



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105248; File No. S7-2026-03]

Order Under Section 36 of the Securities Exchange Act of 1934 (the “Exchange Act”) Granting Conditional Exemptive Relief from Section 15(c)(3) of and Rule 15c3-3 Under the Exchange Act for Cross-Margining of Cleared U.S. Treasury Securities and Related Futures

April 15, 2026.

I. Introduction

A. Overview of Exemptive Order

The Securities and Exchange Commission (“Commission” or the “SEC”) is granting exemptive relief, subject to the conditions discussed below, pursuant to Section 36¹ of the Exchange Act to broker-dealers registered under Section 15(b) of the Exchange Act² that are dually-registered as futures commission merchants (“FCMs”) pursuant to Section 4f(a)(1) of the Commodity Exchange Act (“CEA”)³ (“BD-FCMs”) from compliance with Section 15(c)(3) of the Exchange Act⁴ and Rule 15c3-3⁵ thereunder in connection with a program to cross-margin U.S. Treasury securities cleared by a clearing agency that is registered under Section 17A of the Exchange Act⁶ (“clearing agency”) and related futures contracts cleared by a derivatives clearing organization registered under Section 5b of the CEA⁷ (“DCO”) for purposes of calculating

¹ 15 U.S.C. 78mm. Section 36(a)(1) of the Exchange Act gives the Commission the authority to exempt any person, security or transaction or any class or classes of persons, securities or transactions, conditionally or unconditionally, from any Exchange Act provision by rule, regulation or order, to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors.

² 15 U.S.C. 78o(b).

³ 7 U.S.C. 6f(a)(1).

⁴ 15 U.S.C. 78o(c)(3).

⁵ 17 CFR 240.15c3-3.

⁶ 15 U.S.C. 78q-l.

⁷ 7 U.S.C. 7a-1.

clearing agency and DCO initial margin requirements. The cross-margin program would be available to customers of a BD-FCM that also is a joint clearing member of a clearing agency that clears U.S. Treasury securities positions and a member of a DCO that clears related futures contracts (“Eligible BD-FCMs”).

Under the conditional exemptive relief, an Eligible BD-FCM would be permitted to hold eligible U.S. Treasury securities positions and the customer assets used to margin, secure, or guarantee such positions under the cross margin program in a futures account as defined in Commodity Futures Trading Commission (“CFTC”) Rule 1.3⁸ from the period of novation of a trade through settlement of such trade.

B. Background

On December 13, 2023, the Commission adopted rules under the Exchange Act to amend the standards applicable to certain clearing agencies to enhance risk management practices for central counterparties in the U.S. Treasury market and facilitate additional clearing of U.S. Treasury securities.⁹ In the Treasury Clearing Adopting Release, several commenters discussed facilitating cross-margining of indirect participants’ (i.e., customers’ or end users’) transactions in U.S. Treasury securities with those in U.S. Treasury futures as a method to lower costs of trading and thereby incentivize additional clearing.¹⁰ In response to these comments, the Commission agreed that cross-margining can be beneficial to market participants.¹¹

Cross-margining arrangements allow joint members of two clearing organizations to have their initial margin requirements reduced by accounting for risk offsets between positions held at each clearing organization. To recognize potential offsets in the risk presented by related

⁸ See 17 CFR 1.3 (defining a “futures account” to mean “an account that is maintained in accordance with the segregation requirements of sections 4d(a) and 4d(b) of the [Commodity Exchange] Act and the rules thereunder.”).

⁹ See *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*, Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) (“Treasury Clearing Adopting Release”).

¹⁰ See Treasury Clearing Adopting Release, 89 FR at 2750.

¹¹ *Id.* at 2751.

products, some clearing organizations have entered into proprietary (i.e., noncustomer) cross-margining arrangements with other clearing organizations that cleared related products.¹² Since the adoption of the Treasury Clearing Adopting Release, market participants have continued to support the implementation of similar cross-margining arrangements for customer positions in cleared U.S. Treasury securities and related futures positions at the clearinghouse/DCO level.¹³ Further, other groups also have recommended that the Commission permit clearinghouse/DCO level cross-margining for customers for certain U.S. Treasury securities transactions cleared at a clearing agency and related futures cleared at a DCO, and that the cross-margining occur in a futures account.¹⁴

C. FICC and CME’s Application for Exemptive Relief

FICC and CME currently have in place a proprietary cross-margining arrangement that allows a broker-dealer that is an Eligible BD-FCM, acting for itself or for certain non-customer affiliates, or a pair of affiliated clearing members, to have initial margin requirements for certain proprietary (i.e., noncustomer) FICC-cleared eligible securities positions and certain CME-cleared eligible futures positions calculated in a way that recognizes the risk offsets across those

¹² See e.g., *Order Granting Approval of Proposed Rule Change to Amend and Restate the Cross-Margining Agreement between FICC and CME*, Exchange Act Release No. 98327 (Sept. 8, 2023) [File No. SR-FICC-2023-010] (approving amendments to an ongoing proprietary cross-margining arrangement between the Fixed Income Clearing Corporation (“FICC”) and the Chicago Mercantile Exchange (“CME”), a DCO which clears futures related to the U.S. Treasury securities that FICC clears).

¹³ See Letter from 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 (Jan. 24, 2025), available at, e.g., <https://www.sifma.org/wp-content/uploads/2025/01/SIFMA-Extension-Request-US-Treasury-Clearing-Mandate-FINAL-Clean.pdf> (requesting an extension of the compliance dates in the Treasury Clearing Adopting Release and stating that additional time is needed to consider how to resolve critical issues (including cross-margining of repos and futures) related to the implementation of the rules).

¹⁴ See CFTC Global Markets Advisory Committee Advances Key Recommendations, CFTC Release No. 8860-24 (Feb. 8, 2024), available at: <https://www.cftc.gov/PressRoom/PressReleases/8860-24> (recommending making the benefits of cross-margining available to a broader range of sophisticated customers, including those customers that will be subject to the clearing requirements under the Treasury Clearing Adopting Release, as well as to all customers that voluntarily elect to clear Treasury transactions and will post margin). See also Treasury Market Practices Group, *Consultative White Paper: Non-Centrally Cleared Bilateral Repo and Indirect Clearing in the U.S. Treasury Market: Focus on Margining Practices* (Feb. 26, 2025) (recommending that customers, rather than clearing members, post the margin required by a clearing organization in respect of cleared U.S. Treasury repurchase transactions).

positions.¹⁵ Customers who clear positions at CME and FICC through a joint clearing member are not eligible to have their positions cross-margined under the current proprietary cross-margin arrangement. To implement a customer cross-margin program, FICC and CME, on behalf of their Eligible BD-FCMs, filed an application for exemptive relief from section 15(c)(3) of the Exchange Act and Rule 15c3-3 thereunder under section 36 of the Exchange Act on December 11, 2025.¹⁶ In connection with the proposed customer cross-margin program, FICC and CME also have submitted rule filings and exemptive applications with the Commission and CFTC, as applicable.¹⁷ The Commission approved FICC’s rule filing by delegated authority on April 15, 2026 and the CFTC issued an exemptive order on the same date.¹⁸

¹⁵ See Application, *infra* note 16, at pp. 5-6. Eligible BD-FCMs participate in the proprietary cross-margin program, and would participate in the proposed customer cross-margin program, in their capacity as netting members as defined in FICC’s Government Securities Division Rulebook. See Application at p.1.

¹⁶ See Notice of an Application of the Fixed Income Clearing Corporation and Chicago Mercantile Exchange Inc. for an Exemption Pursuant to Section 36 of the Securities Exchange Act of 1934 in Connection With the Cross-Margining of U.S. Treasury Securities and Related Futures, Exchange Act Release No. 104748 (Jan. 30, 2026), 91 FR 4994 (Feb. 3, 2026) (“Notice of an Application”). The application for exemptive relief (“Application”) is attached as an Appendix to the Notice of an Application, available at: <https://www.sec.gov/files/rules/other/2026/34-104748.pdf>.

¹⁷ See FICC, Notice of Filing of Proposed Rule Change to Amend and Restate the Second Amended and Restated Cross-Margining Agreement Between FICC and CME and Amend Related GSD Rules, Exchange Act Release No. 104485 (Dec. 22, 2025), 90 FR 60791 (Dec. 29, 2025) [File No. SR-FICC-2025-025]. FICC also filed this proposed rule change as an Advance Notice [File No. SR-FICC-2025-801] with the Commission pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010, 12 U.S.C. 5465(e)(1), and Rule 19b-4(n)(1)(i) under the Exchange Act, 17 CFR 240.19b-4(n)(1)(i). See also 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 FR 58525 (Dec. 17, 2025); Notification to the CFTC Regarding the Third Amended and Restated Cross-Margining Agreement and Service Level Agreement between CME and FICC, CME Submission No. 25-410. (Sept. 25, 2025).

¹⁸ Notice of Filing of Partial Amendment No. 2 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Partial Amendment Nos. 1 and 2, to Amend and Restate the Second Amended and Restated Cross-Margining Agreement between FICC and CME and Amend Related GSD Rules; Exchange Act Release No. 105249 (Apr. 15, 2026) [File No. SR-FICC-2025-025] (“FICC Approval Order”); CFTC, Order Providing Exemptive Relief to Facilitate Cross-Margining of Customer Positions Cleared at CME and FICC (“CFTC Order”). The CFTC Order and FICC Approval Order published elsewhere in this issue of the *Federal Register*. See also Notice of Filing of Partial Amendment No. 2 and Notice of No Objection to Advance Notice, as Modified by Partial Amendment Nos. 1 and 2, to Amend and Restate the Second Amended and Restated Cross-Margining Agreement between FICC and CME and Amend Related GSD Rules; Exchange Act Release No. 105197 (Apr. 10, 2026); 91 FR 19221 (Apr. 14, 2026) [File No. SR-FICC-2025-801].

Rule 15c3-3 under the Exchange Act,¹⁹ the broker-dealer customer protection rule, requires broker-dealers that hold customer cash and securities to treat these assets in a manner that facilitates their prompt return to the customers if the broker-dealer fails financially. The goal of Rule 15c3-3 is to place a broker-dealer in a position where it is able to wind down in an orderly self-liquidation without the need of financial assistance provided by the Securities Investor Protection Corporation (“SIPC”) through a formal proceeding under the Securities Investor Protection Act of 1970 (“SIPA”), or through proceedings under subchapter III of Chapter 7 of the U.S. Bankruptcy Code (i.e., the stockbroker liquidation provisions).²⁰

Section 36 of the Exchange Act authorizes the Commission to conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from certain provisions of the Exchange Act or certain rules or regulations thereunder, by rule, regulation, or order, to the extent that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.²¹

On January 30, 2026, the Commission issued a Notice of an Application seeking comment on the Application. The Notice of an Application was published in the *Federal Register* on February 3, 2026 to provide interested persons the opportunity to comment.²² In the Notice of an Application, the Commission requested comment on whether it should consider broadening the exemptive relief requested by FICC and CME to be available to any clearing agency and DCO and their joint clearing members with a cross-margining program that meets

¹⁹ Section 15(c)(3)(A) of the Exchange Act provides, in pertinent part, that no broker-dealer shall make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (with exceptions for certain securities) in contravention of such rules and regulations as the Commission shall prescribe as necessary or appropriate in the public interest or for the protection of investors to provide safeguards with respect to the financial responsibility and related practices of broker-dealers including, but not limited to, the acceptance of custody and use of customers’ securities and the carrying and use of customers’ deposits or credit balances. 15 U.S.C. 78o(c)(3)(A).

²⁰ See 15 U.S.C. 78aaa *et. seq.*; see also *Daily Computation of Customer and Broker-Dealer Reserve Requirements under the Broker-Dealer Customer Protection Rule*, Exchange Act Release No. 102022 (Dec. 20, 2024), 90 FR 2790, 2791 (Jan. 13, 2025).

²¹ 15 U.S.C. 78mm(a)(1).

²² The comment period ended March 5, 2026. See Notice of an Application, 91 FR at 4997.

the conditions of an exemptive order.²³ The Commission also requested comment on how the conditions proposed by FICC and CME in the Application could be modified if the Commission broadened the exemptive order.²⁴ Further, the Commission requested comment on whether it should consider requiring FICC or CME to provide Eligible BD-FCMs and their eligible customers with the ability to select a securities account as an alternative to a CFTC futures account as a condition to granting exemptive relief.²⁵ The Commission did not receive any comments on the Notice of an Application.²⁶

II. Discussion of Exemptive Relief

Given the above described customer protection requirements under section 15(c)(3) of the Exchange Act and Rule 15c3-3 thereunder, absent relief by the Commission, participants would not be permitted to participate in a program to cross-margin customer positions in U.S. Treasury securities cleared by a clearing agency and related futures contracts cleared by a DCO in a futures account.

Cross-margining of cleared U.S. Treasury securities transactions (subject to the Commission's regulations) and related futures (subject to CFTC regulations) for purposes of calculating clearing agency and DCO initial margin requirements can offer many benefits to investors and the markets, including promoting greater efficiencies in clearing with respect to offsetting positions and aligning overall margin requirements more closely with the overall risk of the portfolio a customer holds through an Eligible BD-FCM. Cross-margining also may reduce initial margin requirements of a cross-margin customer's positions and the associated margin costs. In turn, the reduced overall risk resulting from such risk offsets in cross-margining would limit an Eligible BD-FCM's exposure to its customers.

²³ See Notice of an Application, 91 FR at 4997.

²⁴ See Notice of an Application, 91 FR at 4997.

²⁵ See Notice of an Application, 91 FR at 4996.

²⁶ See Notice of an Application [File No. S7-2026-03].

At the same time, facilitating cross-margining at the clearing agency/DCO level for customer cleared U.S. Treasury securities and related futures requires the Commission to address applicable customer protection requirements and promote appropriate customer disclosure with respect to the treatment of margin posted to a clearing agency and held in a futures account under a customer cross-margin program from the period of novation of a trade through settlement. In addition, the Commission also must address certain differences in the requirements of the Exchange Act and CEA.

Accordingly, after careful consideration of the request before the Commission, and the relevant statutory provisions, the Commission is issuing conditional exemptive relief, as discussed below, to facilitate the cross-margining of cleared U.S. Treasury securities and related futures for customers of Eligible BD-FCMs subject to the conditions set out in this order.

A. Scope of Exemptive Relief

This exemptive relief will apply to any Eligible BD-FCM that meets the conditions of this order. In addition to receiving the Application from FICC and CME for exemptive relief from section 15(c)(3) of the Exchange Act and Rule 15c3-3 thereunder to expand their current proprietary cross-margin program to customers, since the issuance of the Treasury Clearing Adopting Release, the Commission has approved applications for two additional U.S. Treasury clearing agencies (in addition to FICC). As a result, the Commission has approved applications and proposed rule changes for three U.S. Treasury clearing agencies (including FICC) to implement certain requirements of the Treasury Clearing Adopting Release.²⁷

²⁷ See CME Securities Clearing, Inc.; *Order Granting an Application for Registration as a Clearing Agency Under Section 17A of the Securities Exchange Act of 1934*, Exchange Act Release No. 104281 (Dec. 1, 2025), 90 FR 55926 (Dec. 4, 2025); ICE Clear Credit LLC; *Order Granting an Application for Registration as a Clearing Agency Under Section 17A of the Securities Exchange Act of 1934*, Exchange Act Release No. 104762 (Jan. 30, 2026), 91 FR 5528 (Feb. 6, 2026). See also FICC, *Order Approving Proposed Rule Change, as Modified by Partial Amendment No. 1, to Modify the GSD Rules (i) Regarding the Separate Calculation, Collection and Holding of Margin for Proprietary Transactions and That for Indirect Participant Transactions, and (ii) to Address the Conditions of Note H to Rule 15c3-3a*, Exchange Act Release No. 101695 (Nov. 21, 2024), 89 FR 93763 (Nov. 27, 2024) [File No. SR-FICC-2024-007].

Due to the registration of multiple U.S. Treasury clearing agencies since the adoption of the Treasury Clearing Adopting Release, the Commission is providing exemptive relief broader than that requested to include any Eligible BD-FCM meeting the conditions of this order. This approach also is consistent with other prior Commission approvals for cross-margining and portfolio margining, including the portfolio margining of cleared swaps and security-based swaps that are credit default swaps in a segregated account established and maintained in accordance with section 4d(f) of the CEA or a cleared swaps proprietary account.²⁸

Broadening the exemptive relief also will allow Eligible BD-FCMs to participate in, and allow other clearing agencies and DCOs to implement, customer cross-margin programs without separately having to apply for exemptive relief from the Commission, for themselves or their BD-FCM members. This approach will streamline the process of implementing a customer cross-margin program without undermining the customer protection because Eligible BD-FCMs must comply with the conditions of this order. In addition, clearing agencies and DCOs must file proposed changes with the Commission and CFTC, as applicable, to amend their rulebooks in order to implement a customer cross-margin program. Further, Eligible BD-FCMs, clearing agencies and DCOs would need to obtain any other applicable relief from the CFTC. Finally, the Commission will continue to coordinate with the CFTC regarding the implementation of any customer cross-margin programs involving cleared U.S. Treasury securities and related futures, such as the FICC and CME customer cross-margin program.²⁹

Pursuant to this relief, an Eligible BD-FCM will be exempt from section 15(c)(3) of the Exchange Act and Rule 15c3-3 thereunder solely with respect to Eligible Customer Positions

²⁸ See *Order Granting Conditional Exemptions under the Securities Exchange Act of 1934 in Connection with the Portfolio Margining of Cleared Swaps and Security-based Swaps that are Credit Default Swaps*, Exchange Act Release No. 93501 (Nov. 1, 2021), 86 FR 61357 (Nov. 5, 2021) (“2021 CDS Portfolio Margin Order”).

²⁹ See *supra* note 18.

that are Eligible Securities Positions³⁰ and customer assets used to margin, secure, or guarantee such positions or which accrue as a result of such trades or contracts (such customer assets herein referred to as “Associated Margin” for purposes of this order) carried in a futures account, for and on behalf of customers under an arrangement to cross-margin Eligible Customer Positions from novation through settlement³¹ (a “Customer Cross-Margin Program”) administered jointly by a clearing agency and a DCO, subject to certain conditions. This exemptive relief will facilitate the clearing of U.S. Treasury securities by recognizing risk offsets in the calculation of initial margin requirements at the clearing agency for positions in U.S. Treasury securities and at a DCO for positions in related futures contracts.

The following discussion describes conditions of the order. As discussed further below, conditions that were specifically tailored to FICC and CME in the Application have been broadened so that they will apply to any Eligible BD-FCM that complies with the conditions of this order.³²

B. Discussion of Conditions

³⁰ The term “Eligible Customer Positions” for purposes of this order means positions held for customers that are: (1) U.S. Treasury securities cleared through a clearing agency that clears, settles, and novates transactions in U.S. Treasury securities, and/or (2) related futures contracts cleared by a DCO. Eligible Customer Positions cleared through a clearing agency are referred to herein as “Eligible Securities Positions” and those cleared at a DCO are referred to herein as “Eligible Futures Positions.” The term “Eligible Customer Positions” is designed to ensure that eligible positions in the customer cross-margin program are limited to certain U.S. Treasury securities cleared through a clearing agency and related futures cleared through a DCO. In addition, because Eligible Securities Positions are limited to certain Treasury security positions that have been novated to a clearing agency, neither a securities transaction that has not been novated to the clearing agency, securities delivered under a novated Treasury securities transaction that has settled, nor cash proceeds of such a transaction would constitute Eligible Securities Positions subject to this order.

³¹ More specifically, Eligible Securities Positions and Associated Margin would only be maintained in such futures account while they are being cleared by the clearing agency. Once an Eligible Securities Position becomes subject to final settlement, the Eligible Securities Position and the Associated Margin received in connection with such settlement (and any returned margin for the Eligible Securities Position from the clearing agency) would once again be subject to Rule 15c3-3 under the Exchange Act and any such other requirements as generally apply to Associated Margin.

³² For example, the FICC and CME proposed conditions to require the same margin methodology and eligible positions as permitted in the proprietary cross-margin program have been generalized in this order. *See* Application.

The first condition requires that all Eligible Securities Positions and Associated Margin under a Customer Cross-Margin Program shall be carried by an Eligible BD-FCM in a futures account as defined in CFTC Rule 1.3 for and on behalf of the cross-margining customers and shall be deemed to have been received by the Eligible BD-FCM and be accounted for and treated and dealt with as belonging to the cross-margining customers of the Eligible BD-FCM consistent with section 4d(a)(2) of the CEA and the CFTC’s regulations thereunder. By requiring that Eligible Securities Positions and Associated Margin be carried in a futures account, this condition is designed to limit customer eligibility to participate in an Eligible BD-FCM’s Customer Cross-Margin Program to customers that are eligible for the full protections of the CFTC’s Part 190 bankruptcy distribution rules in the event of an Eligible BD-FCM insolvency.³³ The Commission modified this condition from the proposed condition in the Application to add references to CFTC Rule 1.3 and CFTC regulations to further clarify that Eligible Securities Positions and Associated Margin would need to be held in a futures account that meets the definition of that term under CFTC regulations. Finally, requiring that Eligible Securities Positions and Associated Margin be carried in a futures account also will limit participants in a Customer Cross-Margin Program to futures customers that have Eligible Futures Positions and Eligible Securities Positions.

The second condition requires the Eligible BD-FCM and its eligible customer both agree in writing to participate in the Customer Cross-Margin Program in order to apply cross-margining to the Eligible Customer Positions. This condition is designed to ensure that participation in a Customer Cross-Margin Program is voluntary and at the election of both the eligible customer and Eligible BD-FCM so that cross-margining is not applied to Eligible Customer Positions without both the consent of the eligible customer and the approval of the Eligible BD-FCM. The Commission has modified this condition from the Application to require that the condition be in writing. Although an Eligible BD-FCM and its customer will typically

³³ See 17 CFR 1.3 (defining “futures customer”); see also 17 CFR 190.01 (defining “public customer”).

satisfy this condition by executing a written customer agreement, the inclusion of the requirement that the agreement be in writing is designed to clearly delineate each party's obligations. This requirement also will provide documentation of the agreement and will aid an Eligible BD-FCM in demonstrating compliance with the condition.

The third condition requires that the Eligible BD-FCM must enter into a written non-conforming subordination agreement³⁴ with each eligible customer prior to the customer's participation in cross-margining under the Customer Cross-Margin Program, pursuant to which the customer must specifically agree and acknowledge that: (i) the customer's Eligible Securities Positions and Associated Margin will not receive customer treatment under the Exchange Act or SIPA or be treated as "customer property" as defined in 11 U.S.C. 741 in a liquidation of the Eligible BD-FCM; (ii) such Eligible Securities Positions and Associated Margin will be subject to any applicable protections under Subchapter IV of Chapter 7 of Title 11 of the United States Code and rules and regulations thereunder, and (iii) claims to "customer property" as defined in SIPA or 11 U.S.C. 741 against the Eligible BD-FCM with respect to its Eligible Securities Positions and Associated Margin held at the clearing agency will be subordinated to the claims of all other customers, as the term "customer" is defined in SIPA or 11 U.S.C. 741.

This condition is designed to assure that customers participating in the Customer Cross-Margin Program would, in the event of an Eligible BD-FCM's insolvency, be subject to subchapter IV (commodity broker liquidation) of Chapter 7 of the U.S. Bankruptcy Code, and the CFTC's Part 190 Regulations thereunder. This condition would thereby provide clarity for these customers to benefit from the protections applicable under CFTC rules, the CEA and U.S. Bankruptcy Code for assets held in a futures account. Assets held in a futures account would be afforded the protections of the rules of the CFTC governing the treatment of customer margin held by an Eligible BD-FCM as well as the protections of the CEA and commodity broker

³⁴ A non-conforming subordination agreement generally would not meet all the requirements of Appendix D to Rule 15c3-1 (Satisfactory Subordination Agreements). 17 CFR 240.15c3-1d.

liquidation provisions. Together with the disclosure condition discussed below, this condition should also help to ensure that eligible customers understand at the outset which customer protections would apply with respect to Eligible Securities Positions and Associated Margin held in a futures account.³⁵

The fourth condition requires that the Eligible BD-FCM must furnish to each eligible customer prior to the customer's participation in cross-margining under the Customer Cross-Margin Program, a disclosure document containing: (i) a statement indicating that the customer's Eligible Securities Position and Associated Margin will be held in a futures account, and that the protections under Subchapter IV of Chapter 7 of Title 11 of the United States Code and the rules and regulations thereunder will apply to such money, securities, and property while held in the futures account; and (ii) a statement that the broker-dealer segregation requirements of section 15(c)(3) of the Exchange Act and the rules thereunder, and any customer protections under SIPA and the stockbroker liquidation provisions, will not apply to such Eligible Securities Positions and Associated Margin under the Customer Cross-Margin Program while held in the futures account.

This condition is designed to provide customers, prior to the customer's participation in cross-margining under the Customer Cross-Margin Program, with important disclosures regarding the legal framework that will govern their transactions in U.S. Treasury securities from novation of a trade to a clearing agency through settlement. As discussed above, the disclosure requirements are essential to highlight to customers who agree to participate in the Customer Cross-Margin Program that the futures account that will hold their Eligible Securities Positions and Associated Margin will be governed by the segregation requirements under a regime with different protections (*i.e.*, the Bankruptcy Code), and that any protections under SIPA will not be available to them while the Eligible Securities Positions and Associated Margin are held in the

³⁵ The conditions for the non-conforming subordination agreement and the disclosure requirements below are consistent with the non-conforming subordination agreements and disclosure requirements in the 2021 CDS Portfolio Margining Order. *See* 2021 CDS Portfolio Margin Order.

futures account. Finally, the Commission has modified the language from the proposed condition in the Application to require that the disclosure document be provided to the customer prior to the customer's participation in the Customer Cross-Margin Program, and to emphasize in the disclosures what protections will and will not apply to Eligible Securities Positions and Associated Margin "while held in a futures account." This modification will align the timing of the disclosure with the language in the third condition regarding the non-conforming subordination agreement, and ensure that the Eligible BD-FCM provides customers with the required disclosures before customers have any Eligible Securities Position and Associated Margin placed in a futures account.

The fifth condition requires that each clearing agency and DCO must calculate initial margin requirements for Eligible Customer Positions on a gross basis (*i.e.*, customer-by-customer)³⁶ using the same margin reduction methodology. The determination of initial margin on a gross basis is intended to ensure that only Eligible Customer Positions within each individual cross-margin customer's combined portfolio are offset against one another.

The sixth condition requires the Eligible BD-FCM to collect from each of its cross-margining customers, at a minimum, the aggregate amount of initial margin required by each clearing agency and DCO in respect of the cross-margining customer's Eligible Customer Positions. This condition is designed to help assure that the Eligible BD-FCMs are requiring minimum margin that measures and accounts for the risk across a customer's Eligible Customer Positions. This condition also ensures that the Eligible BD-FCMs hold sufficient customer collateral to cover the required margin amounts at each clearing agency and DCO. Furthermore, collecting the aggregate amount of initial margin on a gross basis would increase the financial resources available to the clearing agency and DCO in the event of a customer default.

³⁶ This is in contrast to initial margin calculated on a "net basis" where different customer positions are netted together as one combined portfolio to calculate initial margin requirements.

The seventh condition requires that the Eligible BD-FCM be in compliance with applicable laws and regulations relating to risk management, capital, and liquidity, and be in compliance with applicable clearing agency and DCO rules and CFTC requirements (including segregation and related books and records provisions) for futures accounts in connection with the Customer Cross-Margin Program. The purpose of this condition is to help ensure that the exemption under this order is available only when the applicable regulatory requirements are appropriately followed.³⁷

The eighth condition states that the clearing agency and DCO must have amended their rulebooks as may be necessary to implement a Customer Cross-Margin Program and the conditions of this order.³⁸ This condition is intended to ensure that a clearing agency and DCO have rules in place to implement a Customer Cross-Margin Program that complies with the conditions of this order. For a clearing agency, the Commission would need to approve any proposed rule changes regarding, among other things, eligible positions, any applicable cross-margin agreements, margin methodologies (including margin reduction methodologies), account structure, and the framework of a Customer Cross-Margin program³⁹ through a rule filing under section 19(b) of the Exchange Act.⁴⁰ Finally, given the broadening of this order as discussed in

³⁷ For purposes of this condition, Eligible BD-FCMs would be exempt from Section 15(c)(3) and Rule 15c3-3 thereunder solely with respect to any Eligible Securities Positions and Associated Margin carried in a futures account as defined in CFTC Rule 1.3 under a Customer Cross-Margin Program meeting all other conditions of this order.

³⁸ The Commission modified this condition from the proposed condition in the Application to require that the clearing agency and DCO must have amended, rather than “shall amend,” their rulebooks, to express that the rule amendments that satisfy the conditions of this order must be in place prior to permitting customers to participate in a Customer Cross-Margin Program.

³⁹ For instance, CME and FICC proposed using the same eligible positions and margin reduction methods for their Customer Cross-Margin Program as those applied in their existing proprietary cross-margin program, as amended from time to time, as a proposed condition in the Application. *See* Application at p.22. Because the Commission is broadening the scope of this order as discussed above, the proposed conditions in the Application related to eligible positions and the margin reduction methodology specific to FICC are not included as conditions in this order and instead were approved by the Commission through a proposed rule change. *See supra* note 18.

⁴⁰ Under Section 19(b) of the Exchange Act, self-regulatory organizations (“SROs”) generally must file proposed rule changes with the Commission for notice, public comment, and Commission approval, prior to implementation. 15 U.S.C. 78s(b). Section 19(b)(1) of the Exchange Act requires each securities SRO to file with the SEC “any proposed rule or any proposed change in, addition to, or deletion from the rules

section II.A. above, this condition also will provide market participants with the opportunity for notice and comment under section 19(b) of the Exchange Act regarding the proposed framework for any new Customer Cross-Margin Program that a clearing agency may propose to implement in the future.

The ninth condition requires the clearing agency, DCO, and Eligible BD-FCMs, as applicable, to have obtained any other regulatory relief or approvals from the Commission or CFTC, as applicable, needed to permit the eligible customers of an Eligible BD-FCM to participate in a Customer Cross-Margin Program under the conditions of this order.⁴¹ The purpose of this condition is to help assure that the exemption from section 15(c)(3) of the Exchange Act and Rule 15c3-3 thereunder would apply only in circumstances where the protections of a regulatory framework under the CEA and the CFTC's rules, or under the Exchange Act and Commission rules apply and effectively can be applied to the cross-margining customer of an Eligible BD-FCM.

For the reasons discussed above, the Commission finds it appropriate in the public interest and consistent with the protection of investors to exempt Eligible BD-FCMs from compliance with section 15(c)(3) of the Exchange Act and Rule 15c3-3 thereunder in connection with a program to cross-margin customer positions in U.S. Treasury securities cleared by a clearing agency and related futures contracts cleared by a DCO in a futures account for purposes of recognizing risk offsets in calculating clearing agency and DCO initial margin requirements from the period of novation through settlement of a trade.

III. Conclusion

Accordingly, IT IS HEREBY ORDERED, pursuant to section 36(a) of the Exchange Act, that any broker-dealer that is an Eligible BD-FCM will be exempt from section 15(c)(3) of the

of . . . [a] self-regulatory organization.” 15 U.S.C. 78s(b)(1). The CFTC also has rule filing requirements under section 5c(c) of the CEA (7 U.S.C. 7a-2(c)) and part 40 of the CFTC's regulations (17 CFR part 40).

⁴¹ This condition was not in the Application. However, it is consistent with a previous Commission exemptive order. *See* 2021 CDS Portfolio Margin Order.

Exchange Act and Rule 15c3-3 thereunder solely with respect to any Eligible Customer Positions that are Eligible Securities Positions and any Associated Margin carried in a futures account as defined in CFTC Rule 1.3, for and on behalf of customers under a Customer Cross-Margin Program subject to the following conditions:

(1) All Eligible Securities Positions and Associated Margin under a Customer Cross-Margin Program shall be carried by an Eligible BD-FCM in a futures account as defined in CFTC Rule 1.3 for and on behalf of the cross-margining customers and shall be deemed to have been received by the Eligible BD-FCM and be accounted for and treated and dealt with as belonging to the cross-margining customers of the Eligible BD-FCM consistent with section 4d(a)(2) of the CEA and the CFTC's regulations thereunder.

(2) The Eligible BD-FCM and its eligible customer both agree in writing to participate in the Customer Cross-Margin Program in order to apply cross-margining to the Eligible Customer Positions.

(3) The Eligible BD-FCM must enter into a written non-conforming subordination agreement with each eligible customer prior to the customer's participation in cross-margining under the Customer Cross-Margin Program, pursuant to which the customer must specifically agree and acknowledge that:

(i) The customer's Eligible Securities Positions and Associated Margin will not receive customer treatment under the Exchange Act or SIPA or be treated as "customer property" as defined in 11 U.S.C. 741 in a liquidation of the Eligible BD-FCM;

(ii) Such Eligible Securities Positions and Associated Margin will be subject to any applicable protections under Subchapter IV of Chapter 7 of Title 11 of the United States Code and rules and regulations thereunder; and

(iii) Claims to "customer property" as defined in SIPA or 11 U.S.C. 741 against the Eligible BD-FCM with respect to its Eligible Securities Positions and Associated Margin held at

the clearing agency will be subordinated to the claims of all other customers, as the term “customer” is defined in SIPA or 11 U.S.C. 741.

(4) The Eligible BD-FCM must furnish to each eligible customer prior to the customer’s participation in cross-margining under the Customer Cross-Margin Program, a disclosure document containing:

(i) A statement indicating that the customer’s Eligible Securities Position and Associated Margin will be held in a futures account, and that the protections under Subchapter IV of Chapter 7 of Title 11 of the United States Code and the rules and regulations thereunder will apply with respect to such money, securities, and property while held in the futures account; and

(ii) A statement that the broker-dealer segregation requirements of section 15(c)(3) of the Exchange Act and the rules thereunder, and any customer protections under SIPA and the stockbroker liquidation provisions, will not apply to such Eligible Securities Positions and Associated Margin under the Customer Cross-Margin Program while held in the futures account.

(5) Each clearing agency and DCO must calculate initial margin requirements for Eligible Customer Positions on a gross basis (i.e., customer-by-customer) using the same margin reduction methodology.

(6) The Eligible BD-FCM must collect from each of its cross-margining customers, at a minimum, the aggregate amount of initial margin required by each clearing agency and DCO in respect of the cross-margining customer’s Eligible Customer Positions.

(7) The Eligible BD-FCM must be in compliance with applicable laws and regulations relating to risk management, capital, and liquidity, and must be in compliance with applicable clearing agency and DCO rules and CFTC requirements (including segregation and related books and records provisions) for futures accounts in connection with the Customer Cross-Margin Program.

(8) The clearing agency and DCO must have amended their rulebooks as may be necessary to implement a Customer Cross-Margin Program and the conditions of this order.

(9) The clearing agency, DCO, and each Eligible BD-FCM must have obtained any other regulatory relief or approvals from the CFTC or Commission, as applicable, needed to permit eligible customers of Eligible BD-FCMs to participate in a Customer Cross-Margin Program under the conditions of this order.

By the Commission.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-07636 Filed: 4/17/2026 8:45 am; Publication Date: 4/20/2026]