



ISDA Publishes Results of Survey on Increased Clearing in US Treasury Market

NEW YORK, August 10, 2022 – The International Swaps and Derivatives Association, Inc. (ISDA) has published the results of a survey on the US Treasury market, which provides views on the potential benefits and costs of increased clearing of cash Treasury securities and repos.

The survey comes in response to discussion by policymakers and market participants about the merits of further clearing of US Treasuries and whether this would strengthen the resilience of the market during stress events. For example, a [Group-of-30 \(G-30\) Working Group on Treasury Market Liquidity](#) has recommended clearing of all Treasury repos, as well as all Treasury securities trades executed on electronic interdealer trading platforms. The G-30 also proposed that regulators and market participants should assess whether and how dealer-to-client cash Treasury trades should be cleared.

The ISDA survey shows there is a wide variety of views on whether increased clearing would materially improve the resilience and efficiency of cash Treasury securities and repos. While most respondents were generally supportive of clearing, there was little backing for broad clearing mandates, with warnings that it could result in some participants reducing their activity or withdrawing from the market, potentially reducing liquidity. That view was not universal: some respondents felt increased clearing was unlikely to occur unless a mandate was in place.

Most respondents highlighted the importance of incentives to encourage additional clearing, including relief under the supplemental leverage ratio, increased access to clearing for clients, greater access to direct clearing for firms that meet applicable membership requirements, and the ability to post client margin to a central counterparty (CCP).

“Our survey shows there’s currently very little consensus on the impact of increased clearing in the US Treasury market, suggesting further research on the costs and benefits is necessary. We support the aims of US policymakers to strengthen the resilience of this critical market, and we hope our survey serves as a useful data point as they weigh up their options,” said Scott O’Malia, ISDA’s Chief Executive.

The survey includes responses from 25 ISDA member and non-member institutions, including primary dealers, principal trading firms, asset managers and CCPs. Additional findings of the survey include:

- Respondents identified a number of benefits from increased clearing, including enhanced efficiency, transparency and market stability. Some felt those benefits were more important for repo markets.

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- Participants agreed clearing would have cost implications, including higher fees, margin requirements and increased technology, legal and operational charges. Some also highlighted greater concentration of risk in CCPs.
- Some respondents noted that increased clearing would not have prevented market volatility during the March 2020 COVID-19 shock.

A summary of responses to the survey is [available here](#).

About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 990 member institutions from 78 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. Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).

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