission Requirement. For the reasons discussed in Part I above, an extension of the compliance dates is needed to facilitate orderly implementation of these rules by allowing additional time for all industry participants (*i.e.*, U.S. Treasury securities CCAs, their direct participants, and their counterparties) to comply with the Trade Submission

³⁸ 5 U.S.C. 553(b)(B).

³⁹ *See id.* (stating that an agency may dispense with prior notice and comment when it finds, for good cause, that notice and comment are "impracticable, unnecessary, or contrary to the public interest").

Requirement. Further, the Commission recognizes the importance of providing notice of the extended compliance date, and providing immediate effectiveness upon publication of this release will allow industry participants to adjust their implementation plans accordingly.⁴⁰

For similar reasons, although the APA generally requires publication of a rule at least 30 days before its effective date, the requirements of 5 U.S.C. 808(2) are satisfied (notwithstanding the requirement of 5 U.S.C. 801),⁴¹ and the Commission finds that there is good cause for this extension to take effect on [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

Pursuant to the Congressional Review Act, the Office of Information and Regulatory Affairs has designated the extension of the compliance dates not a “major rule,” as defined by 5 U.S.C. 804(2).

IV. CONCLUSION

The Commission extends the compliance date for Rule 17ad-22(e)(18)(iv)(A) and (B) by one year, to December 31, 2026, for eligible cash market transactions, and June 30, 2027, for eligible repo market transactions.

By the Commission.

Dated: February 25, 2025.

Vanessa A. Countryman,
Secretary.

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⁴⁰ The compliance date extensions set forth in this release are effective upon publication in the Federal Register. Section 553(d)(1) of the Administrative Procedure Act allows effective dates that are less than 30 days after publication for a “substantive rule which grants or recognizes an exemption or relieves a restriction.” 5 U.S.C. 553(d)(1).

⁴¹ See 5 U.S.C. 808(2) (if a Federal agency finds that notice and public comment are impracticable, unnecessary or contrary to the public interest, a rule shall take effect at such time as the Federal agency promulgating the rule determines). This rule also does not require analysis under the Regulatory Flexibility Act. See 5 U.S.C. 604(a) (requiring a final regulatory flexibility analysis only for rules required by the APA or other law to undergo notice and comment). Finally, this rule does not contain any collection of information requirements as defined by the Paperwork Reduction Act of 1995 (“PRA”). 44 U.S.C. 3501 *et seq.* Accordingly, the PRA is not applicable.