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SPEECH

Remarks at the 2025 U.S. Treasury Market Conference

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Good afternoon, and thank you to the Federal Reserve Bank of New York for hosting this conference.[1] Today, I will provide an update on the implementation of rules requiring the clearing of certain secondary market transactions in U.S. Treasury securities (the “Treasury Clearing Rules”).[2]

The SEC adopted these rules in December 2023.[3] Since assuming leadership of the Commission, Chairman Paul Atkins has asked me to oversee our efforts to ensure that they are working as intended.[4] Our objective is to effectively implement the Treasury Clearing Rules in a manner that removes regulatory ambiguities, addresses unanticipated issues, and resolves unnecessary frictions while maintaining the smooth functioning and operation of the Treasury market.

In short: the U.S. Treasury market is the deepest and most liquid government securities market in the world — and we intend to keep it that way.

How We Got Here

Over \$1 trillion in Treasuries trade on average every day, and over \$29 trillion are outstanding.[5] More importantly, the U.S. Treasury market serves as the

global benchmark for risk-free rates. It is the foundation for everything from mortgage pricing to corporate financing to central-bank reserves. The safety and soundness of the U.S. Treasury market provide credibility for the U.S. dollar, resilience of global liquidity, and the ability of the U.S. government to fund itself at reasonable cost.

The Commission's decision to require increased central clearing for U.S. Treasury securities will have consequential market-structure impacts. Whether to require the central clearing of U.S. Treasury security transactions is a question that has been raised over the past two decades, particularly with the increased participation of principal trading firms. During President Trump's first term, the U.S. Treasury Department recommended further study of clearing and settlement arrangements in the Treasury market.^[6] My predecessor, SEC Commissioner Elad Roisman, raised the question of exploring central clearing for Treasury securities at this very conference five years ago.^[7]

Using a central counterparty can bring important benefits such as potentially reducing bilateral exposures and improving transparency. It allows for multilateral netting, more efficient margin management, and real-time visibility into counterparty exposures. The use of widespread netting could free up additional cash for market participants, which in turn could help reduce liquidity strains.

On the other hand, requiring more trades to be centrally cleared can concentrate risk in one place — namely, the central counterparty itself. For that reason, the SEC has implemented a system of overseeing and examining these types of entities. For example, all central counterparties registered with the SEC must meet the Covered Clearing Agency Standards. These rules impose specific obligations in 23 stated areas, including financial risk management (e.g. counterparty credit risk, margin, collateral and liquidity risk), operational risk, governance, and default management.^[8] All central counterparties registered with the SEC are self-regulatory organizations, meaning that they must file for Commission review and approval any proposed changes to their rulebooks.^[9] This review process gives the Commission and the public a view into virtually any significant change a central counterparty proposes to make to its operations and allows us to consider whether the proposed change is consistent with its obligations under the Exchange Act and the applicable rules.

In addition, clearing agencies that are designated as Systemically Important Financial Market Utilities (“SIFMUs”) undergo regular, detailed examinations by the SEC in coordination with the Board of Governors of the Federal Reserve System (“Federal Reserve Board”). In fact, Title VIII of the Dodd-Frank Act mandates an annual examination of each SIFMU for which the SEC serves as the supervisory agency. Given the importance of SIFMUs to their members and the markets they serve, these exams are conducted differently than those of other registrants like broker-dealers, investment advisers, and mutual funds.^[10] In particular, SIFMU examinations have historically assessed the adequacy of a SIFMU’s processes, procedures, and controls in high-risk areas such as margin systems, credit and liquidity stress testing, default management, and settlement operations. They also assess the policies and procedures pertaining to the technology systems that support these important functions. As a result, these exams promote proactive compliance by ensuring SIFMUs are identifying, managing, and monitoring the financial and operational risks associated with the products and markets they serve.

Where We Are Today

Today, we are in the midst of implementing the Treasury Clearing Rules. These rules mandate that covered clearing agencies in the U.S. Treasury market adopt policies and procedures designed to require their members to submit for clearing certain specified secondary market transactions. Such transactions include: all repurchase and reverse repurchase agreements, for which U.S. Treasury securities serve as collateral, entered into by a member of the covered clearing agency, unless the counterparty is a state or local government or another clearing organization, or the repurchase agreement is an inter-affiliate transaction; they also include all purchase and sale transactions entered into by a member of the clearing agency that is an interdealer broker and all purchase and sale transactions entered into between a clearing agency member and either a registered broker dealer, a government securities broker, or a government securities dealer.^[11]

Notably, transactions in which one counterparty is a central bank, a sovereign entity, an international financial institution, or a natural person are specifically excluded from the scope of the Treasury Clearing Rules.^[12] Thus, transactions with a reserve bank or monetary authority of a central government, including the Federal Reserve Board, any of the Federal Reserve Banks, and the Bank for International Settlements are excluded.^[13]

Dealers, buy-side institutions, asset managers, clearing banks, and infrastructure providers have invested enormous amounts of time and resources preparing for compliance with the Treasury Clearing Rules.^[14] This is meaningful progress, but more work remains. The final rules were ambitious in their timing and scope, and questions emerged almost immediately after adoption about various aspects. It became readily apparent that the compliance deadlines were simply unworkable.

The current SEC has recognized these challenges and has taken important steps towards a more rational implementation that seeks to minimize potential friction and any lack of clarity. Thus, last February, the Commission approved a one-year extension of the compliance deadlines for the Treasury Clearing Rules to December 31, 2026, and June 30, 2027, for cash and repo transactions, respectively.^[15] The Commission heard concerns from market participants that the original deadlines did not allow enough time to make appropriate preparations. This extension was intended to provide additional time to resolve implementation issues and to enhance market participants' ability to comply with the rules, including the development and implementation of appropriate means to access clearance and settlement services for U.S. Treasury securities, and to facilitate orderly implementation of the trade submission requirement.

Importantly, the SEC staff have been engaging closely with market participants and industry working groups to understand the areas where clarity is needed. To date, the staff has issued guidance or provided feedback on the customer protection rules, the scope of the definition of an eligible secondary market transaction as it pertains to triparty repo transactions, and accounting for agent clearing members.^[16] These are practical issues that directly affect whether the system will function smoothly.

What Lies Ahead

Even with this progress, outstanding issues remain. The scope of requirements for inter-affiliate transactions is among the most urgent questions in need of resolution. Many global firms transact heavily among various affiliates for liquidity, collateral management, and hedging purposes. When the Commission adopted the rule, it recognized that the benefits sought by the rule are not realized by subjecting such internal trades to the same requirements as external trades. Therefore, the final Treasury Clearing Rules

contain an exemption for trades between affiliates. However, market participants have stressed that this exemption, as adopted, may be too restrictive to be utilized. The Commission and its staff have been considering expanding the inter-affiliate exemption to include cash transactions and other types of affiliates. Related areas under consideration are how the exemption could address transactions for internal liquidity and collateral management and how the concept of affiliate, within the inter-affiliate exemption, might be broadened.

Another question is the extraterritorial scope of the Treasury Clearing Rules. Non-U.S. firms that trade with U.S. counterparties do not typically clear their trades in U.S. Treasury securities, and they may need to establish clearing arrangements with intermediaries or with central counterparties. Without further clarity, such firms have not been able to determine their options for clearing access or their costs.^[17] Prior to the government shutdown on October 1, the SEC staff had been engaging with market participants to understand jurisdictional issues and had been working diligently to provide clarity so that implementation of the rules could proceed. We intend to move as quickly as possible on these matters once full operations of the SEC are restored.

The Commission is aware of and considering other issues that the industry has raised, including: “double margining” issues for registered funds regarding cleared repos;^[18] cross-margining between securities and futures transactions at the customer level; the impact of failed trades or clearing agency outages on the Treasury Clearing Rules; and the treatment of gross vs. net margin alternatives for segregated customer accounts under Exchange Act Rule 15c3-3a.^[19] Resolution of these issues can have a significant impact on the costs associated with operating in this area and will affect how each firm is able to plan how it implements the rules.

Alongside our consideration of these matters, the Commission is currently considering two applications for registration as a clearing agency from entities that are seeking to clear U.S. Treasury securities.^[20] Specifically, they are from CME Securities Clearing Inc. and ICE Clear Credit LLC. The Commission is aware, as market participants have indicated, that final decisions on these applications will affect the implementation of the Treasury Clearing Rules. We intend to move expeditiously in considering these applications once the shutdown is over.

Moving Forward

In short, while a lot of progress has been made on the Treasury Clearing Rules, critical work remains to be completed. The Commission intends to do our part, by providing clarity, guidance, and where appropriate, exemptive relief or rule amendments, so that market participants can proceed with planning and deploying the resources needed to fully implement the Treasury Clearing Rules. The SEC welcomes further engagement with market participants and industry working groups, particularly where data and proposed solutions can be offered to provide insight on possible paths forward.

We also intend to maintain close collaborations with our colleagues at the U.S. Department of the Treasury, the Federal Reserve Board, the Commodity Futures Trading Commission, and other federal financial regulators. In light of the global implications of the Treasury Clearing Rules, we will continue working with our financial regulatory counterparts outside the United States so that the transition to central clearing works operationally both here and abroad.

The Commission has set up a dedicated Treasury Clearing implementation webpage (<https://www.sec.gov/securities-topics/treasury-clearing-implementation>) on SEC.gov to consolidate, in one place, all Commission actions and staff guidance issued to date that are particularly relevant to the Treasury Clearing Rules. As the Commission or its staff address and resolve additional issues, this webpage will be updated.

We have broad consensus on our end goal: a U.S. Treasury market that remains deep, liquid, transparent, and resilient. While we collaborate to solve challenges along the way, we must keep that objective in sight.

Thank you.

[1] My remarks reflect my individual views as an individual Commissioner and do not necessarily reflect the views of the U.S. Securities and Exchange Commission (“SEC”) or my fellow Commissioners.

[2] Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule with Respect to U.S. Treasury Securities, Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) (hereinafter, the “Adopting Release”).

[3] Press Release, SEC Adopts Rules to Improve Risk Management in Clearance and Settlement and Facilitate Additional Central Clearing for the U.S. Treasury Market (Dec. 13, 2023), available at <https://www.sec.gov/newsroom/press-releases/2023-247> (<https://www.sec.gov/newsroom/press-releases/2023-247>).

[4] Press Release, Staff Issues FAQs to Help Broker-Dealers Implement Financial Responsibility Requirements Related to U.S. Treasury Clearing (Aug. 6, 2025), available at <https://www.sec.gov/newsroom/press-releases/2025-105-staff-issues-faqs-help-broker-dealers-implement-financial-responsibility-requirements-related-us> (<https://www.sec.gov/newsroom/press-releases/2025-105-staff-issues-faqs-help-broker-dealers-implement-financial-responsibility-requirements-related-us>).

[5] See U.S. Treasury Securities Statistics, Securities Industry and Financial Markets Association (“SIFMA”), available at <https://www.sifma.org/resources/research/statistics/us-treasury-securities-statistics/> (<https://www.sifma.org/resources/research/statistics/us-treasury-securities-statistics/>) (statistics current as of October 7, 2025).

[6] U.S. Department of the Treasury, A Financial System that Creates Economic Opportunities: Capital Markets (Oct. 2017), at 81, available at <https://home.treasury.gov/system/files/136/A-Financial-System-Capital-Markets-FINAL-FINAL.pdf> (<https://home.treasury.gov/system/files/136/A-Financial-System-Capital-Markets-FINAL-FINAL.pdf>).

[7] See, e.g., Elad L. Roisman, “Remarks at U.S. Treasury Market Conference” (Sept. 29, 2020), available at <https://www.sec.gov/newsroom/speeches-statements/roisman-us-treasury-conference-2020-09-29> (<https://www.sec.gov/newsroom/speeches-statements/roisman-us-treasury-conference-2020-09-29>) (raising the question of whether access to central clearing for cash Treasury trades should be expanded).

[8] See 17 CFR 240.17ad-22(e).

[9] See 17 CFR 240.19b-4.

[10] These exams are conducted by the SEC's Office of Clearance and Settlement and the Technology Controls Program in the Division of Examinations.

[11] See 17 CFR 240.17ad-22(a).

[12] See *id* (definition of "eligible secondary market transaction" at (iii)).

[13] See the Adopting Release, *supra* note 2 (Section II(A)(3) states "A central bank would, in turn, be defined as a reserve bank or monetary authority of a central government (including the Board of Governors or any of the Federal Reserve Banks) and the Bank of International Settlements.")

[14] See Press Release, U.S. Treasury Central Clearing Survey: U.S. Firms Have High Degree of Confidence in Readiness While Europe and Asia Lag; Regulatory Clarity is a Key Factor (Nov. 10, 2025) (hereinafter, the "Readiness Survey"), available at <https://www.sifma.org/resources/news/press-releases/u-s-treasury-central-clearing-survey-u-s-firms-have-high-degree-of-confidence-in-readiness-while-europe-and-asia-lag-regulatory-clarity-is-a-key-factor/> (<https://www.sifma.org/resources/news/press-releases/u-s-treasury-central-clearing-survey-u-s-firms-have-high-degree-of-confidence-in-readiness-while-europe-and-asia-lag-regulatory-clarity-is-a-key-factor/>). Significant work has been carried out to date on standardized documentation for done-with transactions and the continuing work on standardized documentation, both of which should help improve the onboarding processes for an intermediary's new customers. See Press Release, SIFMA and SIFMA AMG Publish Master Treasury Securities Clearing Agreement (Sept. 25, 2024), available at <https://www.sifma.org/resources/news/press-releases/sifma-and-sifma-amg-publish-master-treasury-clearing-agreement/> (<https://www.sifma.org/resources/news/press-releases/sifma-and-sifma-amg-publish-master-treasury-clearing-agreement/>).

[15] Extension of Compliance Dates for Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities, Exchange Act Release No. 102487 (Feb. 25, 2025), 41 FR 11134 (Mar. 4, 2025).

[16] See Treasury Clearing Implementation, U.S. Securities and Exchange Commission (updated as of Sept. 30, 2025), <https://www.sec.gov/newsroom/speeches-statements/uyeda-093025-update-treasury-clearing-implementation> (<https://www.sec.gov/newsroom/speeches-statements/uyeda-093025-update-treasury-clearing-implementation>).

[17] See the Readiness Survey *supra* note 14.

[18] See Press Release, FICC Submits Rule Filing with the SEC for Approval to Offer New “Collateral-in-Lieu” Service as Part of its Sponsored General Collateral Offering, <https://www.dtcc.com/news/2025/september/03/ficc-submits-rule-filing-with-the-sec-for-approval-to-offer-new-collateral-in-lieu-service-b3p9i2aw> (<https://www.dtcc.com/news/2025/september/03/ficc-submits-rule-filing-with-the-sec-for-approval-to-offer-new-collateral-in-lieu-service-b3p9i2aw>); see also <https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/ficc> (<https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/ficc>) (FICC-2025-019).

[19] See Mark T. Uyeda, “Update on Working Toward Treasury Clearing Implementation” (Sept. 30, 2025), available at <https://www.sec.gov/newsroom/speeches-statements/uyeda-093025-update-treasury-clearing-implementation> (<https://www.sec.gov/newsroom/speeches-statements/uyeda-093025-update-treasury-clearing-implementation>).

[20] These applications are available at <https://www.sec.gov/rules-regulations/other-commission-orders-notices-information> (<https://www.sec.gov/rules-regulations/other-commission-orders-notices-information>), published on August 18, 2025 (ICE Clear Credit) and January 15, 2025 (CME Securities Clearing, Inc.).

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