

Minutes of the Reference Rate Use Committee Meeting

May 13, 2026

RRUC Member Attendees

Patrick Howard (Morgan Stanley) - Chair
Milton Brown (LCH)
Joe Demetrick (MetLife)
Mike Dennis (CME Group)

Dan Gottlander (Citi)
Jack Hattem (BlackRock)
Guillaume Helie (Goldman Sachs)
Peter Lee (Vanguard)

Kyle Lynch (The Federal Home Loan
Banks, Office of Finance)
Ted MacDonald (DE Shaw)
Eric Porter (GM Financial)

Federal Reserve Bank of New York Ex-Officio Member Attendees

Anna Nordstrom
Jamie Pfeifer
Scott Sherman

Pooja Gupta
Justine Hansen

Other Ex-Officio Member Attendees

Michelle Danis (U.S. Securities and Exchange
Commission)

Anu Murgai (U.S. Treasury)

Guest Attendees

Ellen Correia Golay (Federal Reserve
Bank of New York)

The Reference Rate Use Committee (RRUC) met for its first meeting of the year and began with the RRUC Chair welcoming participants to the meeting.

Federal Reserve staff conducted its annual review of the [RRUC Charter](#) and the Federal Reserve Bank of New York's [Antitrust Guidelines](#) and reminded members that adherence to both the RRUC Charter and Antitrust Guidelines is mandatory and a condition on participation in the RRUC.

The RRUC Chair then opened up the floor to members to share thoughts and observations on the reference rate landscape. Members broadly characterized use of reference rates as remaining in line with expectations, noting that market participants have become well accustomed to utilizing forms of overnight SOFR. Participants highlighted that SOFR has continued to remain representative and robust, including over the recent quarter ends and tax dates, and described underlying repo funding markets as functioning well amid volatility in some other markets. A member inquired about contingency procedures for publishing SOFR and Federal Reserve staff noted that there are multiple redundancies and robust contingency methodologies in place to ensure uninterrupted daily production of SOFR.

Members discussed the Term SOFR landscape and the purported interest in FHLB advances linked to Term SOFR. The RRUC Chair and members reiterated the importance of the [Alternative Reference Rates Committee's Term SOFR scope of use best practice recommendations](#), which are intended to ensure the financial system's stability by avoiding use that is not in proportion to, or materially detracts from, the depth of transactions in the underlying SOFR derivatives market that are essential to the construction of the Term SOFR.

Federal Reserve staff presented on the Treasury Market Practices Group's best practice recommendations for U.S. Treasury repo risk management.¹ *See Appendix.* Among others, best practice recommendations specify that all Treasury repo should include prudent haircuts (or margin) on the value of the securities, in concert with other risk management techniques, as appropriate. The haircuts (or margin) and other risk management techniques, taken as a whole, should protect against counterparty credit risk, as well as the liquidity and market risks of the transaction. Market participants have been encouraged to implement these recommendations by June 2026.

The RRUC Chair ended the meeting by thanking members for their attendance and participation. The RRUC Secretariat noted that the next meeting is targeted for October 2026, with details to be provided in due course.

¹ [Treasury Market Practices Group](#) is a New York Fed-sponsored group, comprised of market participants (or senior business leaders) committed to supporting the integrity and efficiency of the Treasury, agency debt, and agency mortgage-backed securities markets.

Appendix

TMPG Best Practice Recommendations for U.S. Treasury Repo Risk Management

Ellen Correia Golay

May 13, 2026



TMPG Overview

- **The Treasury Market Practices Group (TMPG) was created in 2007 to address questionable trading practices in Treasury and MBS markets:** The TMPG is a group of market professionals, sponsored by the New York Fed, with a mission to support the integrity and efficiency of the Treasury, agency debt, and agency mortgage-backed securities markets (TMPG-covered markets).
 - Representatives of the New York Fed and U.S. Department of Treasury serve as *ex-officio* members and technical advisors on the TMPG.
- **The TMPG develops and promotes “Best Practice” Recommendations for TMPG-covered markets:** The Group’s best practice recommendations are meant to serve as guidelines for market participants seeking to organize their operations in a manner that fosters strong controls and reinforces overall market integrity. The TMPG best practice recommendations:
 - seek to promote good market conduct and identify “what good looks like”
 - are updated as needed over time to maintain applicability in the TMPG-covered markets
 - are not legally mandated and do not have the force of law but have often been broadly adopted.

Non-Centrally Cleared Bilateral Repo (NCCBR) Risk Management Working Group

- The NCCBR Working Group was established in 2023 to study risk management practices around non-centrally cleared bilateral repo, a follow-up effort related to findings from the TMPG's 2019 [*White Paper on Clearing and Settlement in the Secondary Market for U.S. Treasury Securities*](#) and 2022 [*White Paper on Clearing and Settlement in the Market for U.S. Treasury Secured Financing Transactions*](#).
- That same year, the TMPG conducted outreach to a subset of market participants on their risk management practices. Results of the outreach were similar to those of [*OFR's pilot data initiative from 2022*](#).
- The NCCBR Working Group included representation from a cross-section of Treasury market participants including dealers, money funds, hedge funds, asset managers, financial market utilities, clearing banks, foreign central banks, along with staff from the U.S. Department of Treasury and the New York Fed.

White Paper and Best Practice

- After conducting extensive outreach and incorporating industry feedback, on May 22, 2025, the TMPG [published](#) final versions of:

1. **White Paper** [Non-Centrally Cleared Bilateral Repo and Indirect Clearing in the U.S. Treasury Market: Focus on Margining Practices](#). The paper identified the following key findings:

findings:

- The NCCBR segment lacks transparency and consistency in risk management practices.
- The use of haircuts in the NCCBR segment is fairly low.
- Competitive pressures could be driving risk management to be a commercially negotiated term.
- Large volumes of repos executed without appropriate haircuts could pose systemic risks to overall functioning of the Treasury repo market, if one or more market participants were to default.
- For dealer-to-client repos that are indirectly centrally cleared, the dealer is often fully contributing the initial and variation margin required by the CCP.

2. **Best practices** on [Treasury repo risk management](#), recommending that all Treasury repo should include prudent haircuts (or margin) on the value of the securities, in concert with other risk management techniques.

3. A set of **Frequently Asked Questions** ([FAQs](#)) that provides further guidance on the proposed best practice recommendations.

Final Best Practice Recommendations

- Consistent with appropriate risk management of counterparty exposures, all Treasury repurchase agreements (repos) should be prudently risk managed. This includes the application of haircuts (or margin) on the value of the securities, in concert with other risk management techniques, as appropriate.
 - Haircuts (or margin) and other risk management techniques, taken as a whole, should protect against counterparty credit risk, as well as the liquidity and market risks of the transaction.
 - Haircuts (or margin) can be applied together with other risk management tools, such as position limits, netting agreements, and/or portfolio margining, and should be supported by a robust risk management framework and a complete set of legally enforceable written agreements.

Final Best Practice Recommendations – cont'd

- Documentation – whether in the form of legal agreements, trade confirmations, policies, disclosures, forms, or some combination thereof, which is understood and agreed in advance or at the time of trade - should describe, in all material respects, the margining regime, including timing, frequency, and thresholds of margin calls and exchanges; valuation of exposures and collateral; and close out netting and liquidation in case of counterparty default.
- For trades with maturities longer than overnight, to help both parties mitigate counterparty risk owing to market value changes, variation margin should be exchanged by the counterparties to the transaction on a regular basis as necessary, in the context of the overall risk management framework.
- In addition, market participants facilitating central clearing for clients should ensure that all aspects of that activity are well risk managed, including any bilateral risks that the client may pose to the participant facilitating central clearing. *(added to existing Risk Management Best Practice).*

Implementation Timeline and Efforts

- The TMPG recommended that firms begin implementing the repo risk management recommendations on a *rolling basis* prioritizing their most material counterparty exposures, and complete the process by June 2026.
- The TMPG recommended an extended implementation period for the U.S. Treasury repo risk management best practice, recognizing other demands on the industry due to the expansion of central clearing in the U.S. Treasury market.

Resources

- [White Paper Non-Centrally Cleared Bilateral Repo and Indirect Clearing in the U.S. Treasury Market: Focus on Margining Practices \(May 2025\)](#)
- [Recommended Best Practices on Treasury Repo Risk Management \(May 2025\)](#)
- [Frequently Asked Questions \(FAQs\): Treasury Repurchase Agreement Risk Management \(May 2025\)](#)
- [Haircuts in Treasury Repo: A Look at the Non-Centrally Cleared Bilateral Repo Market \(April 2025\)](#)
- [White Paper Clearing and Settlement in the Market for U.S. Treasury Secured Financing Transactions \(Nov. 2022\)](#)
- [White Paper Clearing and Settlement in the Secondary Market for U.S. Treasury Securities \(Jul. 2019\)](#)
- [The Treasury Market Practices Group: A Consequential First Decade \(Sep. 2017\)](#)