



## Navigating the U.S. Treasury Clearing Mandate: The Road Ahead

October 2025



# Overview

## Purpose and Scope

This presentation summarizes the SEC's recent Treasury Clearing rule, including the updated timeline for rules 17ad-22 and 15c3-3a, and key highlights from the SEC Final Rule and FICC Rule Book. We will review the current and future state of Treasury Clearing, spotlight industry hot topics, and outline Deloitte's Transformation Program Design – covering infrastructure needs, critical decisions, and components from our Treasury Clearing Playbook, such as operating models and control frameworks. The target goal is to support strategic growth and provide actionable next steps for organizations.

**Over the course of a 6-workshop series the topics proposed will be broken out at follows:**



# Treasury Clearing Overview

The US Treasury market is the deepest and most liquid market in the world. Recent changes put forth by the Securities and Exchange Commission will have a profound impact and fundamentally change the way market participants interact in the market today.

## Background

- On December 13, 2023, SEC approved a Final Rule requiring firms to begin centrally clearing eligible Treasury securities trades by the end of 2026 and repurchase agreement (repo) transactions by June 2027
- The rules package consists of two important sets of amendments:
  1. Amendments to Rule 17ad-22 establishing standards for covered clearing agencies
  2. Changes to the reserve requirement formula in Rule 15c3-3a.

## Why it Matters

- The Proposed Rule was introduced in Fall 2022 and was designed to address risks associated with market volatility and liquidity problems
- SEC Chairman Gary Gensler stated that the new rule will “reduce risk across a vital part of our capital markets in normal times and stress times”
- This rule is part of a package of reforms to the Treasury market that are anticipated have a significant impact

## Scale

- The Treasury market is at \$29 trillion and growing<sup>1</sup>
- Average daily outright trading volume above \$1 trillion<sup>2</sup>
- FICC has estimated clearing \$10.6 trillion in daily GSD transaction activity<sup>3</sup>

## Impacts

- These changes will apply to all Covered Clearing Agencies (CCAs) such as the Fixed Income Clearing Corporation (FICC), as well as broker-dealers, banks, and hedge funds

<sup>1, 2</sup> SEC, [“SEC.gov | Update on Working Toward Treasury Clearing Implementation,”](#) September 30, 2025

<sup>3</sup>DTCC, [“U.S. Treasury Clearing | DTCC,”](#) October 1, 2025

# Updated Industry Timeline for SEC Rules 17ad-22 and 15c3-3a

## SEC Rule Mandate and Extension

On February 25, 2025, the **SEC extended the compliance dates** for the Final Rule.

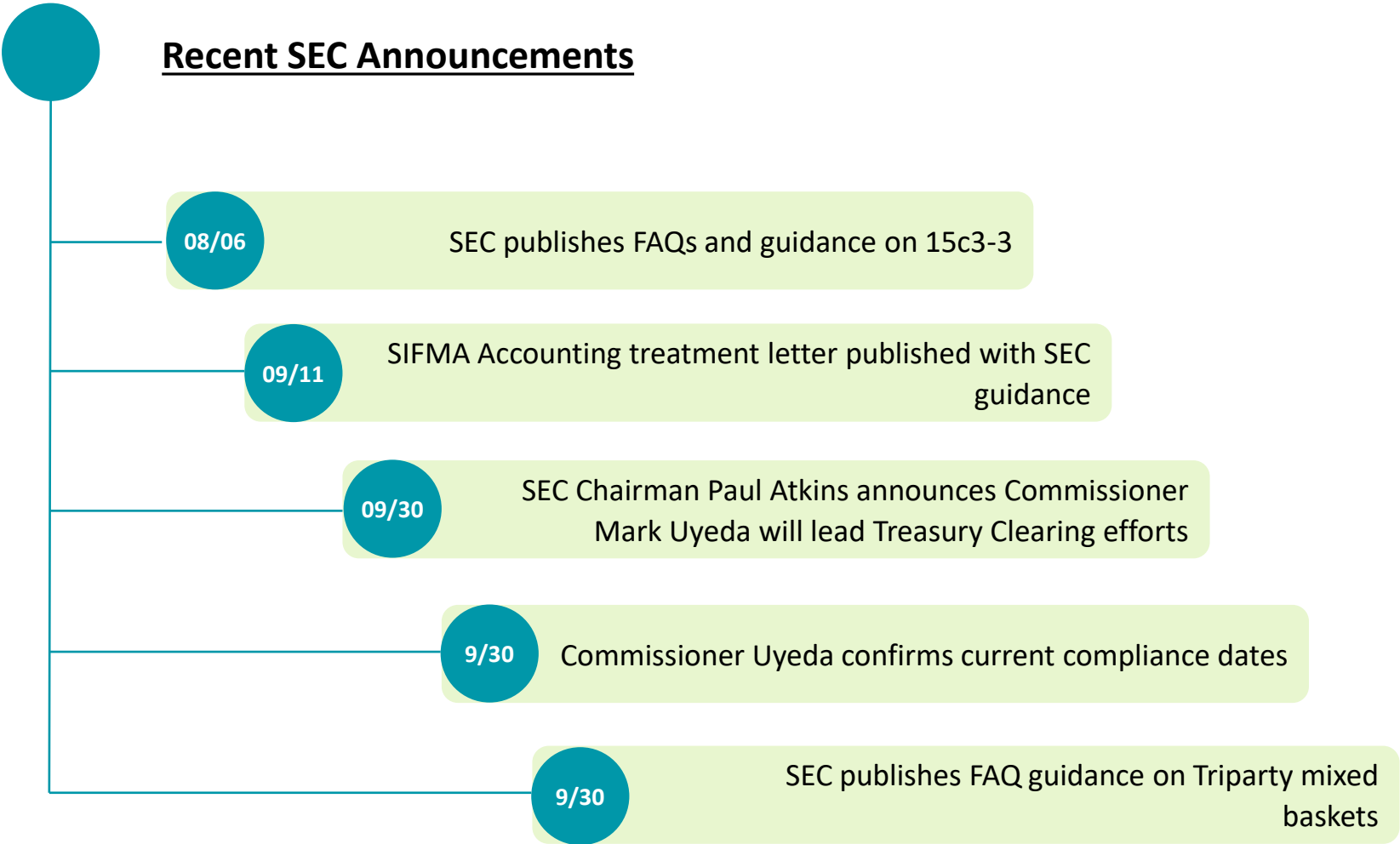
- Margin Separation Requirements – September 30, 2025 **\*\*Note – FICC Amended rulebook went live on March 24, 2025 \*\***
- Cash Transactions – December 31, 2026
- Repo Market Transactions – June 30, 2027

## Compliance Timeline



# Recent News in Treasury Clearing

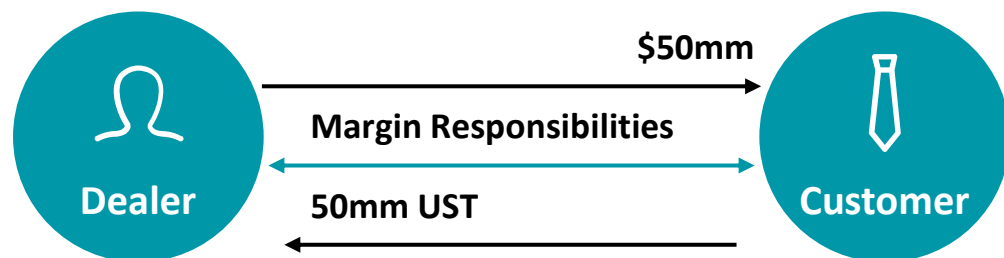
The SEC and industry groups have been active in keeping industry members apprised of updates and important information regarding the Treasury Clearing Mandate.



# What does Treasury Clearing look like today?

In the current state, a large portion of activity in the Treasury Market is settled bilaterally, with broker-dealers and their counterparties entering trades without the use of a CCA

## Current State: Bilateral Settlement



1. Dealer and customer enter a trade without the use of a Central Clearing Party (CCP).
2. The customer and dealer exchange funds for treasury securities in a DVP/RVP account arrangement.
3. Margining occurs directly between participating parties

**The bilateral clearing model will be replaced as the industry shifts to central clearing**

## Future State

In the future state, there will be three central clearing capabilities: Member to Member, Agency Clearing and Sponsored Access.

- 1 Member to Member Clearing
- 2 Agency Clearing
- 3 Sponsored Access

**FICC-sponsored services have increased 58% year-over-year and now has more than 2,750 sponsored members**

# SEC Final Rule & FICC Rule Book

There are several requirements that are included in the SEC Final Rule and the proposed amendments to the FICC Rule Book. Beyond these specific requirements – there are many business, operations and technical decisions that must be made by member firms.

## SEC Final Rule

The primary goal of the final rule is to mitigate contagion risk in times of disruption in the US Treasury trading and financing markets by requiring central clearing for a large portion of the market. The commission achieves this goal by establishing a few key requirements:

- Defines Eligible Secondary Market Transactions (ESMTs), that are required to be cleared, using both transaction type and counterparty dimensions
- Require direct participants to submit ESMTs for clearance and settlement to which they are a counterparty
- Require direct participants to facilitate access to clearance and settlement of ESMTs for their indirect participants
- Calculate, collect, and hold margin for transactions in US Treasury securities submitted on behalf of an indirect participant (customer) separately from those submitted on behalf of the direct participant (member)
- Permit margin collected and on deposit at CCA's to be included as a debit to customer protection formula (15c3-3) under certain conditions



## FICC Rule Book

To ensure compliance with the SEC final rule, FICC has proposed updates to their rulebook\* which affects their members in the following ways:

### Agent Clearing Service

- Rename Correspondent Clearing / Prime Broker Services as Agency Clearing Service & improve features for use as a done away model
- Netting members that currently clear customer assets must reapply to be Agent Clearing Members (ACM), providing data about customers, expected volumes, controls and risk management framework
- ACM indirect activity must be booked in an ACM Customer Omni account – separate from the ACM's firm account
- ACM must collect and submit additional information about the Executing Firm Customer, e.g. Name, Symbol, LEI and various legal agreements
  - Initial application will require these details across all clients
  - New clients must be submitted to FICC at least 3 days prior to trading

### Sponsored Service

- Simplify Sponsoring member categories – all sponsoring members must meet the same set of consistent financial standards
- Simplify Sponsored member criteria (remove QIB requirements)

\* selected details that impact clearing models. The FICC rule book contains additional requirements for direct members

# Treasury Clearing Investment Management Considerations

Proactive preparation around the key considerations of the SEC Clearing Mandates and FICC Rulebook changes will be critical for firm's to confidently participate in the treasury and repo market

## Considerations for Investment Managers



### Sponsored Access

- Investment Managers will need to decide whether to pursue sponsored access or look to outsource the process to a service provider for a fee
- With sponsored access a member firm is guaranteeing the sponsored firm to the FICC and will manage the sponsored firm's operation
  - Margin calculations and posting will be managed separately



### Mixed CUSIP Triparty

- The SEC has clarified which tri-party baskets must be centrally cleared: only baskets specifically intended to finance U.S. Treasuries fall under the rule requirements
- Triparty repo primarily used to finance other assets do not require central clearing, even if some Treasury securities are included as collateral
- Including Treasuries incidentally in a non-Treasury repo basket does not trigger the central clearing mandate



### FICC Margin Calculations

- Investment Managers will be impacted by the new margin calculations, as there will be separate and independent calculations for:
  - Margin deposited by a Netting Member
  - Margin deposited by a Netting Member to support transactions of indirect participants



### Joint Accounts

- Accounts trading repos for multiple funds, will face operational challenges providing the FICC with the necessary allocations in a timely manner



### Front Office

- Education for Front Office on the impacts of the rule, such as the new margin calculation, potential to have increased collateral posted
- Tri-party models are in scope for the rules, which may see a reduced number of counterparties for trading



### Outright Trading

- Outright trading between investment managers facilitated by Broker-Dealers will need to be centrally cleared, direct buys and sells for mutual funds are exempt



# Hot Topics - Continued areas of focus

While there is broad support for clearing, the industry continues to grapple with some of the implications of the rule on business models and market structure.

## SEC Extension

The extension of the compliance deadlines for this rule allow for an opportunity for some of these industry questions to be clarified.

The industry is working in partnership with the SEC to refine some of these considerations and achieve the appropriate outcomes for the rule.

### 40-Act Support

Buy-side firms such as 40-act funds have requested clarity from FICC on margin processes and requirements

### New CCAs

Timelines and specifics of CME, LCH, and ICE's competitive offering to FICC

### Accounting

Accounting treatment of indirect model netting and balance sheet treatment

### FCM

FCMs lobbying for updates to the FICC rule book for improved support

### Custody Alignment

Custody and margin posting must align with Section 17(f) of the 40 Act; FICC is not currently deemed an eligible custodian for margin.

### New Agent Clearing

At least 17 firms now have "ACM Clearing" accounts with the FICC, with several others in the application process

### Tri-Party

In scope – potential large-scale changes required to comply with the SEC rule

### Counterparty Risk

SEC and FICC rule updates do not require members to collect margin from clients

### "Double Margin"

Dealers that are borrowing via the repo market will have to post their own collateral and their sponsored client's collateral to the FICC

### Branches vs. Affiliates

How the clearing mandate impacts a firm's affiliates and branch clearing processes, including extraterritorial reach of the rule

### Done Away

The FICC supports "Done Away" business, but members must decide to support it

### Margin Netting

No concrete timeline for final approval of margin netting between FICC & CME products

### Collateral in Lieu

FICC submitted proposed rulebook to the SEC that will allow lenders into Tri-Party financing to hold collateral away from FICC

### Diversification Requirement

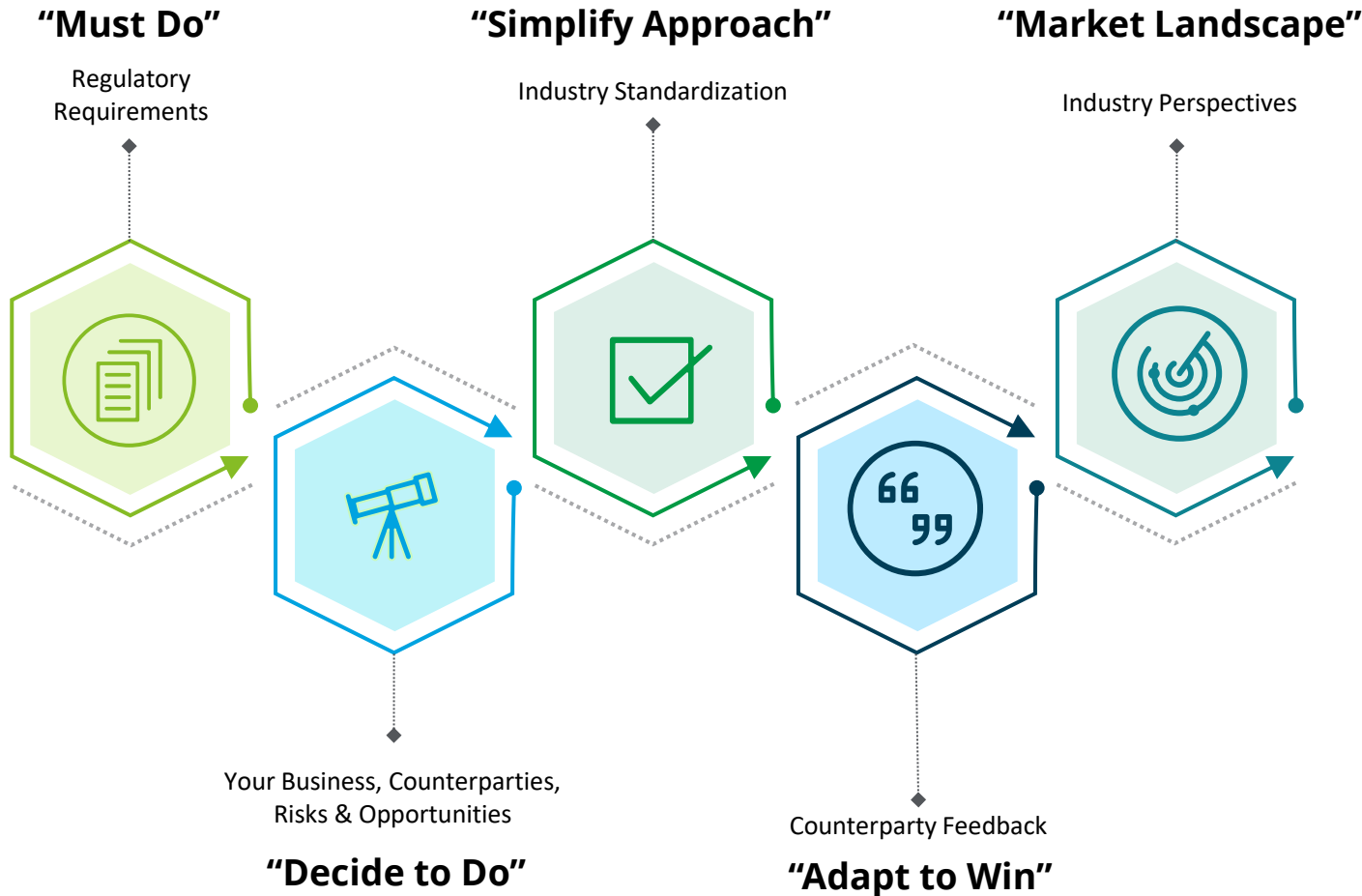
Clearing mandate could create issues for funds meeting 40-Act issuer diversification limits if FICC is considered a counterparty/issuer

### Documentation

Industry groups are preparing standard documentation for Done-With and Done-Away ACM clearing

# Decisions driving a successful transformation program

There are many sources of information that need to be synthesized to establish your vision for the strategic build of your US Treasury Clearing infrastructure – starting with a focus on what you must do and what you’re going to decide to do



## Must Do

The SEC Final Rule and the FICC Rule Book updates establish the rules that will define a new playing field

## Decide to Do

You will decide what your firm will do based on your counterparties, your business, and what risks and opportunities you must manage

## Simplify Approach

Industry participants are working together to try to find simplifying solutions (i.e., client documentation, large scale account changes)

## Adapt to Win

Your counterparties will tell you what services they intend to provide, and you must decide how their changing operating model impacts you

## Market Landscape

Your peers are navigating these same challenges, and it's critical to understand their position relative to yours