



DIVISION OF
TRADING AND MARKETS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

May 4, 2026

Guido Stroemer
Chief Executive Officer
HQLA^x S.à r.l.

Fabrice Tomenko
Chief Executive Officer
Clearstream International S.A.

Re: No-Action Letter Request Related to the Use of HQLA^x's Platform by U.S. Participants to Transfer Securities on a Private, Permissioned Distributed Ledger

Dear Messrs. Stroemer and Tomenko:

In your letter dated April 30, 2026 (the "Request"),¹ on behalf of HQLA^x S.à r.l. ("HQLA^x") and Clearstream International S.A. ("Clearstream International"), you request that the staff of the Division of Trading and Markets (the "Staff") not recommend that the Securities and Exchange Commission (the "Commission") take enforcement action against HQLA^x or Clearstream International under Section 17A(b)(1)² the Securities Exchange Act of 1934 ("Exchange Act") for allowing U.S. persons³ to be participants ("U.S. Participants") on the platform operated by HQLA^x and Clearstream International (the "Platform") under the facts and circumstances described herein.

Based on the Request, we understand the facts and circumstances to be as follows:⁴

¹ A copy of the Request is attached.

² 15 U.S.C. 78q-1(b)(1).

³ For the purposes of the Request, the term U.S. person is as defined under Regulation S. 17 CFR 230.902(k). Under Regulation S, a branch of a U.S. person located outside the United States is not a U.S. person if: (a) the branch operates for valid business reasons; and (b) the branch is engaged in the business of banking and is subject to substantive banking regulation in the jurisdiction where located. 17 CFR 230.902(k)(2)(v). The Request explains that admitting non-U.S. branches of U.S. banks as participants to the Platform does not trigger the requirement to register as a clearing agency under Section 17A(b)(1) of the Exchange Act.

⁴ The Request is attached with this response to avoid reciting the facts set forth therein. This list is not intended to capture or describe every aspect of the Request, but rather highlight key aspects of the Request.

- HQLAx is a private limited liability company (*société à responsabilité limitée*) registered with the Luxembourg register of commerce and companies (R.C.S. Luxembourg) with its registered office in Luxembourg. HQLAx is duly licensed as a professional of the financial sector in the Grand Duchy of Luxembourg and subject to regulation in Luxembourg as well as to the supervision of the Luxembourg financial sector supervisory authority *Commission de Surveillance du Secteur Financier* (the “CSSF”). HQLAx is licensed as an IT systems and communication networks operator of the financial sector under the Luxembourg financial sector law.⁵ HQLAx is authorized as a matter of Luxembourg law to operate IT systems and communication networks that are part of the IT and communication systems belonging to certain eligible principals, including notably banks and other professionals of the financial sector. HQLAx is also subject to certain prudential and conduct of business rules, under Luxembourg law, as well as requirements on outsourcing, business continuity, and anti-money laundering (“AML”) requirements.
- Clearstream International is a public limited liability company (*société anonyme*) registered with the R.C.S. Luxembourg with its registered office in Luxembourg. Clearstream International is duly licensed as a professional of the financial sector in the Grand Duchy of Luxembourg and subject to regulation in Luxembourg as well as to the supervision of the Luxembourg financial sector supervisory authority of the CSSF. Clearstream International is licensed as a professional depositary of financial instruments under the Luxembourg financial sector law. Clearstream International is authorized as a matter of Luxembourg law to open and maintain securities accounts for professionals of the financial sector, *i.e.*, clients with professional access to financial markets, and to provide the related services, including the safekeeping and administration of the securities held in its custody. As part of its regulatory obligations, Clearstream International must comply with certain prudential and conduct of business rules, rules on business continuity, and AML requirements.
- HQLAx and Clearstream International operate the Platform, which uses distributed ledger technology to facilitate the settlement of securities lending and repurchase transactions (“Transactions”) and to deliver liquidity management and collateral management solutions for institutional clients in the global securities financing markets.
- HQLAx and Clearstream International state that the Platform’s principal value proposition is to improve collateral mobility across a fragmented securities settlement ecosystem, noting that, in Europe, there are over 40 central securities depositories that are further connected to custodians and triparty agents. HQLAx and Clearstream International explain that the Platform helps participants settle their Transaction settlement obligations as well as margin collateral obligations in real-time and with a secure transfer of ownership of securities without requiring the physical movement of assets between custodians. The Platform was launched in November 2019 in Europe.
- HQLAx provides the private, permissioned distributed ledger for the Platform, and Clearstream International acts as the custodian. To use the Platform, a participant transfers securities to Clearstream International or to an account of Clearstream International at another third-party sub-custodian for the purpose of moving the securities onto the Platform. Simultaneous with the transfer of securities to Clearstream

⁵ Luxembourg law of 5 April 1993 on the financial sector, as amended.

International, a corresponding “digital collateral record” (a “DCR”) is created linked to the securities transferred to Clearstream International. A DCR is represented as a token on the Platform’s private, permissioned distributed ledger. A DCR may be accessed and updated by participants, and when a DCR record is updated in favor of another participant, this effects the transfer of the securities in the accounts of Clearstream International from one participant to another. When securities linked to a DCR are transferred out of an account of Clearstream International and into an account of the participant who is the current owner of the DCR, the DCR no longer has securities linked to it, and as a result, the DCR is automatically burned on the Platform.

- HQLAx maintains a highly resilient platform across two geographically separated Tier-4 data centers, with continuous data replication, redundant connectivity, dual hardware security modules, and high-availability network components, designed to ensure seamless failover capability. The Platform’s business continuity and disaster recovery framework is formally established, regularly tested, and includes recovery procedures for infrastructure, databases, and encryption devices all validated to meet recovery time objective and recovery point objective targets. HQLAx performs annual resilience and disaster-recovery tests to confirm service continuity under severe fault scenarios. These controls, together with ongoing monitoring, are designed to ensure that, should the Platform’s technology experience a malfunction or an externally caused disruption, the immediate transition of processing to another location can take place with little to no disruption of service to participants.
- As operators of the Platform, HQLAx and Clearstream International state that they may be deemed to be acting as a “clearing agency” within the meaning of that term in Section 3(a)(23) of the Exchange Act. They explain that Section 17A(b)(1) of the Exchange Act states, in relevant part, that “it shall be unlawful for any clearing agency, unless registered in accordance with this subsection, directly or indirectly, to make use of the mails or any means or instrumentality of interstate commerce to perform the functions of a clearing agency with respect to any security.” HQLAx and Clearstream International are seeking a temporary no-action position regarding this registration requirement.
- HQLAx and Clearstream International represent that there have been no U.S. Participants on the Platform to date.
- HQLAx and Clearstream International have requested that up to fifteen U.S. persons be allowed to become U.S. Participants on the Platform under the facts and circumstances described herein.

In particular, the Staff notes the Request includes the following statements:

- Participation Criteria for U.S. Participants: Up to fifteen U.S. Participants⁶ will be eligible to use the Platform, each of which will be required to be a:

⁶ As described above, *supra* note 3, HQLAx and Clearstream International classify non-U.S. branches of U.S. banks as non-U.S. Participants consistent with Regulation S, and therefore non-U.S. branches of U.S. banks are not U.S. Participants for the purposes of the U.S. Participant Criteria and Volume Limits. Consistent with the terms of its request, HQLAx would not modify the definitions of “Eligible Securities” or “U.S. Participants” during the requested No-Action Period.

- Broker-dealer that is registered with the Commission and has \$100 million or more in excess net capital;⁷ or
- “Bank” as that term is defined under the Exchange Act and have total assets of \$10 billion or more (“U.S. Participant Criteria”).
- Eligible Securities:
 - Any securities used to facilitate settlement of Transactions governed by standard master agreements for securities lending and securities repurchase transactions, such as the Global Master Securities Lending Agreement published by the International Securities Lending Association, the Master Securities Lending Agreement published by the Securities Industry and Financial Markets Association (“SIFMA”), the Master Repurchase Agreement published by SIFMA, and the Global Master Repurchase Agreement published by SIFMA and the International Capital Market Association; and
 - Any securities eligible under collateral profiles developed by the following tri-party agents to provide collateral services for securities lending or repurchase transactions: The Bank of New York Mellon, JP Morgan Chase, BNP Paribas, Clearstream Banking S.A., and Euroclear (collectively, “Eligible Securities”).
- Volume Limits: Daily limits involving U.S. Participants on the Platform will be:
 - Less than \$25 billion in average daily value of Transactions processed on the Platform; and
 - Less than 100,000 in average daily count of Transactions processed on the Platform (“Volume Limits”).
- Monitoring of U.S. Participant Criteria and Volume Limits:
 - Before onboarding and annually thereafter, each U.S. Participant will be required to certify to HQLAx that it meets the U.S. Participant Criteria; and
 - HQLAx will monitor the average daily value and volume of Transactions submitted to the Platform against the Volume Limits on a rolling monthly basis. HQLAx will be solely responsible for the decision at each monthly time interval to either continue receiving Transactions for settlement in an Eligible Security or to follow the procedure to stop the submission of Transactions for settlement in an Eligible Security.
- Reporting to the Staff: For each calendar quarter, HQLAx will provide a quarterly report package to the Staff containing:
 - The scope of U.S. Participants (including any additions, suspensions, or terminations of U.S. Participants);
 - A list of Eligible Securities transferred in connection with Transactions involving U.S. Participants settled on the Platform;

⁷ Exchange Act Rule 15c3-1 (the “Net Capital Rule”) defines the term “excess net capital” as the amount in excess of the minimum net capital amount that a broker-dealer is required to maintain under paragraph (a) of the Net Capital Rule. 17 CFR 240.15c3-1(e)(4)(i).

- Transactions settlement data; and
- Volume Limits data.

HQLAx will provide the quarterly reporting no later than the third Friday following each quarter's end date.

On an ad hoc basis, HQLAx will also provide the Staff with prior notice of any modification to the scope of Eligible Securities or U.S. Participants,⁸ or implementation of a material change to the operation or functionalities of the Platform described above. HQLAx will also provide the Staff with prompt notice of any exceedance of the Volume Limits. HQLAx's reporting will include factual details and circumstances surrounding a triggering event and qualitative commentary regarding the rationale for a change (if the event is pre-planned) or any remedial actions taken (if the event is unplanned).

HQLAx will promptly notify the Staff of any major information and communication technology ("ICT") related incident notified by HQLAx to the CSSF.⁹

- No-Action Period: The requested period of the no-action position is for thirty-six months ("No-Action Period"). HQLAx and Clearstream International represent that they will seek a permanent, conditional exemption from registration as a clearing agency under the Exchange Act during the No-Action Period.

Response:

Based on the facts and circumstances described in the Request, and without necessarily concurring with your conclusions and analysis, the Staff would not recommend enforcement action to the Commission against HQLAx or Clearstream International under Section 17A(b)(1) in relation to HQLAx and Clearstream International's operation of the Platform with U.S. Participants pursuant to the statements in your letter. This letter is withdrawn without further action three years from the date of this response.

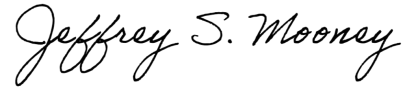
This Staff position is based strictly on the facts and circumstances stated in the Request. Any different facts or circumstances from those set forth in the Request may require a different response. Furthermore, this response expresses the Staff's position on enforcement action only and does not purport to express any legal conclusions on the questions presented. The Staff expresses no view with respect to any other questions that the proposed activities may raise, including the applicability of any other federal, state or foreign laws, or self-regulatory organization rules. This position is subject to modification or revocation by the Staff at any time.

⁸ Consistent with the terms of its request, HQLAx and Clearstream International would not modify the definitions of "Eligible Securities" or "U.S. Participants" as described in the request.

⁹ Pursuant to CSSF Circular 24/847, HQLAx is required to notify the CSSF of major ICT-related incidents. CSSF Circular 24/847 defines the term "major ICT-related incident" to mean "an ICT-related incident that has a high adverse impact on the network and information systems that support critical or important functions of the Supervised Entity."

If you have any questions regarding this letter, please call me at (202) 551-5712 or Matthew Lee at (202) 551-5794.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey S. Mooney". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jeffrey S. Mooney
Associate Director

Attachment



HQLAX S.à.r.l.
(R.C.S. Luxembourg: B226513)
9, Rue u Laboratoire
L-1911 Luxembourg
Grand Duchy of Luxembourg

April 30, 2026

VIA ELECTRONIC MAIL

Mr. Jeffrey Mooney
Associate Director
Office of Clearance and Settlement
Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Request for No-Action Relief from Clearing Agency Registration Under Section 17A(b)(1) of the Securities Exchange Act of 1934

Dear Mr. Mooney:

We are requesting that the staff of the Division of Trading and Markets ("**Division**") of the U.S. Securities and Exchange Commission ("**Commission**") confirm that it will not recommend that the Commission take enforcement action against HQLA^X S.à r.l., ("**HQLA^X**")¹ or Clearstream International S.A., ("**Clearstream International**")² for violation of Section 17A(b)(1)³ of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") if the platform designed to effect more efficient ownership transfer of securities operated by HQLA^X and Clearstream International (the "**HQLA^X Platform**" or "**Platform**") admits "US persons"⁴ as Platform

¹ HQLA^X is a private limited liability company (*société à responsabilité limitée*), having its registered office at 9, Rue du Laboratoire, 1911, Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg register of commerce and companies (R.C.S. Luxembourg) under number B226513.

² Clearstream International is a public limited liability company (*société anonyme*), having its registered office at 42, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg register of commerce and companies (R.C.S. Luxembourg) under number B72350.

³ 15 U.S.C. § 78q-1(b)(1).

⁴ For the purposes of this request, the term "US person" is defined as that term is defined under Regulation S. 17 C.F.R. § 230.902(k). Under Regulation S, a branch of a US person located outside the United States is not a US person if: (a) the branch operates for valid business reasons; and (b) the branch is engaged in the business of banking and is subject to substantive banking regulation in the jurisdiction where located. HQLA^X and Clearstream International believe that admitting non-US branches of US banks as participants does not trigger the

participants ("US Participants") for a limited thirty-six (36) month period (the "No-Action Period") as described below. During the No-Action Period, HQLA^X and Clearstream International will seek a permanent conditional exemption from the clearing agency registration requirements of the Exchange Act.

I. Background

The HQLA^X Platform leverages distributed ledger technology to facilitate the settlement of securities lending and repurchase transactions ("Transactions") and to deliver liquidity management and collateral management solutions for institutional clients in the global securities financing markets. The HQLA^X Platform is operated by HQLA^X and Clearstream International. The operation of the Platform is based on the creation of "digital collateral records" or "DCRs" represented by tokens on a private permissioned distributed ledger that enable instantaneous settlement of Transactions on the HQLA^X Platform. HQLA^X provides the private permissioned distributed ledger for the HQLA^X Platform, while Clearstream International acts as a custodian.

Transactions are always executed away from HQLA^X on execution venues, such as the Eurex Repo Trading Platform, or bilaterally over the counter (OTC) between Platform participants ("Participants"). Trading venues may have a link to the HQLA^X Platform allowing Participants to directly choose settlement on the Platform at the time of Transaction execution.

A prototype version of the HQLA^X Platform was built in 2017 on the Corda blockchain via a collaboration of five banks, R3, and HQLA^X. The design of the HQLA^X operating model was driven by practitioners from leading global banks. The basic idea from the very beginning has been for the platform to be "designed by banks to maximise the value for banks." The HQLA^X Platform was launched in Europe in November 2019 with UBS, Credit Suisse and Commerzbank settling the first live Transactions.

A number of large banking organizations have funded HQLA^X, including ING, BNP Paribas, Citi, JP Morgan Chase, BNY Mellon, Goldman Sachs and HSBC. To date, most of these institutions have used the HQLA^X Platform along with several non-investor banks as well. In addition, Deutsche Borse Group has funded HQLA^X and helped to implement the HQLA^X Platform via its subsidiary Clearstream International. All Platform Participants to date have been non-US persons, but there is interest by large US banking organizations to also participate through US affiliates.

Each of HQLA^X and Clearstream International is duly licensed as a professional of the financial sector in the Grand Duchy of Luxembourg and, as such, is subject to regulation in Luxembourg as well as to the supervision of the Luxembourg financial sector supervisory authority *Commission de Surveillance du Secteur Financier* ("CSSF"). HQLA^X is licensed as an IT systems and communication networks operators of the financial sector under the Luxembourg financial

clearing agency registration requirements under Exchange Act Section 17A(b)(1) as the HQLA^X Platform performs its functions and provides services to such non-US branches without using US jurisdictional means.

sector law⁵ and Clearstream International is licensed as a professional depository of financial instruments under the same legislation.

HQLA^X is authorized as a matter of Luxembourg law to operate IT systems and communication networks that are part of the IT and communication systems belonging to certain eligible principals, including notably banks and other professionals of the financial sector. HQLA^X is also subject to certain prudential and conduct of business rules under Luxembourg law, as well as requirements on outsourcing, business continuity, and AML/CTF requirements.

Clearstream International is authorized as a matter of Luxembourg law to open and maintain securities accounts for professionals of the financial sector, *i.e.*, clients with professional access to financial markets, and to provide the related services, including the safekeeping and administration of the securities held in its custody. As part of its regulatory obligations, Clearstream International must comply with certain prudential and conduct of business rules, rules on business continuity, and AML/CTF requirements.

II. HQLA^X Platform Settlement Service Benefits

The HQLA^X Platform's principal value proposition is to improve collateral mobility across a fragmented securities settlement ecosystem. In Europe alone, there exist over 40 central securities depositories, which in turn are connected to a myriad of custodians and triparty agents. HQLA^X currently leverages R3's Distributed Ledger Technology (DLT) Corda Enterprise to enable real-time, precise, and secure transfer of ownership of securities without requiring the physical movement of assets between custodians. This innovation addresses the inefficiencies of traditional collateral management, which is often fragmented, costly, and operationally burdensome. The HQLA^X Platform helps Participants settle their Transactions settlement obligations, as well as margin collateral obligations. The benefits of the HQLA^X Platform include reduced intraday liquidity requirements, lower credit risk between Participants, and greater capital efficiency by enabling Transactions settlement and margin posting obligations to be satisfied at precise moments in time.

HQLA^X and Deutsche Börse Group have jointly developed the HQLA^X Platform to enable market participants to transfer ownership of securities seamlessly across disparate collateral pools at precise moments in time. This allows HQLA^X Platform Participants to optimize their liquidity management and collateral management activities, thereby generating operational efficiency gains and capital cost savings.

The technology powering the HQLA^X Platform is highly secure, safe, and resilient. HQLA^X maintains a highly resilient platform across two geographically separated Tier-4 data centers, with continuous data replication, redundant connectivity, dual Hardware Security Modules (HSMs), and high-availability network components, designed to ensure seamless failover capability. The Platform's business continuity and disaster recovery framework is formally established, regularly tested, and includes recovery procedures for infrastructure, databases, and encryption devices all

⁵ Luxembourg law of 5 April 1993 on the financial sector, as amended.

validated to meet Recovery Time Objective (RTO) and Recovery Point Objective (RPO) targets. HQLA^X performs annual resilience and disaster-recovery tests to confirm service continuity under severe fault scenarios.⁶ These controls, together with ongoing monitoring, are designed to ensure that, should the HQLA^X Platform's technology experience a malfunction or an externally caused disruption, the immediate transition of processing to another location can take place with little to no disruption of service to Participants.

The Platform is currently built using R3's Corda Enterprise,⁷ which is a private, permissioned distributed ledger, meaning only authorized participants can join and transact. Unlike traditional blockchains, Corda does not broadcast transactions to the entire network. Instead, it uses direct communication between parties involved in a transaction, minimizing data exposure. All transactions are digitally signed using strong cryptographic algorithms, ensuring authenticity and non-repudiation. In addition, HQLA^X leverages Corda Enterprise HSM integration which secures cryptographic keys in tamper-resistant hardware, enhancing protection against key compromise. Corda uses notary nodes to prevent double-spending and ensure transaction uniqueness, while business logic is enforced through smart contracts that validate lifecycle transitions of DCRs and settlement obligations. For example, a DCR can be updated to reflect the reassignment of a DCR to a new holder only if the current holder approves the update.

III. HQLA^X Platform Services for US Participants During No-Action Period

Eligible US Participants would use the HQLA^X Platform during the No-Action Period in the same manner as existing non-US Participants. HQLA^X Platform Participants, including US Participants that wish to use the Platform to settle Transactions transfer securities to Clearstream International (the "**trusted third party**" or "**TTP**"). The TTP acts as a depository holding the securities of Participants on the Platform. The TTP maintains securities custody accounts for the Platform Participants, where securities transferred onto the Platform are held. The TTP also maintains sub-custody accounts in its name with third-party sub-custodians, into which Participants transfer securities for the purpose of moving securities onto the Platform.

Simultaneously with the transfer of securities to the TTP, a DCR is created and linked to the securities transferred into the Participant's TTP account. As noted above, DCRs are represented by tokens on the Corda private permissioned distributed ledger, which are created using the HQLA^X CorDapp (Corda Distribute Application) and represent the definitive record of ownership over securities transferred onto the HQLA^X Platform.

Upon receipt of securities, the TTP credits the Participant's custody account with such securities. At the same time, the TTP also confirms that the DCR is "collateralized," which essentially means that the DCR status is updated to show that the securities linked to it are now

⁶ As a Luxembourg regulated "professional of the financial sector" HQLA^X is subject to statutory requirements with respect to business continuity and disaster recovery and is subject to regulatory oversight and scrutiny in that regard.

⁷ While the HQLA^X Platform currently uses Corda Enterprise, the Platform could utilize a different distributed ledger technology network in the future.

held with the TTP. From that point in time, the DCR becomes "exchangeable" meaning that the Participant identified as the holder of the DCR can update such DCR in favor of another Participant.

Operationally, the DCR constitutes the ledger entry on the Participant's custody account with the TTP identifying such Participant as the owner of the linked securities held in that account. As such, the DCR is used by the TTP as the secure electronic recording mechanism in accordance with Luxembourg law to record the transfer of securities by the Participants through the update of their DCRs. Given that the DCR operates solely as a ledger entry, it does not constitute an independently tradable financial instrument or crypto asset. The DCR has no "value" outside the Platform.

During the lifetime of a DCR, the TTP preserves the link between the DCR, and the securities held in the corresponding TTP custody account. When the securities linked to a DCR are transferred out of the TTP-operated account and into an account owned by the DCR's current owner, the TTP confirms that the DCR no longer has securities linked to it, and as a result the DCR is automatically burned on the HQLA^X Platform.

Transactions executed off the Platform can be settled on the HQLA^X Platform through an update of the relevant DCRs, which triggers a transfer of securities between the custody accounts of the respective Participants with the TTP. The DCR may be accessed and updated by Participants using the HQLA^X CorDapp. When the DCR record is updated in favor of another Participant, this effects the transfer of the securities on the books of the TTP from the custody account of that Participant to the custody account of the other Participant.

Participants settling a Transaction on the Platform are solely responsible for the data recorded on the DCR ledger and, as applicable, the DCR creation and "update" after it is confirmed by the Corda blockchain's notary function. The notary function is a standard fail-safe mechanism inherent to the Corda blockchain. The TTP has a "listening" function and the possibility to modify an existing DCR, for instance to freeze or unfreeze it if no securities are (re)delivered to the custody account for the purpose of settling a Transaction.

The TTP and each Participant have a Corda node on the HQLA^X Platform distributed ledger which runs the HQLA^X CorDapp. Currently, HQLA^X provides and hosts the nodes for Participants and the TTP, but in the future Participants may host their own nodes. Thus, HQLA^X currently provides, operates, and maintains the Platform nodes for the benefit of Participants and the TTP. In addition, some Participants access their node in order to receive information directly from the HQLA^X Platform ledger.

An update of a DCR that changes which Participant is the holder of the DCR constitutes, under Luxembourg law, a book transfer between securities accounts. Participants agree contractually that the transfer of the securities linked to the DCR by way of an update of the DCR on the distributed ledger validly discharges the obligation of the transferor to transfer ownership of and deliver the securities under the terms of applicable trade documentation.

The contractual relationship between the Participants, the TTP and HQLA^X is governed by a Rule Book, which constitutes a framework agreement setting out the rules on, among other things, the accession to the Platform, the governance of the Platform, rules on evidence, the operation of DCRs, as well as other default arrangements. The Rule Book also sets out the nature of the DCR and the rights of a DCR holder. The TTP and each Participant also enter into a separate custody agreement containing the terms governing the custody relationship with the TTP governed by Luxembourg law. In addition, HQLA^X and each Participant enter into a separate SaaS (Software as a Service) agreement containing the terms governing the software service provided by HQLA^X to the Participant.

IV. Operating Parameters for Services to US Participants During No-Action Period

A. Participation Criteria for US Participants

Up to fifteen (15) US Participants⁸ will be eligible to use the HQLA^X Platform, each of which will be required to satisfy the following criteria for participation:

- i. be a broker-dealer that is registered with the Commission and that has \$100 million or more in excess net capital;⁹ or
- ii. be a "bank" as that term is defined under the Exchange Act and have total assets of USD 10 billion or more ("**Participation Criteria**").

B. Eligible Securities

US Participants meeting the Participation Criteria will be able to use the HQLA^X Platform to facilitate the settlement of Transactions involving any securities ("**Eligible Securities**") with respect to which US Participants may enter into Transactions governed by standard master agreements for securities lending and securities repurchase transactions, such as the Global Master Securities Lending Agreement (GMSLA) published by the International Securities Lending Association, the Master Securities Lending Agreement (MSLA) published by the Securities Industry and Financial Markets Association (SIFMA), the Master Repurchase Agreement (MRA) published by SIFMA, and the Global Master Repurchase Agreement (GMRA) published by SIFMA and the International Capital Market Association.

Eligible Securities will also include securities eligible under collateral profiles developed by the following tri-party agents to provide collateral services for securities lending or repurchase transactions: The Bank of New York Mellon, JP Morgan Chase, BNP Paribas, Clearstream Banking S.A., and Euroclear.

⁸ As noted above, HQLA^X and Clearstream International classify non-US branches of US banks as non-US Participants consistent with Regulation S, and therefore non-US branches of US banks are not US Participants for the purposes of the Participation Criteria and Volume Limits. See *supra* note 4.

⁹ Exchange Act Rule 15c3-1 (the "**Net Capital Rule**") defines the term "excess net capital" as the amount in excess of the minimum net capital amount that a broker-dealer is required to maintain under paragraph (a) of the Net Capital Rule. 17 C.F.R. § 240.15c3-1(e)(4)(i).

C. Volume Limits

During the No-Action Period, the HQLA^X Platform will utilize the below outlined Transactions value and volume limits as daily targets for Transactions value and volume submitted by US Participants to the HQLA^X Platform ("**Volume Limits**"). The daily Volume Limits for Transactions submitted to the HQLA^X Platform will be set by reference to the monthly average daily volume and monthly average daily value of Transactions in Eligible Securities processed by the HQLA^X Platform that involve US Participants. The specific daily Volume Limits involving US Participants will be:

- i. less than USD 25 Billion in average daily value of Transactions processed on the HQLA^X Platform; and
- ii. less than 100,000 in average daily count of Transactions¹⁰ processed on the HQLA^X Platform.¹¹

V. Monitoring Settlement Services to US Participants During No-Action Period

HQLA^X will establish and implement procedures that are reasonably designed to monitor and maintain ongoing compliance with the operating parameters for the provision of settlement services to US Participants during the No-Action Period as described in Section IV (above). This includes the monitoring of Participation Criteria and Volume Limits, as well as performing the subsequent actions that may need to be taken by HQLA^X because of such monitoring, all of which is further described below.

A. Monitoring of Participation Criteria

Prior to onboarding and annually thereafter, HQLA^X will require each US Participant to certify that it meets the Participation Criteria.

B. Monitoring of Volume Limits

HQLA^X will monitor the average daily value and volume of Transactions submitted to the HQLA^X Platform against the Volume Limits on a rolling monthly basis. HQLA^X will be solely responsible for the decision at each monthly time interval to either continue receiving Transactions

¹⁰ For the purpose of counting Transactions, HQLA^X will count every time a DCR record is updated to transfer securities on the books of the TTP from the custody account of one Participant to the custody account of another Participant.

¹¹ This daily average Transactions volume limit represents less than 0.01% of the approximately 200 million in average daily volume of transactions processed by the National Securities Clearing Corporation. See DTCC 2024 Annual Report, p. 22 available at <https://www.dtcc.com/annuals/2024/files/DTCC-Annual-Report-2024-Print.pdf>. The DTCC 2024 Annual Report also indicates that the DTCC's Fixed Income Clearing Corporation's Government Securities Division (GSD) reached a new record for daily activity, surpassing \$10 trillion.

for settlement in an Eligible Security or to follow the procedure to stop the submission of Transactions for settlement in an Eligible Security.

In doing so, depending on HQLA^X's reasonable judgement of the risk of exceeding the Volume Limits, HQLA^X will consult with impacted US Participants and may also evaluate other relevant information, such as market data, historical trading behavior, and news reports to determine the best course of action to take to comply with the Volume Limits.

C. Reporting

For the duration of the No-Action Period, HQLA^X will provide the Division staff with quarterly and ad hoc reporting to ensure that the operation of the HQLA^X Platform is transparent. For each calendar quarter, HQLA^X will provide a quarterly report package to the Division staff addressing (i) the scope of US Participants (including any additions, suspensions, or terminations of US Participants), (ii) a list of Eligible Securities transferred in connection with Transactions involving US Participants settled on the HQLA^X Platform, (iii) Transactions settlement data, and (iv) Volume Limits data. HQLA^X will provide the quarterly reporting no later than the third Friday following each quarter's end date. On an ad hoc basis, HQLA^X will also provide the Division staff with prior notice of any modification to the scope of Eligible Securities or Participants, or implementation of a material change to the operation or functionalities of the HQLA^X Platform described above. HQLA^X will also provide the Division staff with prompt notice of any exceedance of the Volume Limits. The reporting will include factual detail and circumstances surrounding a triggering event and qualitative commentary regarding the rationale for a change (if the event is pre-planned) or any remedial actions taken (if the event is unplanned).

D. Notification Regarding ICT-Related Incidents

Pursuant to CSSF Circular 24/847, HQLA^X is required to notify the CSSF of major Information and Communication Technology ("ICT")-related incidents.¹² HQLA^X will promptly notify Division staff of any major ICT-related incident notified by HQLA^X to the CSSF.

VI. Legal Discussion and Relief Request

As the operator of the HQLA^X Platform, HQLA^X and Clearstream International believe that they may be deemed to be acting as a "clearing agency" within the meaning of that term in Section 3(a)(23) of the Exchange Act.¹³ Under that section, the HQLA^X Platform may be deemed "an intermediary in making payments or deliveries or both in connection with transactions in securities" and may also be deemed to be providing "facilities for comparison of data respecting the terms of settlement of securities transactions."

¹² CSSF Circular 24/847 defines the term "major ICT-related incident" to mean "an ICT-related incident that has a high adverse impact on the network and information systems that support critical or important functions of the Supervised Entity."

¹³ 15 U.S.C. § 78c(a)(23).

Section 17A(b)(1) of the Exchange Act states in relevant part that "it shall be unlawful for any clearing agency, unless registered in accordance with this subsection, directly or indirectly, to make use of the mails or any means or instrumentality of interstate commerce to perform the functions of a clearing agency with respect to any security." HQLA^X and Clearstream International are seeking temporary no-action relief regarding this registration requirement in connection with the operation of the HQLA^X Platform under the terms specified in this letter. For the reasons summarized below, HQLA^X and Clearstream International believe that no-action relief would be consistent with the principles under Section 17A of the Exchange Act, including facilitating prompt and accurate clearance and settlement.

Commission staff has previously issued no-action letters with respect to the clearing agency registration requirements of the Exchange Act.¹⁴ The no-action relief requested by HQLA^X and Clearstream International is for a temporary period during which HQLA^X and Clearstream International will: (i) provide services to US Participants under conditions designed to limit the Platform's services to US Participants and mitigate the risk of any negative effects on the US securities markets or US Participants' ability to settle Transactions in a timely and accurate manner; and (ii) seek a permanent conditional exemption from the clearing agency registration requirements of the Exchange Act.

The Commission may conditionally or unconditionally exempt a clearing agency from registration if the Commission finds that such exemption is consistent with the public interest, the protection of investors, and the purposes of Exchange Act Section 17A, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds. The SEC reviews every application for exemption from clearing agency registration against the standards for clearing agency registration, recognizing that certain organizational, operational and jurisdictional differences may prevent the applicant from being able to fully comply with all of the registration provisions.

HQLA^X and Clearstream International expect that the HQLA^X Platform satisfies the standards for clearing agency registration and that an assessment of such standards would support the issuance of an order approving a conditional exemption from clearing agency registration for the operators of the HQLA^X Platform (*i.e.*, Clearstream International and HQLA^X). Clearstream International is an affiliate of Clearstream Banking, S.A. (formerly Cedel Bank, S.A.) which has previously obtained an exemption from the clearing agency registration requirements of the Exchange Act.¹⁵

HQLA^X and Clearstream International also wish to highlight that the Participation Criteria set forth above during the temporary No-Action Period support the issuance of no-action relief. Further, the requested no-action relief is consistent with the purposes of Section 17A of the

¹⁴ See, e.g., *Paxos Trust Company, LLC*, SEC No-Action Letter (Oct. 28, 2019); *LCH.Clearnet SA*, SEC No-Action Letter (Dec. 30, 2013); *Cedel S.A.*, SEC No-Action Letter (Sept. 15, 1993).

¹⁵ *Cedel Bank; Order Approving Application for Exemption from Registration as a Clearing Agency*, 62 Fed. Reg. 9225 (Feb. 28, 1997).

Exchange Act, which include reducing inefficiencies and unnecessary costs and facilitating prompt and accurate clearance and settlement. Congress has explicitly found in adopting Section 17A that "[n]ew data processing and communications techniques create the opportunity for more efficient, effective, safe procedures for clearance and settlement."¹⁶ The HQLA^X Platform employs new data processing techniques to reduce inefficiencies and enables its Participants to save capital costs. Thus, granting the requested relief to the HQLA^X Platform so that it can provide services to US Participants will advance Congress's findings in adopting Section 17A of the Exchange Act by reducing inefficiencies through new data processing techniques.¹⁷

For all the foregoing reasons, HQLA^X and Clearstream International believe that granting the requested no-action relief is consistent with the purposes of Exchange Act Section 17A.

Thank you for your consideration. If you have any questions or would like to discuss this request, please contact the undersigned or our counsel, Steven Gatti steven.gatti@cliffordchance.com and Philip Angeloff philip.angeloff@cliffordchance.com of Clifford Chance US LLP.

Sincerely,

Guido Stroemer

Guido Stroemer
Chief Executive Officer
HQLA^X S.à r.l.

Fabrice Tomenko

Fabrice Tomenko
Chief Executive Officer
Clearstream International S.A.

Cc: Steven F. Gatti, Clifford Chance US LLP
Philip Angeloff, Clifford Chance US LLP

¹⁶ 15 U.S.C. § 78q-1(a)(1)(C).

¹⁷ In that regard, recently, Commission Chair Atkins expressed his support for "*the use of on-chain software systems by issuers and intermediaries to eliminate economic frictions, increase capital efficiency, enable new types of financial products, and enhance liquidity.*" Paul S. Atkins, *Remarks at the Crypto Task Force Roundtable on Decentralized Finance*, Washington D.C. (June 9, 2025) (emphasis added).