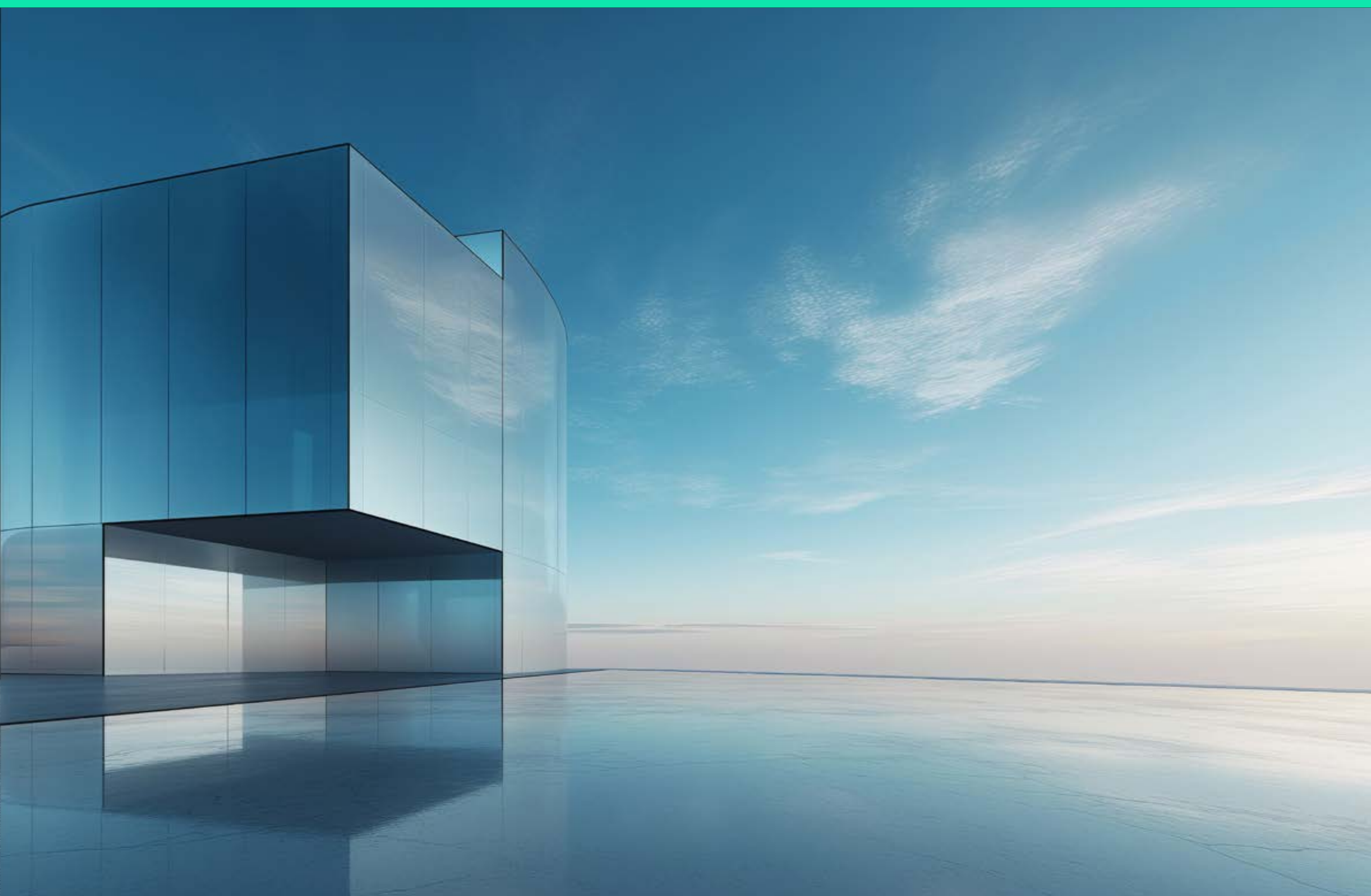
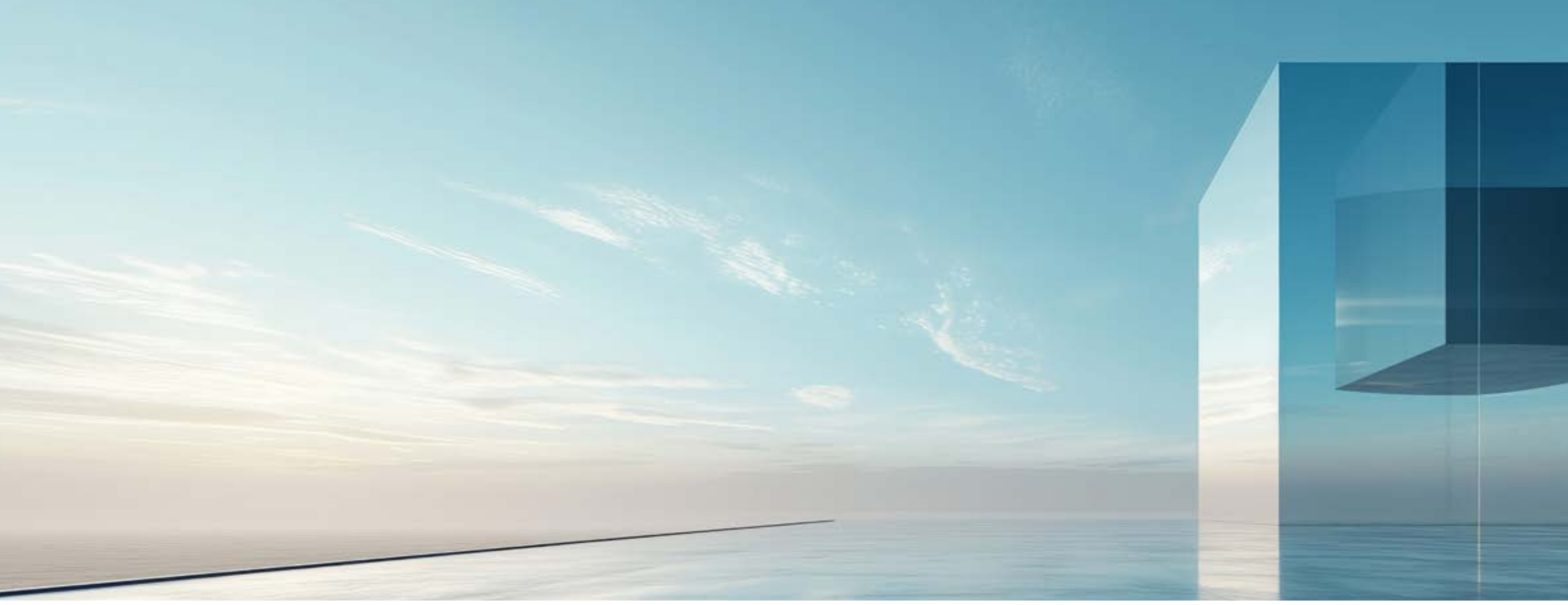
DTCC

INDUSTRY READINESS FOR U.S. TREASURY CASH CLEARING

A Survey of FICC Membership





The U.S. Treasury market is entering a defining period of transformation as market participants prepare for expanded central clearing requirements. At the same time, innovation across clearing, settlement, and risk management is accelerating how that transformation takes shape.

As the central counterparty for the U.S. Treasury market, DTCC's Fixed Income Clearing Corporation (FICC) sets the standard for stability, efficiency, and resiliency at scale. The certainty we deliver through clearing and settlement becomes the certainty the industry counts on. The capacity and efficiency we unlock with balance sheet netting become the foundation the market grows on. With its Fixed Income Solutions, DTCC stands alone in its ability to hold the market steady while actively reshaping it. Evolving with purpose so every change leaves the market stronger.

Over the past several years, FICC has worked closely with market participants to expand access to central clearing, enhance operational capacity, and develop new solutions designed to improve efficiency and reduce friction across the Treasury ecosystem. These efforts have helped create a scalable foundation for the industry's continued transition toward central clearing.

This report examines the current state of industry readiness for the upcoming U.S. Treasury cash clearing mandate, highlights key developments across the clearing ecosystem, and explores how market participants are preparing for the next phase of Treasury market evolution.

U.S. Treasury Clearing at Scale

Central clearing adoption is occurring against a backdrop of established market infrastructure. Today, FICC already processes trillions of dollars in cleared activity daily, providing a strong foundation for the industry's continued migration toward central clearing.

FICC By the Numbers:

$12+ trillion in average daily cleared transactions across all of FICC's cash and repo clearing activity.

- Average daily volume represents a **165% increase** since the SEC proposed the Treasury Clearing mandate in September 2022

$2.5+ trillion in average daily Sponsored Service volume, expanding access to central clearing

- **771% growth** in Sponsored Service volumes since the SEC proposed the Treasury Clearing mandate in September 2022

2,850+ **Sponsored Members** from across the globe — including buyside institutions of all types, such as asset managers, money market funds, hedge funds, pensions, insurance companies, home loan banks, state and local municipalities, central banks and sovereign wealth funds.

66 eligible Sponsored Member jurisdictions

47% Y-o-Y Agent Clearing Service volumes are up 47% year-over-year

$1+ trillion in daily balance sheet savings opportunities delivered through buyside clearing

Innovations in the Treasury Clearing Ecosystem

FICC continues to invest in new capabilities to support higher clearing volumes, broaden market access, reduce operational friction, and improve capital efficiency. Working closely with market participants, industry groups and regulators, FICC has developed and implemented a series of innovations over the past several years to make central clearing more accessible, flexible and scalable.

KEY INNOVATIONS:

Expanded Access to Central Clearing – Multiple pathways to central clearing provide firms with greater flexibility in how they participate. The cornerstone of this expanded access is FICC's Sponsored Service, which now supports 2,850+ Sponsored Members across 66 eligible jurisdictions, processing approximately $2.5+ trillion in average daily volume.

Improved Margin & Capital Efficiency – New solutions are helping firms optimize margin, liquidity and balance sheet usage as clearing activity grows. Today, the FICC-CME Cross-Margining Program (including both its longstanding House Program and the newly added End-User Client Program) is generating approximately $1+ billion in average daily risk offsets for the industry.

Enhanced Tri-Party Repo Clearing – Modernized repo clearing services align central clearing with existing market workflows and, at the same time, address longstanding market inefficiencies. The new Sponsored GC Collateral-in-Lieu (CIL) and Agent Clearing Tri-Party services expand access to central clearing while helping address challenges such as double margining.

Flexible Intermediation Models – Firms can choose from multiple clearing models at FICC based on their business and operational needs. Both FICC's Agent Clearing Service (ACS) as well as the Sponsored Service provide clearing intermediaries with the ability to support both done-with and done-away trading.

Proven Operational Scale – Over 40 years of investment in FICC's infrastructure, onboarding and processing capacity are today enabling increased voluntary adoption, ahead of the SEC's mandate. Across all of its cash and repo clearing activity, FICC currently clears more than $12 trillion in average daily transactions.

Industry Readiness for Treasury Cash Mandate: Survey Findings

To better understand how firms are preparing for the upcoming Treasury cash clearing deadline, FICC surveyed all existing full-service Netting Members of the Government Securities Division (GSD) of FICC in June 2026. The survey achieved a 92% response rate, providing a comprehensive view of implementation progress.

The results show that industry preparation has advanced significantly, although meaningful work remains before the compliance deadline.

KEY TAKEAWAYS:

1. **Over $1.2 Trillion Treasury Cash Activity Already Clearing at FICC; Estimated $300-400 Billion Left to Go.**

   GSD Netting Member respondents reported approximately $300-400 billion in average daily par value of Treasury cash activity that is not currently submitted for clearing. While not an insignificant amount, the industry has already migrated more than three times that amount into central clearing at FICC ahead of the mandate deadline.

2. **Most of the Industry Is Already Prepared for the Treasury Cash Clearing Deadline.**

   79% of GSD Netting Member respondents reported already having the necessary account setups in place at FICC ahead of the year-end Treasury cash clearing deadline, and nearly 100% of respondents requiring an FICC account have either established one – or have actively entered FICC's onboarding pipeline.

3. **Approximately One-Third of Dealers Expect to Offer Treasury Cash Clearing to Their Clients.**

   Approximately one-third of GSD Netting Member respondents reported that they expect to provide clearing services for their clients' Treasury cash activity, which is generally consistent with the percentage of dealers who offer client clearing services for Treasury repo and/or Treasury cash activity today at FICC.

Looking to the Future

While much of the industry's focus remains on implementing the Treasury clearing mandate, efforts to enhance the clearing ecosystem continue.

- **FICC's Guaranty Fund Enhancement** – The Guaranty Fund Enhancement, targeted for year-end 2026 (subject to regulatory approval), is a proposed risk-management framework that separates initial margin from default fund resources, creating a dedicated Guaranty Fund to absorb mutualized losses in a default scenario. The enhancement is intended to provide greater transparency, improve predictability of member exposures, limit loss-mutualization risk to defined Guaranty Fund contributions, and strengthen FICC's overall clearing and default management framework.
- **GSD / MBSD Portfolio Margining** – FICC's proposed Portfolio Margining Service will be an optional service to be rolled out in 2027 (subject to regulatory approval) that will enable firms active in both the Government Securities Division (GSD) and Mortgage-Backed Securities Division (MBSD) to recognize offsetting risk across correlated products. By applying portfolio-based margin methodologies across both divisions of FICC, the Service is designed to create new margin and capital efficiency opportunities for the industry, while maintaining FICC's robust risk management standards.

Conclusion

The survey results reflect a market that is actively preparing for expanded central clearing at FICC and making measurable progress toward compliance by December 31, 2026.

FICC's critical infrastructure is in place, onboarding activity continues to advance, and firms are increasingly aligning on their preferred clearing models.

With less than six months now remaining before the Treasury cash clearing deadline, execution will now take center stage. Ongoing coordination across the industry, supported by close engagement with FICC, will be essential to achieving a successful and orderly transition.