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Treasury Market Practices Group Releases Best Practice Recommendations for U.S. Treasury Repo Risk Management

The Treasury Market Practices Group (TMPG) today updated the existing [*Best Practices for Treasury, Agency Debt, and Agency Mortgaged-Backed Securities Markets*](#) by incorporating [*recommendations for U.S. Treasury repo risk management*](#), following a [*public comment process*](#). Among other practices, the TMPG recommends that, 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. The TMPG believes these updates will provide guidance to market participants and promote the integrity and efficiency of TMPG covered markets. The TMPG has also released a set of [*Frequently Asked Questions \(FAQs\): Treasury Repurchase Agreement Risk Management*](#) that provide further guidance on the best practice recommendations and a final version of its white paper [*Non-Centrally Cleared Bilateral Repo and Indirect Clearing in the U.S. Treasury Market: Focus on Margining Practices*](#), that helped inform the best practice guidance for U.S. Treasury repo risk management.

The recommendations and FAQs incorporate feedback received from market participants during the consultation period and include clarifications on the flexible use of haircuts, together with other risk-management techniques, legal documentation, and a recommended implementation timeframe. The TMPG is recommending that firms begin implementing the repo risk management recommendations on a rolling basis and complete the process by **June 2026**, recognizing the demands on market participants due to the expansion of central clearing in the U.S. Treasury market.

“Today’s update to the TMPG’s best practice recommendations marks the culmination of a multiyear effort by TMPG members, in consultation with a broad range of market participants, to provide guidance around Treasury repo risk management,” said Casey Spezzano, Chair of the TMPG. “The TMPG encourages market participants to implement repo risk management recommendations on a rolling basis prioritizing their most material counterparty credit exposures.”

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About the Treasury Market Practices Group

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, financial market utilities, and others—and is committed to supporting the integrity and efficiency of the Treasury, agency debt, and agency mortgage-backed securities markets. It is sponsored by, but is not part of, the Federal Reserve Bank of New York. Any views expressed by the TMPG do not necessarily represent the views of the

Federal Reserve Bank of New York or the Federal Reserve System. More information is available at:
www.newyorkfed.org/tmpg.

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