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## DTCC GCF REPO INDEX<sup>®</sup> FACT SHEET

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The Depository Trust & Clearing Corporation (DTCC) began publishing the DTCC GCF Repo Index® in November 2010 to help bring greater transparency to the U.S. financing markets by creating a benchmark that tracks general collateral finance repurchase agreements (GCF Repos®). The index was developed in response to concerns of the Treasury Markets Practice Group, sponsored by the Federal Reserve Bank of New York, regarding the need for enhanced transparency in the Treasury, agency debt and mortgage-backed securities markets.

### What is the DTCC GCF Repo Index?

The DTCC GCF Repo Index is the only index that tracks the average daily interest rate paid for the most-traded GCF Repo contracts for U.S. Treasury and mortgage-backed securities issued by Fannie Mae and Freddie Mac. These are instruments that clear at the Government Securities Division (GSD) of the Fixed Income Clearing Corporation (FICC). The index's rates are par-weighted averages of daily activity in the GCF Repo market and reflect actual daily funding costs experienced by banks and investors, per underlying asset class.

### What is the composition of the DTCC GCF Repo Index?

The DTCC GCF Repo Index is comprised of the weighted average of the interest rates paid each day on overnight transactions involving GCF Repos, which are based on two basic types of U.S. government securities and are represented by the following "generic" CUSIP numbers:

- U.S. Treasury < 30-year maturity (371487AE9)
- Fannie Mae & Freddie Mac Fixed Rate MBS (371487AL3)

In order to qualify for inclusion in the DTCC GCF Repo Index, the transactions in each of the two basic CUSIP numbers must be completed on a daily basis. The volume is reflective of the repo and reverse transactions that are dealer executed and does not include the inter-dealer broker portion of the transactions. Trades excluded from the DTCC GCF Repo Index include term trades (transactions where settlement date equals trade date plus two business days or greater) and forward start repos. The CUSIPs which are specifically excluded from the DTCC GCF Repo Index are as follows:

- U.S. Treasury <10-year maturity (371487AD1)
- Strips (371487AF6)
- U.S. Treasury Inflation Protection Securities (TIPS) (371487AG4)
- Non-Mortgage-Backed U. S. Agency Securities (371487AH2)
- Fannie Mae and Freddie Mac Adjustable-Rate MBS (371487AM1)
- GNMA (371487AQ2)
- GNMA Adjustable-Rate MBS (371487AR0)

### How is the DTCC GCF Repo Index different from other benchmarks measuring short-term interest rates?

The DTCC GCF Repo Index is the only index to track GCF Repo transactions. It differs from most existing benchmarks in that it is not based on subjective rate estimates. Instead, it reflects actual, fully collateralized and centrally cleared repo transactions. This key difference ensures that the index cannot be manipulated, which provides the market with greater transparency and better risk mitigation.

### What is a repurchase (“repo”) agreement?

A repo is generally a form of a short-term secured loan that involves the sale of a security together with an agreement that the seller will subsequently repurchase the same security. The difference between the sale and purchase price reflects the interest paid by the funds borrower.

### What is the GCF Repo service?

Through GSD, FICC developed the GCF Repo service so that dealers could trade GCF Repos, based on rate, term and underlying product throughout the day without requiring intra-day, trade-for-trade settlement on a delivery-versus-payment basis.

### Is the DTCC GCF Repo Index made public?

The DTCC GCF Repo Index is posted on DTCC’s public website (<http://dtcc.com/products/fi/gcfindex>) and to Bloomberg (GCFR page) on a daily basis at approximately 3:30 p.m. EST. Additionally, the DTCC GCF Repo Index is posted on the Securities Industry and Financial Markets Association’s (SIFMA) website ([www.sifma.org](http://www.sifma.org)) on a monthly basis.

### What data is displayed publicly on the DTCC website?

The DTCC GCF Repo Index includes the following information for each of the two CUSIPs:

- Weighted average rate of overnight GCF Repo transactions submitted each day for clearing to GSD;
- 52-week high and low weighted average rates;
- Previous month’s weighted average rate;
- Previous week’s weighted average rate; and
- Total par value, that is, the total nominal dollar value in \$U.S. billions.

### Can the data on the DTCC GCF Repo Index be downloaded from the DTCC website?

Yes. The data in the graphs, which capture and display data from the most recent date to one year ago, can be downloaded in a spreadsheet format. The DTCC website provides graphs which show the activity over the past 12 months. It also allows the user to view each of the CUSIPs separately or against one or both of the other CUSIPs. Users also have the ability to view daily activity within each CUSIP.

### What is the data source?

The data is provided by FICC, which serves as the clearing house for trading in U.S. government securities.

### How accurate is the data?

Prior to the posting of the DTCC GCF Repo Index, each CUSIP undergoes a validation check where the current weighted average rate is compared to the prior day’s rate. In the event that the current rate fails the validation check of a day over day change, GSD operations will review the underlying transactions for inadvertent rates. If all rates are deemed satisfactory, the DTCC GCF Repo Index will be posted.

### How is the DTCC GCF Repo Index calculated?

For each of the CUSIPs, a weighted average rate is calculated on a daily basis using the following formula:

Par weighted rate =  $\text{SUM (for each overnight trade: Dollar amount times GC rate/SUM) (for each overnight trade: Dollar amount)}$

Example			
	Trade Amount	Rate	Sum
	3,000,000	0.03	90,000
	2,000,000	0.05	100,000
	2,000,000	0.04	80,000
Sum	7,000,000		270,000
<b>Formula: <math>270,000/\\$7,000,000 = .0386</math> weighted average rate</b>			

**For more information on the DTCC GCF Repo Index, please contact:**

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*The DTCC GCF Repo Index® is an offering of DTCC Solutions LLC.*

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