



# TMPG White Paper and Best Practice Recommendations for U.S. Treasury Repo Risk Management

May 29, 2025



# Agenda

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- TMPG Overview & Structure
- Working Group: Non-Centrally Cleared Bilateral Repo Risk Management
  - White Paper Key Findings
  - Recommended Best Practices
  - Best Practice Implementation Timeline
- Appendices
  - Current TMPG Members
  - Resources

# TMPG Overview & Structure

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- The Treasury Markets Practices Group (TMPG) was founded in 2007 and is designed to strengthen the integrity and efficiency of the Treasury, agency debt, and agency mortgage-backed securities markets by promoting market best practices. Combined, these TMPG-covered markets, represent markets in which the New York Fed implements monetary policy.
- The TMPG is composed of senior business leaders and legal and compliance professionals from various institutions, including securities dealers, banks, buy-side firms, financial market utilities, and other foreign central banks (*see Appendix I- Current TMPG members*).
- New York Fed and U.S. Department of Treasury representatives also serve as ex-officio members and technical advisors on the TMPG.

## TMPG Overview & Structure – Cont'd

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- The TMPG develops and maintains best practice recommendations which seek to promote good market conduct in support of the integrity and efficiency of the covered markets.
- TMPG best practice recommendations are updated as needed over time to maintain applicability in these markets.
- TMPG best practice recommendations serve as guidelines, rather than binding rules or regulatory guidance. However, while they are not legally mandated and do not have the force of law, they are often broadly adopted.

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

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- 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](#).
  - TMPG received substantial feedback on this work from a wide range of market participants, including TMPG member and non-member firms, which was then incorporated into the final drafts of the white paper and proposed best practice recommendations.
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# Working Group: NCCBR Risk Management – Cont'd

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- On February 26, 2025, the TMPG published for public comment the following:
  - Consultative White Paper [Non-Centrally Cleared Bilateral Repo and Indirect Clearing in the U.S. Treasury Market: Focus on Margining Practices](#) that describes the current risk management practices in the U.S. Treasury repo market used to mitigate counterparty risk exposures, or the potential losses from a counterparty defaulting before final settlement of a financial transaction.
  - [Proposed 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.
  - A set of [Frequently Asked Questions](#) to provide further guidance on the proposed best practice recommendations.
- Following the comment period and incorporating the feedback received, on May 22<sup>nd</sup>, the TMPG has [published](#) final versions of the white paper, best practice recommendations, the FAQs, and a recommended implementation timeline.

# White Paper Key Findings

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- 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.

# Recommended Best Practices

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- 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.



## Recommended Best Practices – cont'd

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- 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. (*Risk Management*)

# Best Practice Implementation Timeline

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- The TMPG is recommending that market participants use a **risk-based approach** to implementation, where market participants implement the best practice recommendations on a **rolling basis** and prioritize their materials counterparty exposures by **June 2026**.
- The TMPG is recommending 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.

# Appendices

# Appendix I - Current TMPG Members

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## CURRENT MEMBERS

**Casey Spezzano, Chair**  
NatWest Markets

**Matthew Franklin-Lyons**  
J.P. Morgan

**Edward McLaren**  
Bank of America Merrill Lynch

**David Finkelstein, Vice Chair**  
Annaly Capital Management

**Doug Friedman**  
Tradeweb

**Adam Nunes**  
Hudson River Trading

**Alberto Antonini**  
Tudor Investment Corp

**Lara Hernandez**  
Mirae Asset Securities

**Andrea Pfenning**  
BNY Mellon

**Richard Chambers**  
Goldman Sachs

**Makoto Kasai**  
Bank of Japan

**Gerald Pucci**  
BlackRock

**Qing Chen**  
Morgan Stanley

**Laura Klimpel**  
Depository Trust &  
Clearing Corporation

**Marc Seidner**  
PIMCO

**Debbie Cunningham**  
Federated Hermes

**Serena Lin**  
Mizuho Securities

**Suzanne Sprague**  
CME Group

**David Flowerdew**  
Millennium Management

**John Madziyire**  
Vanguard

## FEDERAL RESERVE BANK OF NEW YORK (EX-OFFICIO)

**Agata Zhang**  
TMPG Secretariat

**Eric Lewin**  
Legal Group

**Brett Rose**  
Markets Group

**Ellen Correia Golay**  
Markets Group

**Anna Nordstrom**  
Markets Group

**Janine Tramontana**  
Legal Group

**Vinuthna Kovvuri**  
Markets Group

**Roberto Perli**  
Markets Group

## U.S. TREASURY DEPARTMENT (EX-OFFICIO)

**Brian Smith**  
Deputy Assistant Secretary  
Federal Finance

## Appendix II – Resources

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- [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 \(May 2025\)](#)
- [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 \(Sep. 2017\)](#)