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October 14, 2025

Submitted Electronically

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: ***Notice of Filing of Amendment No. 1, and Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, to Modify the GSD Rulebook Relating to Default Management and Porting with Respect to Indirect Participant Activity*** **(SR-FICC-2025-015)**

The International Swaps and Derivatives Association, Inc. ("**ISDA**")[1] appreciates the opportunity to submit comments to the U.S. Securities and Exchange Commission ("**Commission**" or "**SEC**") in response to the Fixed Income Clearing Corporation's ("**FICC**") recently published amended proposed rule changes related to default management processes.[2]

We appreciate FICC's efforts to expeditiously clarify how its default management rules apply in the context of done-away clearing. As ISDA and FIA have outlined in our previous comments, the ability for FICC members to close-out a client's done-away position in the case of default is critical to ensuring the viability of FICC's done-away offering and the amended propsoed rule changes are a significant and positive development in this regard.

Overall we are very supportive of FICC's amended proposed rules and encourage FICC and the SEC to implement them expeditiously. However, we believe that the following changes to FICC's processes would further ensure that FICC's rules fully enable close-out netting for done-away transactions:

- FICC rules should explicitly provide that when the Agent Clearing Member offsets or converts positions for Indirect Participants in the event of a default, the Member is not acting as an agent for the Indirect Participant. This will ensure that the Member is understood to not be acting in an agency capacity for the defaulting party in undertaking remedies, which is critical for enforceability of these remedies across many jurisdictions.

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[1] Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 77 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org.

[2] https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/ficc

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- FICC rules should explicitly provide for the ability of the Agent Clearing Member to cause FICC to transfer positions between the Agent Clearing Member's Agent Clearing Member Proprietary Account and Agent Clearing Member Omnibus Account.

- FICC rules should also explicitly provide that Clearing Member may elect to continue to settle in the ordinary course one or more positions.

As ISDA and FIA have stated in the past, a Member's right to accelerate, terminate and close-out, on a net basis, all transactions of its Indirect Participants is required to treat the relevant client clearing agreement as a qualifying master netting agreement under U.S. bank capital regulations. If prudentially regulated Members do not explicitly have these rights and associated mechanisms, it will negatively impact Members' regulatory capital treatment and may limit, or even prevent, Members from acting on behalf of Indirect Participants. For these reasons, we appreciate FICC's prompt attention to these important issues and look forward to continuing our engagement.

Please do not hesitate to contact me, Ann Battle, Senior Counsel (abattle@isda.org), or Nicolette Cone, Associate General Counsel (ncone@isda.org), should you have any questions.

Sincerely,

Katherine Darras
General Counsel
International Swaps and Derivatives Association (ISDA)