The Impact of Treasury and Repo Clearing Mandates: The Industry View

September 4, 2024

Executive Summary:



Clearing is coming. Most of the industry hopes (and many expect) that the 2025-2026 deadlines set forth in the final SEC rule will be extended, but hope is not a strategy. Therefore, primary dealers, broker-dealers, nonbank liquidity providers (NBLPs), asset managers, hedge funds, trading venues, and clearinghouses are all looking toward the new world using the best information available today.

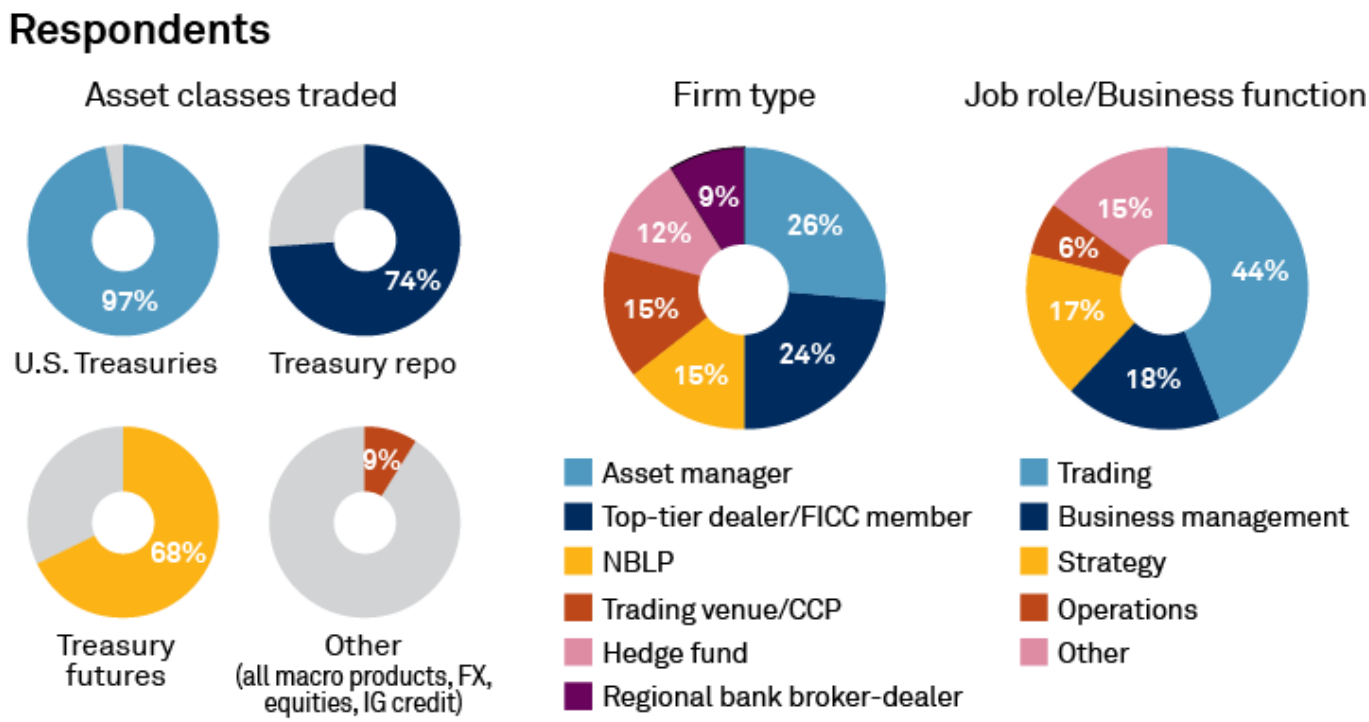
In the second quarter of 2024, we gathered thoughts from these cohorts. Not about what will happen—there are too many unknowns for anyone to have definitive answers—but instead about their views on where clearing will lead the Treasury and repo markets in the years ahead.

While the number of responses we gathered for this study—34—was relatively small by our usual standards, we put considerable effort into finding people from the most impactful firms with the most informed decisions. Respondents include 4 of the top 5 Treasury dealers by revenue (according to Coalition Greenwich data), the largest pension funds, asset managers and hedge funds in the world by assets, and some of the largest NBLPs in the Treasury market. The limited response we received from the longer tail of asset managers and hedge funds is a data point in and of itself: Many wouldn't or couldn't answer because clearing isn't yet on their radar.

The final group of respondents resulted in a unique 360-degree view of market sentiment with a focus on current concerns and expectations of what's to come.

Methodology:

Coalition Greenwich collected study responses electronically in Q2 2024 from a targeted list of 34 institutional market participants focused on the U.S. Treasury and/or repo market. Phone interviews were also conducted with select study participants and interested parties to gain additional insights.



Note: Based on 34 respondents. Totals may not equal 100 due to rounding.
Source: Coalition Greenwich 2024 U.S. Treasury Clearing Study

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