

ICMA's initiatives on the SEC mandatory clearing for US Treasuries



by **Zhan Chen**

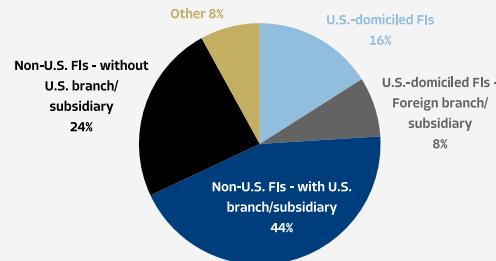
Discussions around the US Securities and Exchange Commission (SEC) Treasury clearing mandate continue to gain momentum, following the 25 February 2025 [announcement](#) that the US SEC would extend compliance dates by one year to 31 December 2026 for eligible cash transactions, and 30 June 2027 for eligible repo transactions. Under the SEC [rule](#), initially published in 2023, a covered clearing agency providing central counterparty services for US Treasury securities must implement policies and procedures requiring every direct participant to submit all eligible secondary market transactions in US Treasuries for central clearing. Clearing agencies must also monitor direct participants' submissions and take action where required submissions are not made.

The mandate has significant implications for market participants globally. Through the ERCC and regional engagement in APAC, ICMA has been closely following the developments on this topic. Over the summer, ICMA conducted an interview series with selected banks in Asia, which highlighted a range of readiness challenges as well as concerns around the breadth of the mandate's extraterritorial application. Firms expressed uncertainty around whether a foreign bank's US branch becoming a Fixed Income Clearing Corporation (FICC) member could pull the entire legal entity into scope, including its non-US branches. Views were also mixed on the practicality of the inter-affiliate exemption, which requires an affiliate to clear all of its other Treasury repo trades, undermining its usefulness. Other issues raised included higher and non-negotiable margin and capital requirements, a shift in credit exposure to agents and the Central Counterparty (CCP), jurisdictional constraints where the FICC lacks local CCP licences, and the operational burdens of monitoring counterparties' FICC membership to avoid unintended clearing obligations.

In November 2025, ICMA complemented these interviews with a broader [market survey](#), following its second member

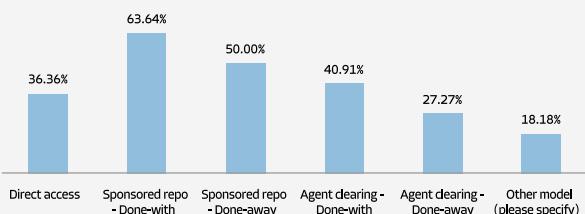
[webinar](#) the previous month. Across both engagements, it was consistently indicated that most firms remain at the early stages of preparation, with nearly half having yet to begin meaningful implementation work. A total of 26 responses were received across sell-side, buy-side, ICSD, and FinTech participants. The majority were not direct participants of the FICC, even within their wider group structure. Currently, 56% of respondents do not clear any trades through the FICC. Among those who do, the predominant access model to FICC clearing is *Sponsored 'done-with'* (78%), followed by *Direct membership* (56%).

The type of institution that has responded to the survey.

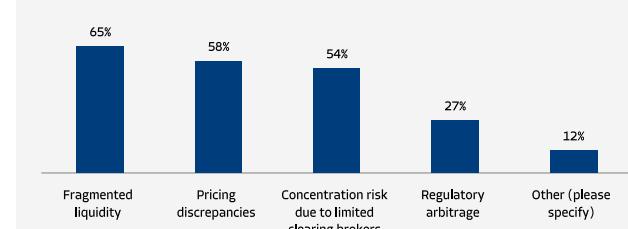


Survey responses suggest that many market participants expect at least some activity to migrate into the cleared space, with sponsored models emerging as the most popular access route, although a proportion of firms have yet to determine their approach. Several respondents viewed direct FICC membership as unnecessary given the scale of their business. Some respondents noted a preference for agent clearing if offered, given the wider counterparty choice this provides. Notably, one respondent indicated they will cease trading US Treasuries altogether once the mandate takes effect.

What is the likely access model that your entity will adopt in respect of those transactions that will have to be centrally-cleared in the future?

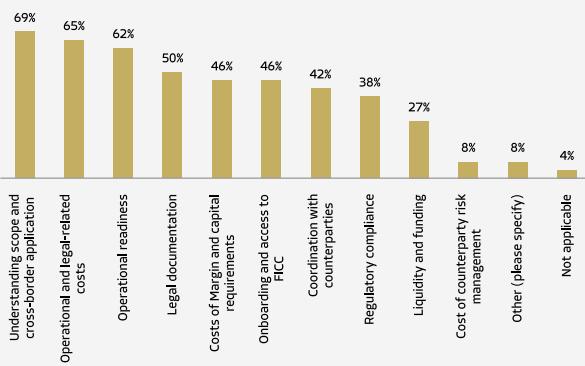


Are there any key market risks you foresee arising from the implementation of the U.S. Treasury clearing mandate?



Many firms still face uncertainty regarding the scope of the rules, both in terms of their extraterritorial reach and the treatment of specific transaction types, such as how a tri-party GC repo that includes Treasuries would be treated. Respondents also highlighted a range of operational and legal costs, including the need to revise GMRA documentation and to ensure overall operational readiness. APAC-based institutions noted additional region-specific difficulties, such as FICC's limited operating hours and jurisdictional constraints that complicate applications for direct membership.

What is/are the key challenge(s) posed to your entity with the implementation of the U.S. Treasury clearing mandate?



The margin impact associated with clearing remains uncertain, but many expect a bifurcation of markets. Some anticipate liquidity concentrating in the cleared space, while others fear that mandatory clearing could push certain participants towards fully bilateral trading, weaken Treasuries' function as a cash proxy, and create pricing discrepancies. Concerns were also raised about concentration risk given the limited number of clearing brokers.

Across regions, firms consistently called for clearer regulatory guidance to support implementation. They emphasised the need for clarification on the scope and applicability of the rules, as well as greater operational and infrastructure support. Respondents also sought regulatory flexibility, including temporary measures to enable a phased migration. In addition, they highlighted the importance of market infrastructure enhancements such as cross-margining and clearer protocols for handling failed trades or clearing-agency outages. Firms also underlined the value of industry support through practical guidance, technical workshops, and forums for sharing experiences.

Building on these findings and member feedback, ICMA is assessing the GMRA documentation implications and is preparing a letter to the SEC seeking clarification on key issues such as extraterritorial scope, the inter-affiliate exemption, and triparty repo treatment. ICMA will continue to work closely with the market participants, infrastructure providers, and peer associations to address practical challenges, reduce uncertainty, and support firms as the market transitions to the new mandate.



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