

November 5, 2021

TMPG Releases Updates for Working Groups on Clearing and Settlement Practices for Treasury SFTs, Treasury Market Data and Transparency

The Treasury Market Practices Group (TMPG) today released updates for two of its [ongoing working groups](#): Clearing and Settlement Practices for Treasury SFTs, and Treasury Market Data and Transparency. First, the TMPG released a [draft set of maps](#) and [summary note](#) that illustrate current clearing and settlement processes for common securities financing transaction types for Treasuries – repurchase and securities lending agreements (collectively referred to as Secured Financing Transactions or SFTs). Second, the TMPG released a [draft catalogue](#) and [summary note](#) of data currently available in the Treasury cash, futures and financing markets. Both releases represent draft updates on the TMPG’s progress thus far and the group welcomes any feedback as work in both areas continues; please send feedback to tmpg@ny.frb.org.

Complimentary to its work on [clearing and settlement of purchases and sales of U.S. Treasuries in the secondary market](#), the first working group was tasked with mapping the current structure of clearing and settlement for SFTs, identifying potential risk and resiliency issues, and facilitating a public discussion of SFT clearing and settlement processes and best practices. With the release of these draft maps, the working group has completed the first task of documenting current clearing and settlement practices. These draft maps illustrate current clearing and settlement processes for SFTs under different scenarios and across different segments of the market. Like the group’s work in the cash market, the draft maps show that bilateral clearing and settlement processes are not uniform across market participants and are less transparent than central clearing. These more bespoke bilateral processes may reflect differences in the level of understanding among market participants of the inherent risks of SFT clearing and settlement. The group will now begin the process of identifying potential risk and resiliency issues in the SFT clearing and settlement process.

The second working group was tasked with cataloguing data currently available in TMPG-covered markets and considering whether best practice guidance in this area would be appropriate. Today’s release represents a draft catalogue of the TMPG’s work thus far. While the TMPG has not completed a full assessment of the draft catalogue, the available data is informative about differences in market structure across products and resulting differences in the level and homogeneity of data availability. The group will continue building out the catalogue before identifying whether there are additional opportunities for improving transparency and best practice guidance.

“Today’s updates are an important milestone and represent the group’s efforts to assess and address some of the data and structural factors support the functioning of Treasury markets,” said Jerry Pucci,

The logo features the text "TMPG | Treasury Market Practices Group" in white serif font against a dark blue background. The background image shows a close-up of a metal grid or railing, possibly a staircase or a security barrier, with some numbers like "23" and "30" visible on a surface.

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Chair of the TMPG. “This work is critical to our understand of the Treasury market’s resilience, including in times of stress such as the spring of 2020. The two working groups will continue finalizing their draft work products and any associated best practices that can support of the efficiency and integrity of the Treasury market.”

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About the Treasury Market Practices Group:

The Treasury Market Practices Group (TMPG) is a group of market professionals committed to supporting the integrity and efficiency of the Treasury, agency debt and agency mortgage-backed securities (MBS) markets. The TMPG is composed of senior business managers and legal and compliance professionals from a variety of institutions – including securities dealers, banks, buy-side firms, market utilities and others – and is sponsored by the Federal Reserve Bank of New York. More information is available at: www.newyorkfed.org/tmpg

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