



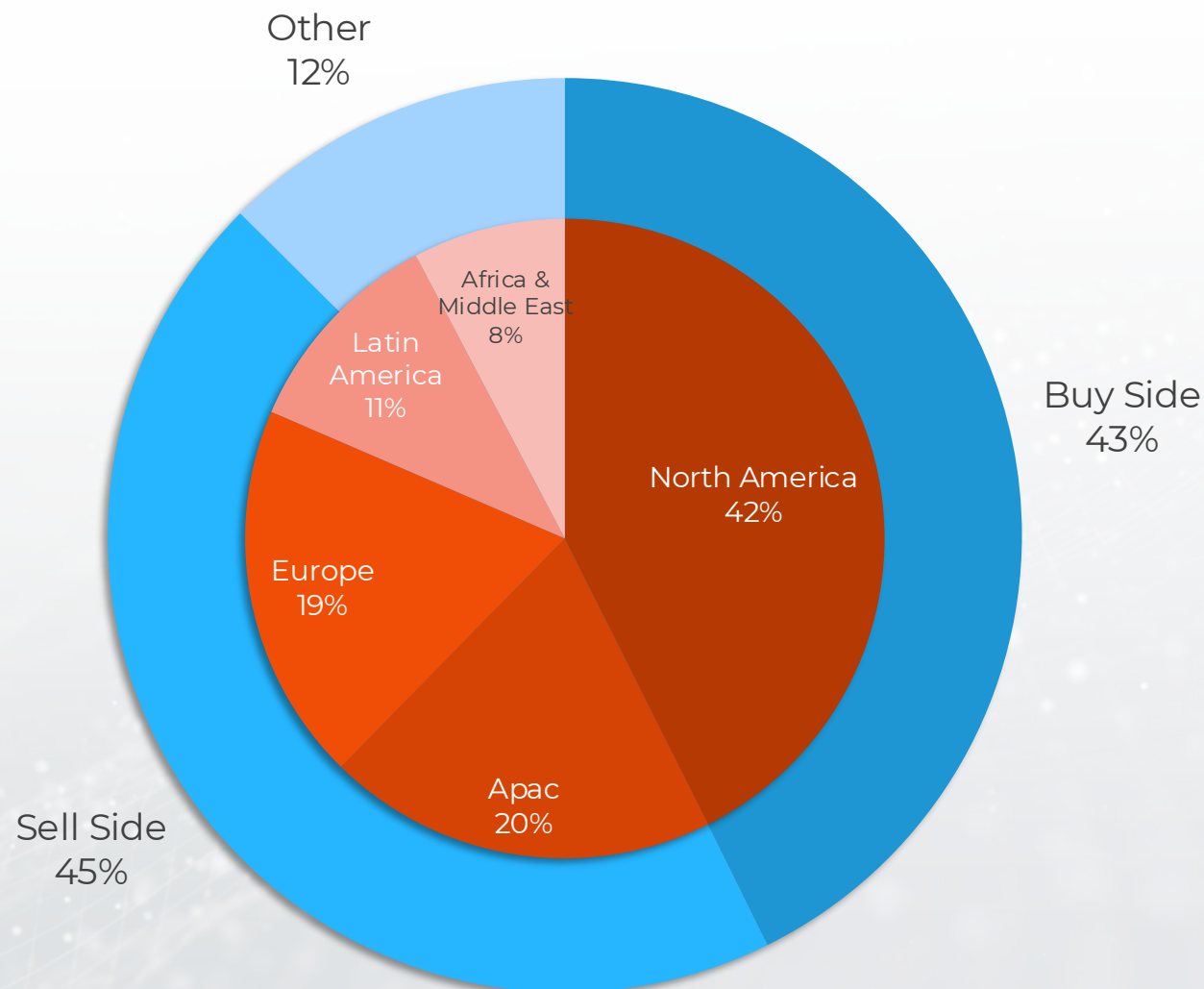
US Treasury Central Clearing (Pulse Survey)

Key Findings



US Treasury Central Clearing

Who participated in the survey?



How prepared are firms to support mandatory clearing of US Treasury securities? Will the industry be ready by the end of 2026?

This Key Findings summarises the data insights from the ValueExchange's US Treasury Central Clearing pulse survey in August 2025 (in partnership with SIFMA, BNY, Broadridge and DTCC). The survey gathered responses from 330 leading experts around the world.

This is a discussion document – and so we look forward to talking through these results together with you soon. We would welcome your thoughts or questions at info@thevalueexchange.co

US Treasury Clearing

Key findings – In five points



USTC Overview

North America

USTC is still a North American topic with **low levels of understanding overseas**

38%

Everyone expects USTC to increase margins, with 38% **believing margins will grow by more than a quarter**

88%

88% of respondents **need clarity on CCP operating models and system changes** in order to be ready to support USTC

45%

45% of firms need **clarity on rules and models by end-2025** to stay on track

47%

47% of firms are very **confident of being ready** to support mandatory clearing **by the deadline** – a minority of repo clearing set to be ready

US Treasury Clearing

Key findings



Where are we today?

77% of buy-side firms have yet to move beyond researching

60% of Asian firms are yet to turn awareness into action – the last region to act

The cost of change

USTC is expected to have a strongly negative impact on operating and treasury costs

Half of buy-side firms and 40% of smaller firms are expecting to see significant margin increases

Two thirds of firms will decide whether to pass margin on to clients on a case-by-case basis

55% expect USTC to drive regulatory capital costs: only 5% see any reduction

Contract repapering is the most significant impact – although 66% firms expect to see change in the back office too

For the buy side, USTC's impact is very localized at the repo desk – but for the sell side it touches the entire organization

35% of firms see a commercial opportunity along with mandatory clearing, especially for higher volume firms

Preparing for mandatory clearing

Back-office systems and client contracts are the biggest concern for up to 71% of firms

Buy-side firms fear client contracts and onboarding, while the sell side worries about systems and IT

Two thirds of sell-side firms are focused on client activity and fails management today – as their first step

Awareness of FICC models is high, with 85% of firms familiar with sponsored DVP

55% of sell-side firms will use the direct clearing model, while buy-side firms prefer sponsored service, primarily due to margin requirements

Done-away clearing in US treasuries is poorly understood. Most firms prefer the agent clearing model for done-away

Will we be ready?

Up to 23% of respondents are expecting their USTC project work to complete on or after the market deadlines

Buy-side firms risk missing the deadline – 29% won't finish projects until end-2027

The operational and technology load will be the last part of USTC

Clearing preparations hinge on guidance: bottlenecks won't shift without industry clarity

01

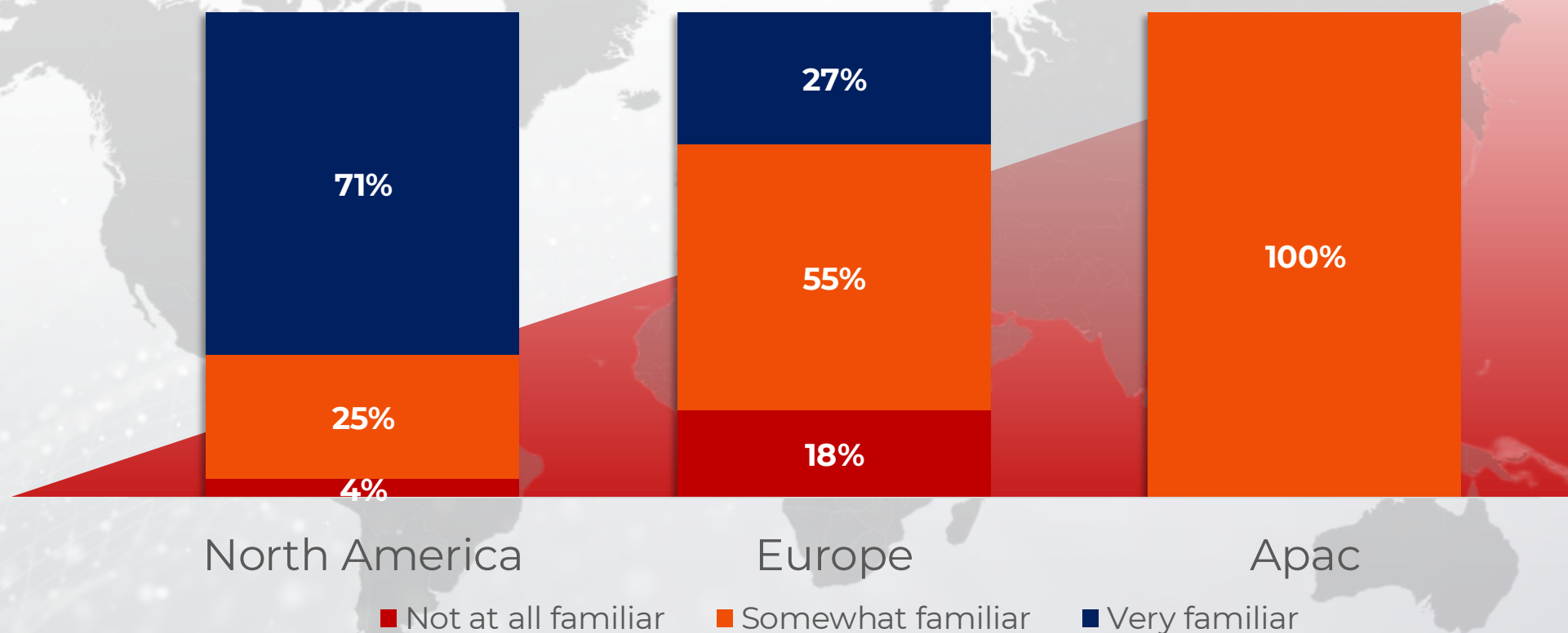


US Central Treasury Clearing: In five points

USTC is still a North American topic: with low levels of understanding overseas



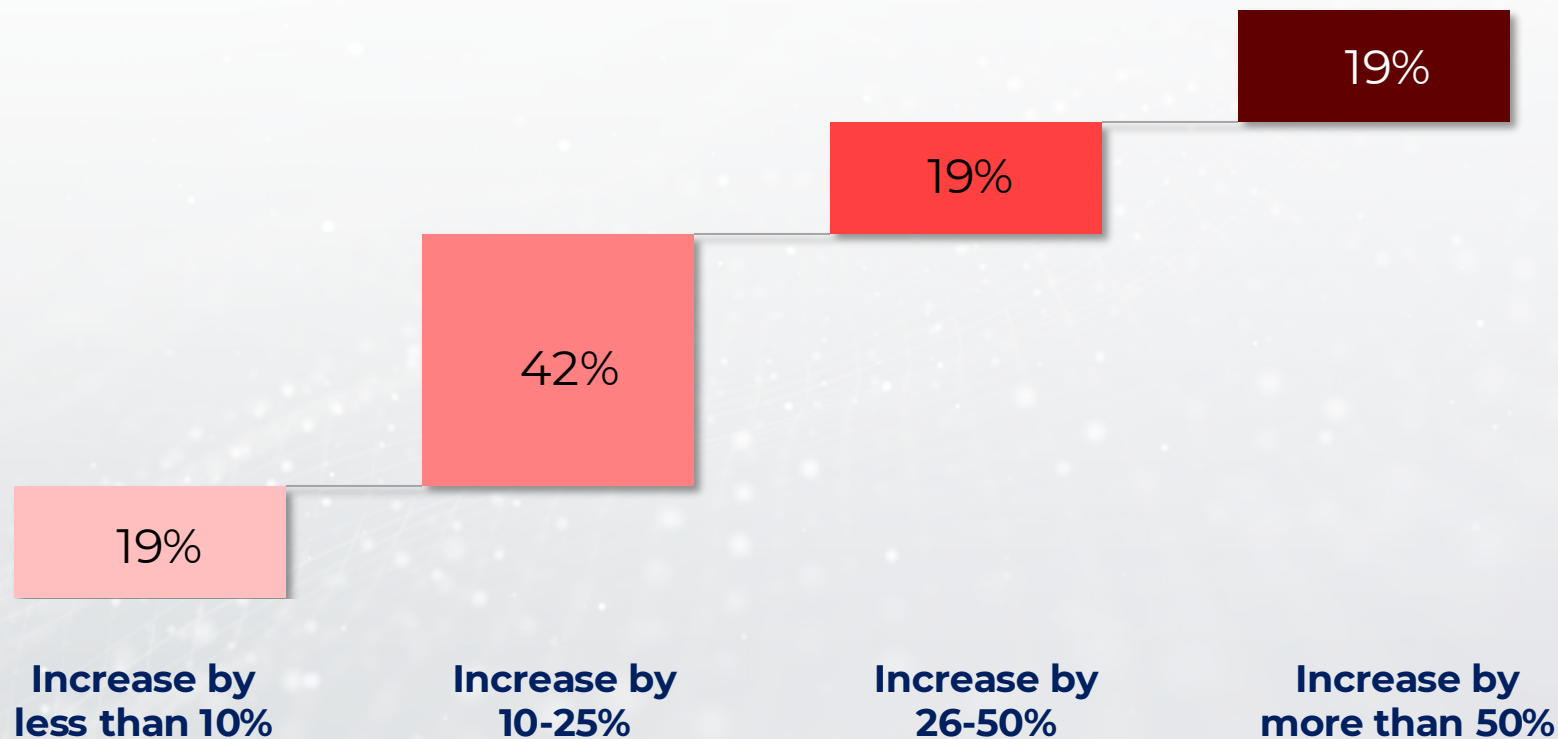
% of respondents familiarity with USTC rule changes, by region



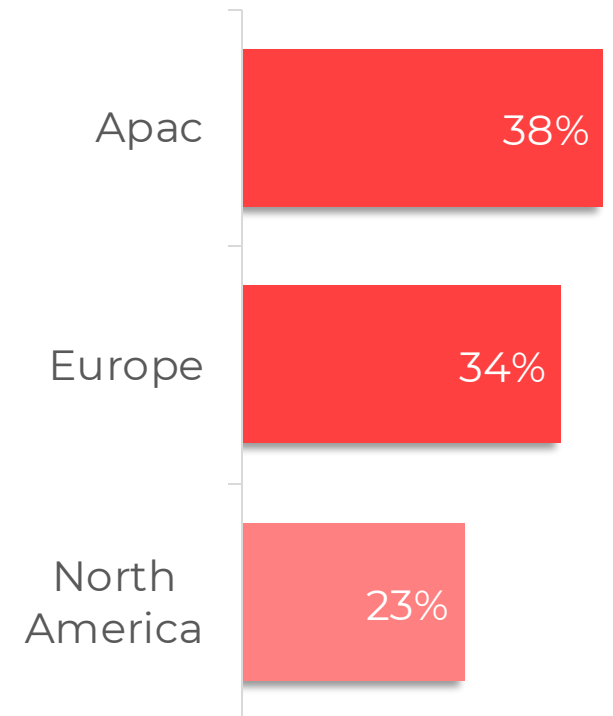
Everyone expects USTC to increase margins, with 38% believing margins will grow by more than a quarter



How will margin requirements change as a result of USTC (% of respondents choosing each option)



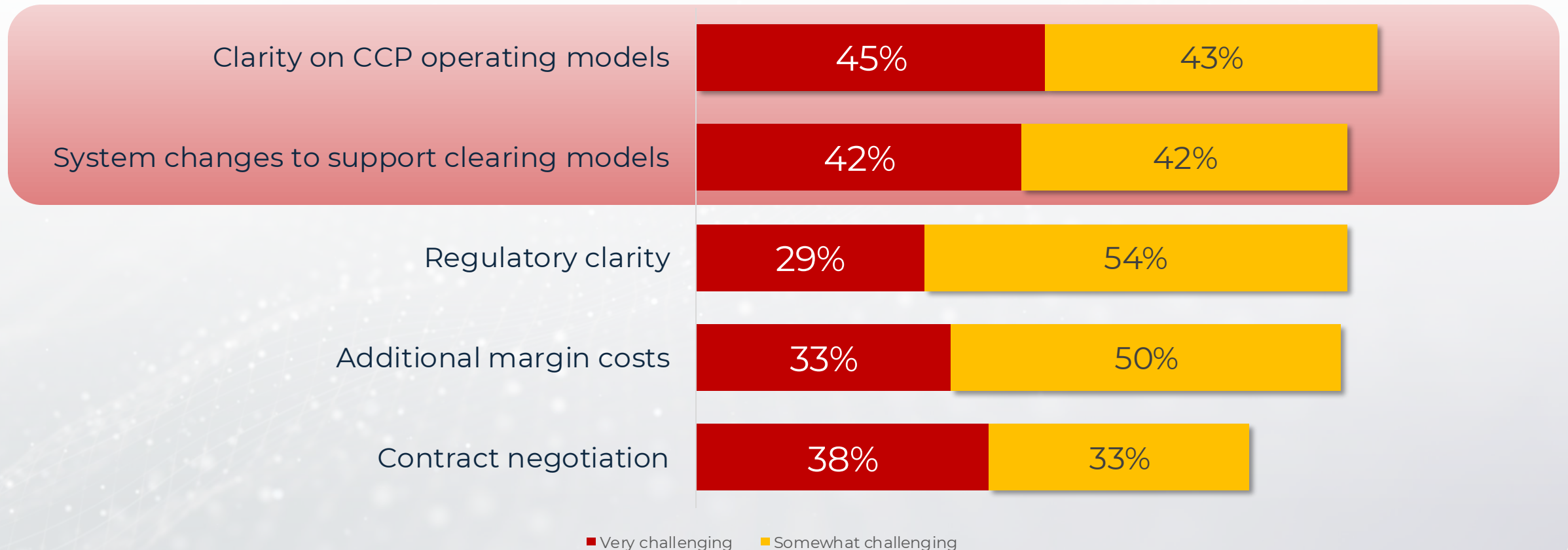
Average expected change in margin requirements (by respondent region)



88% of respondents need clarity on CCP operating models and system changes in order to be ready to support USTC

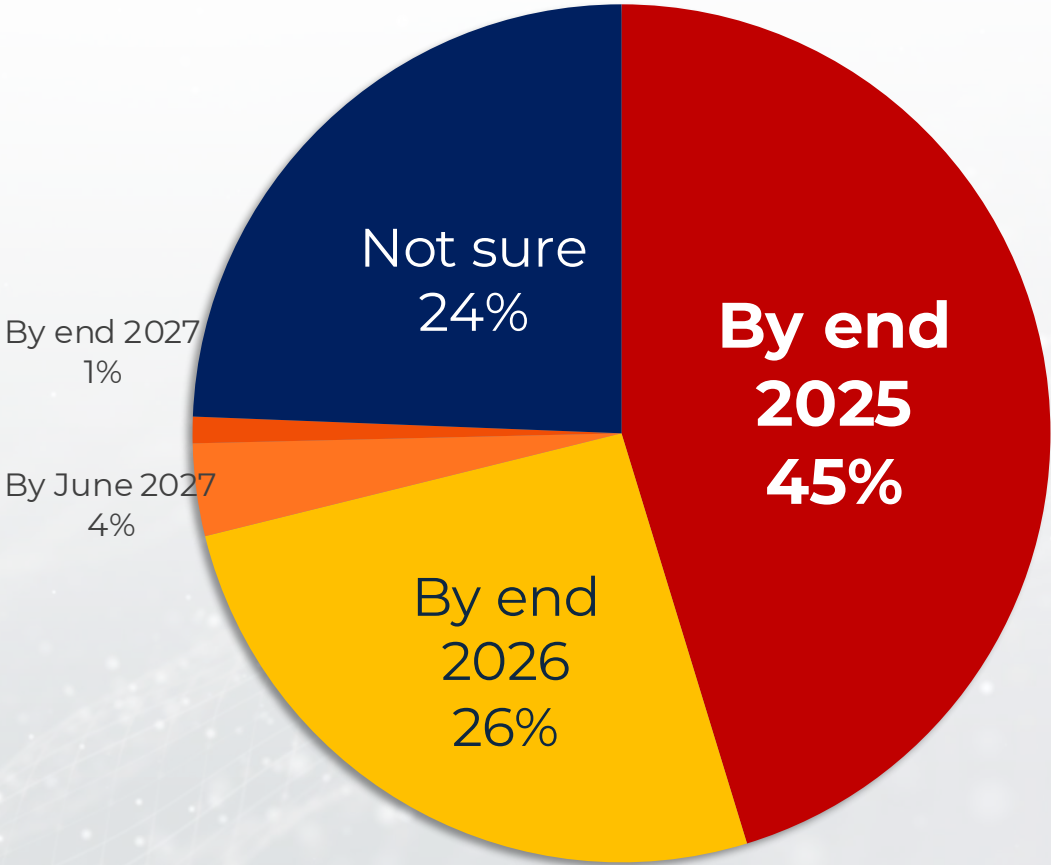


Chart Top 5 most challenging aspects of USTC (% of respondents citing each challenge by impact)



Clarity is needed quickly: 45% of firms need clarity on rules by end-2025 to stay on track

% of respondents citing deadline for clarification on key areas, in order to meet the USTC mandated deadlines



	By end 2025	By end 2026	By end 2027	Not sure
Inter-affiliate activity	50%	28%		23%
Clarifying the Tri-Party Repo 'mixed CUSIP' issue	48%	30%		23%
New clearing entities i.e. CME, ICE	46%	22%	7%	24%
Mechanism for credit checks for done away activity	45%	25%	5%	25%
A mechanism for voice trade pre-matching	38%	25%	11%	28%



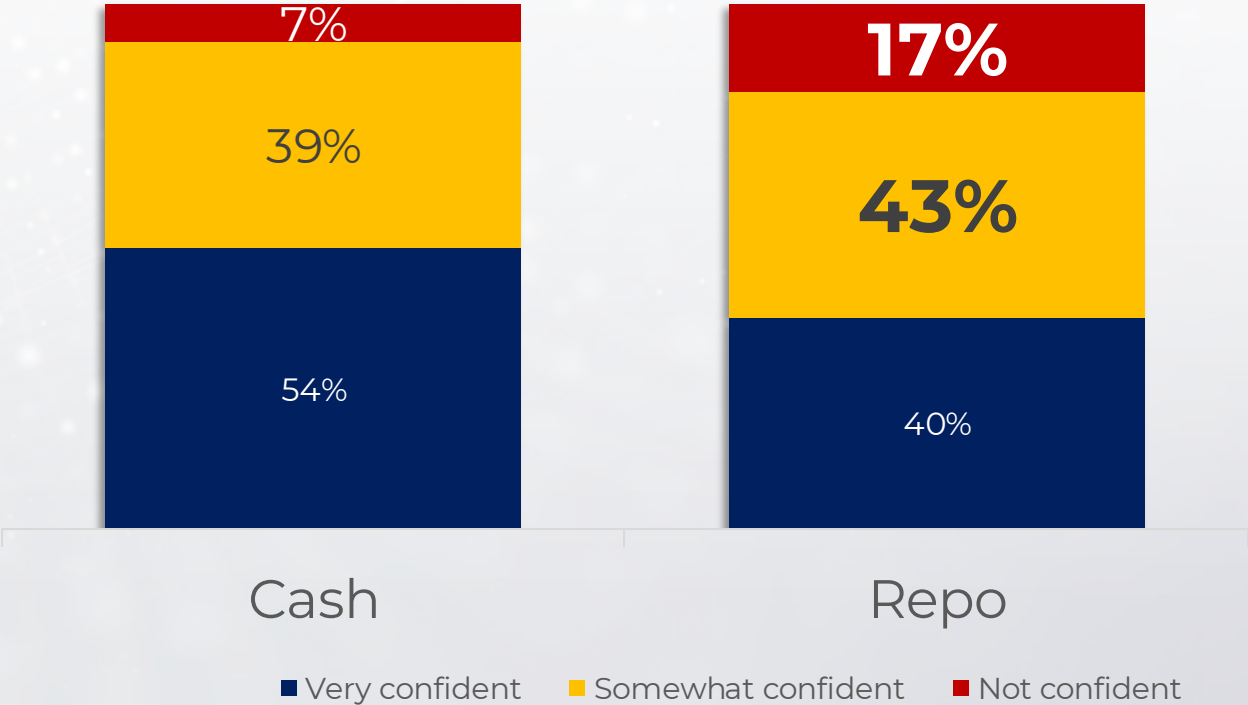
88% of firms are at least somewhat confident of being ready for mandatory clearing ahead of the deadline



% of respondents by level of confidence in being ready to support mandatory clearing ahead of the deadline, by product type



% of respondents by level of confidence in being ready to support mandatory clearing ahead of the deadline, by product type



02

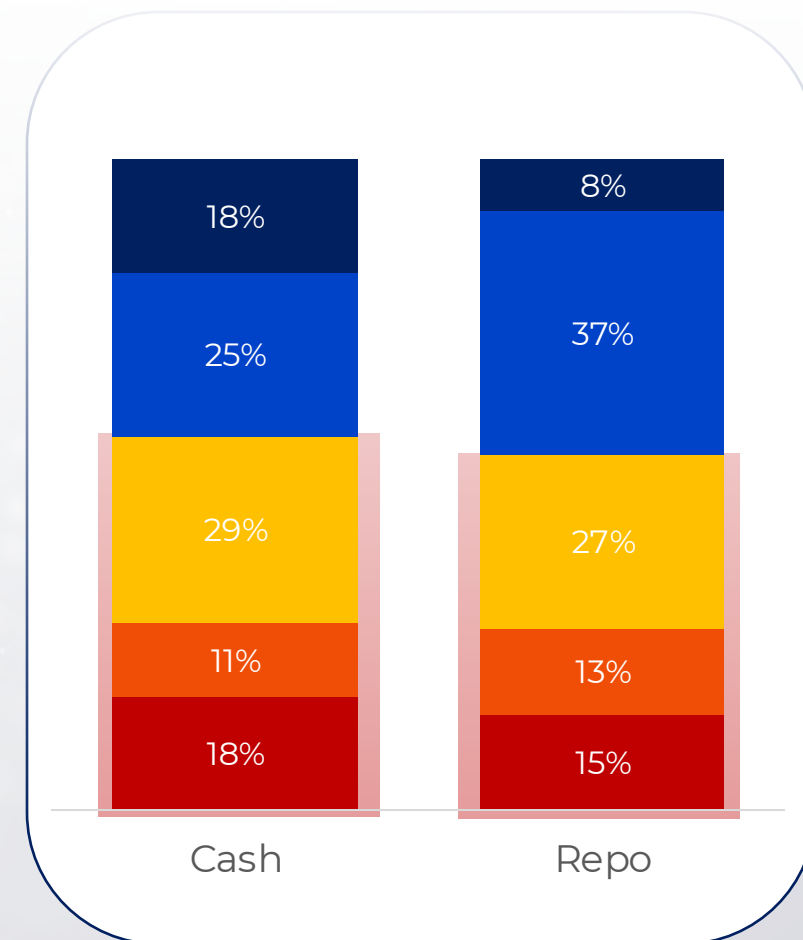
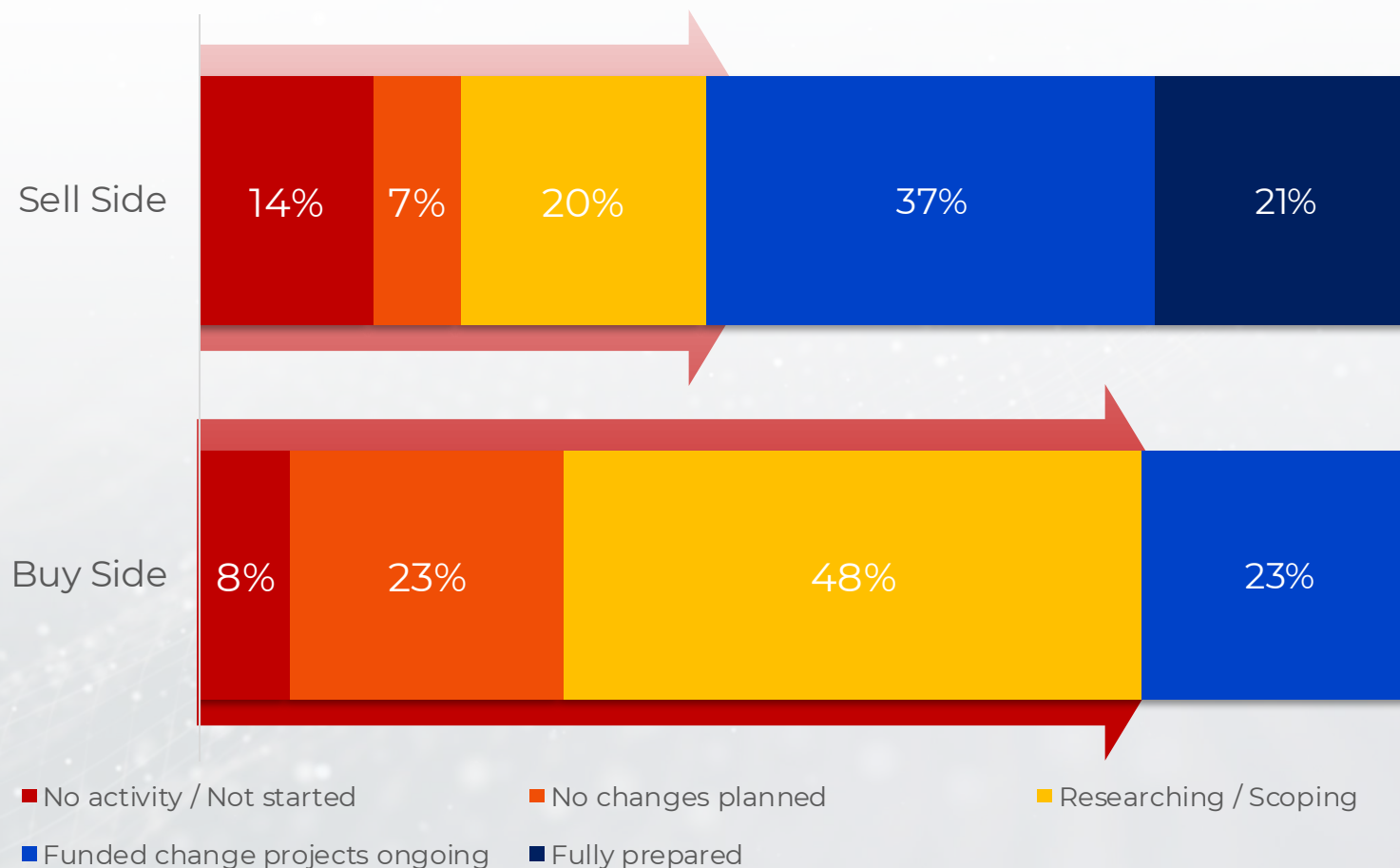


Where are we today?

77% of buy-side firms have yet to move beyond researching USTC



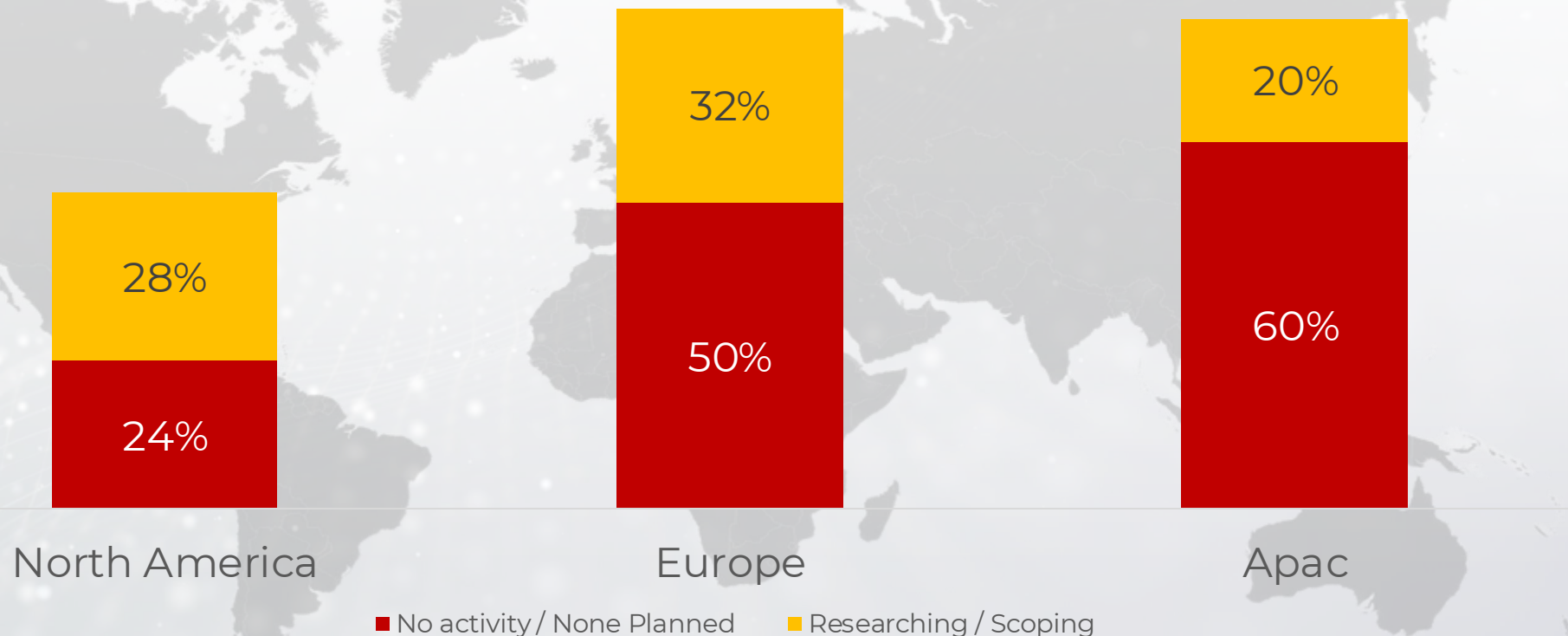
USTC engagement status (by segment)



60% of Asian firms are yet to turn awareness into action – the last region to act



Where are the risks? % of respondents taking action and in scoping stages
(excluding firms already actively working on USTC)



03



The cost of change?

USTC is expected to have a strongly negative impact on operating and treasury costs



Average impact of mandatory clearing on costs (% of respondents citing impact per area)



Half of buy-side firms and 40% of smaller firms are expecting to see significant margin increases



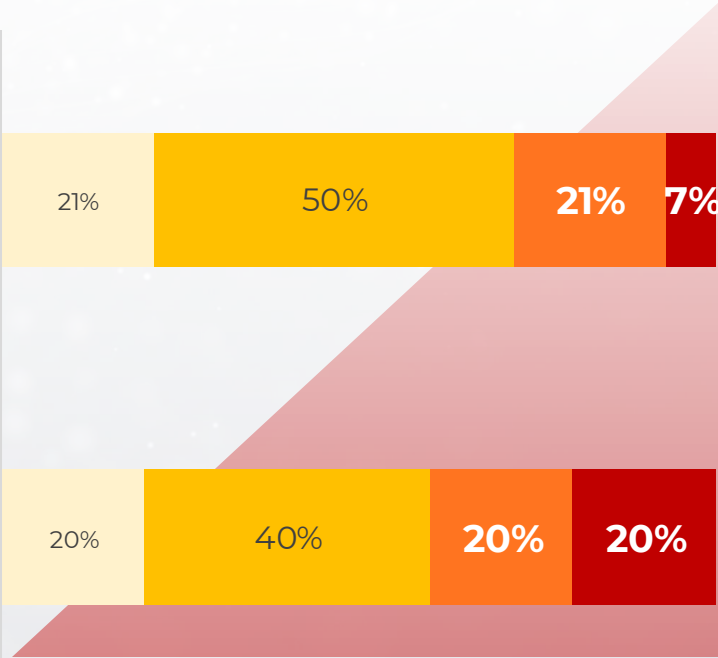
% of respondents by segment expecting margins to increase by over 25%



Expected margin changes by respondent turnover

More than \$10bn annual transaction volume

Less than \$10bn annual transaction volume



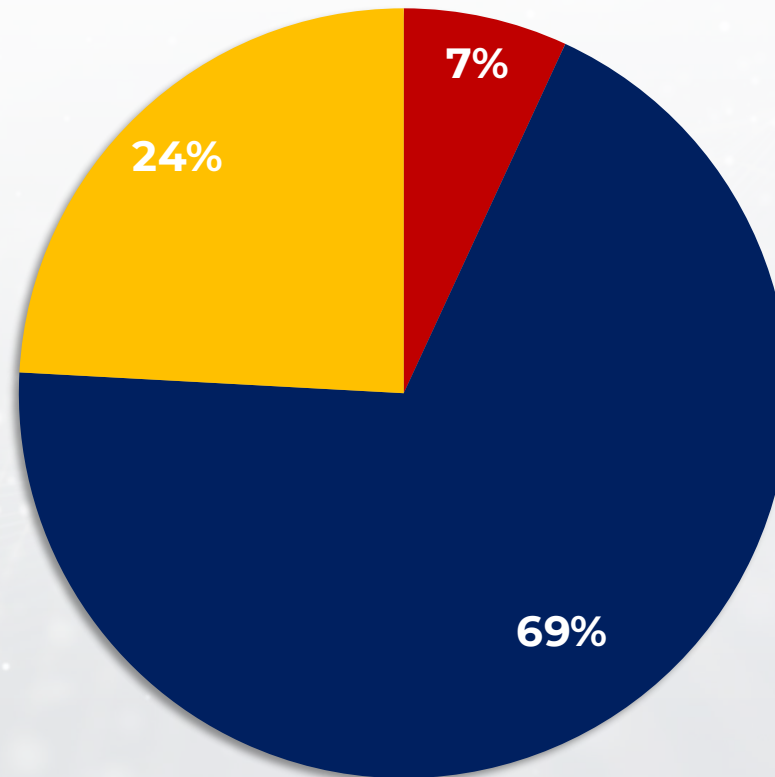
- Increase less than 10%
- Increase 10-25%
- Increase 26-50%
- Increase more than 50%



Who will carry this capital cost? Two thirds of firms will decide on a case-by-case basis



How respondents will deal with additional margin requirements (% of respondents choosing each option)



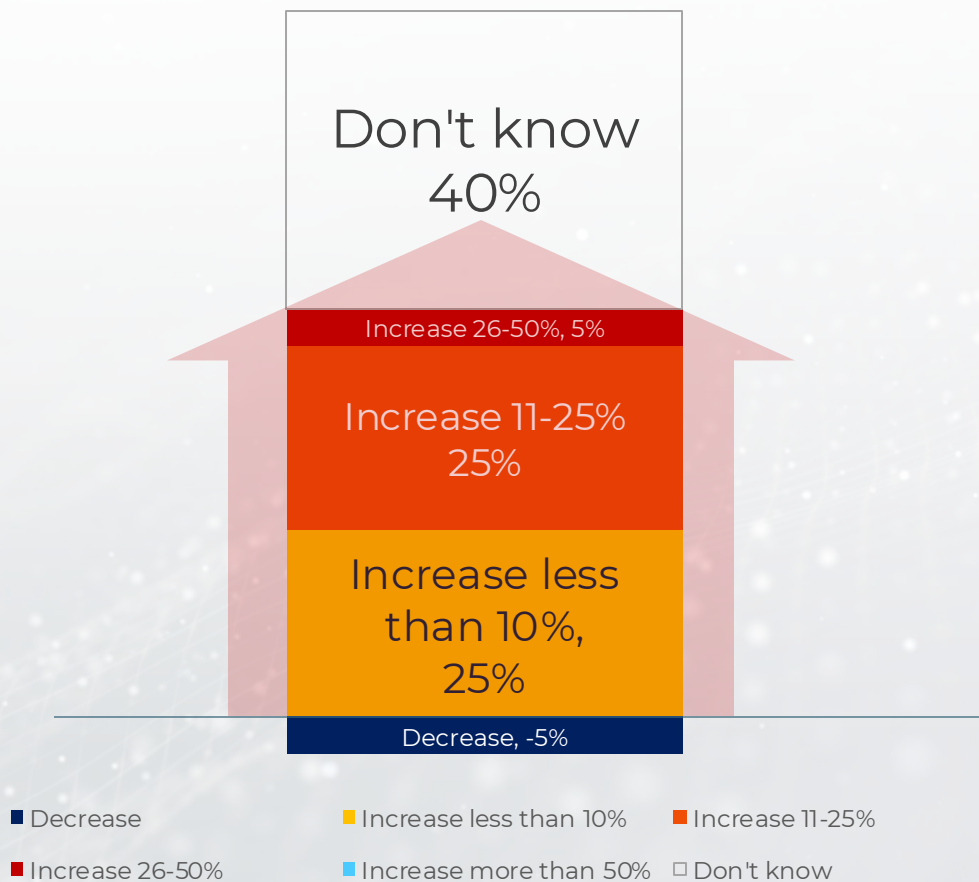
■ Pass through to clients ■ Will decide on a case-by-case basis ■ Undecided



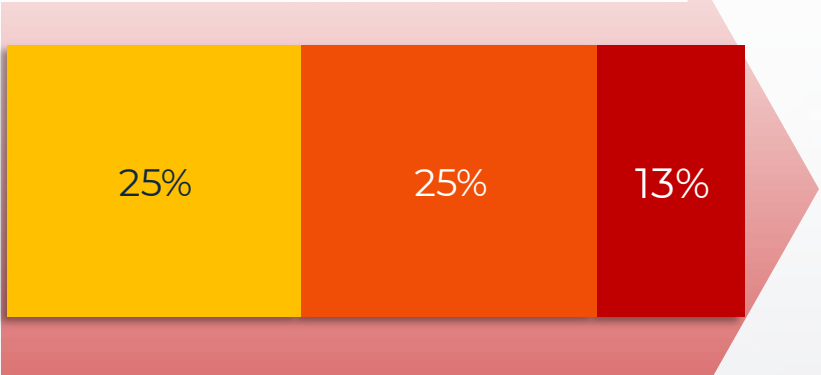
55% expect USTC to increase regulatory capital costs: But 40% of respondents still don't know what the impact will be



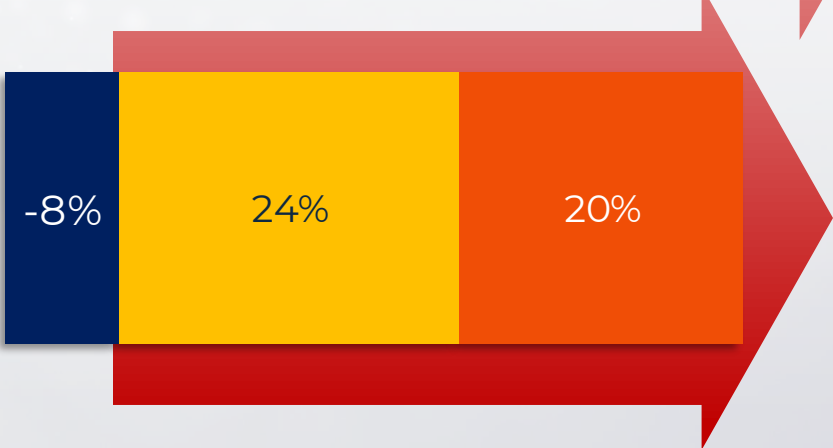
How will USTC impact regulatory cost of capital (% of respondents choosing each option)



Buy side



Sell side



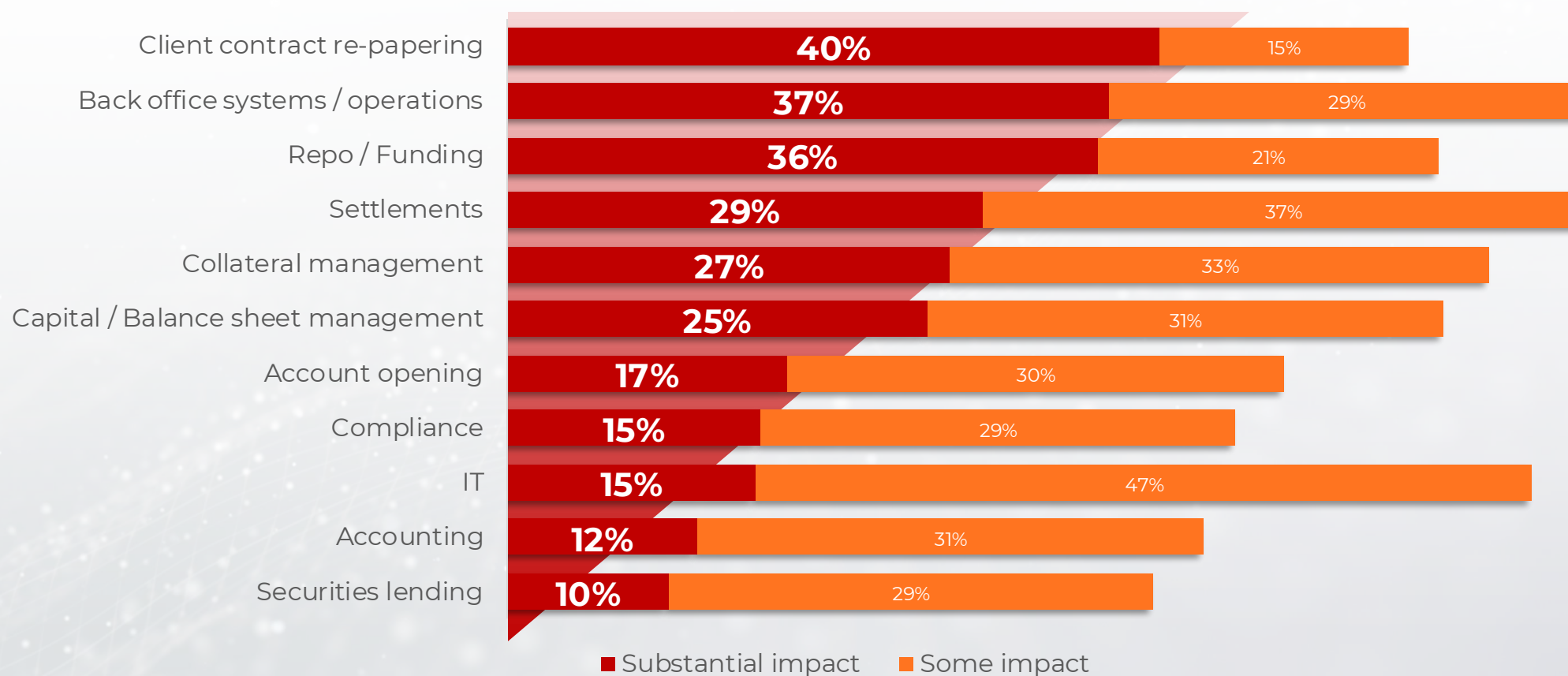
■ Decrease ■ Increase less than 10%
■ Increase 11-25% ■ Increase 26-50%



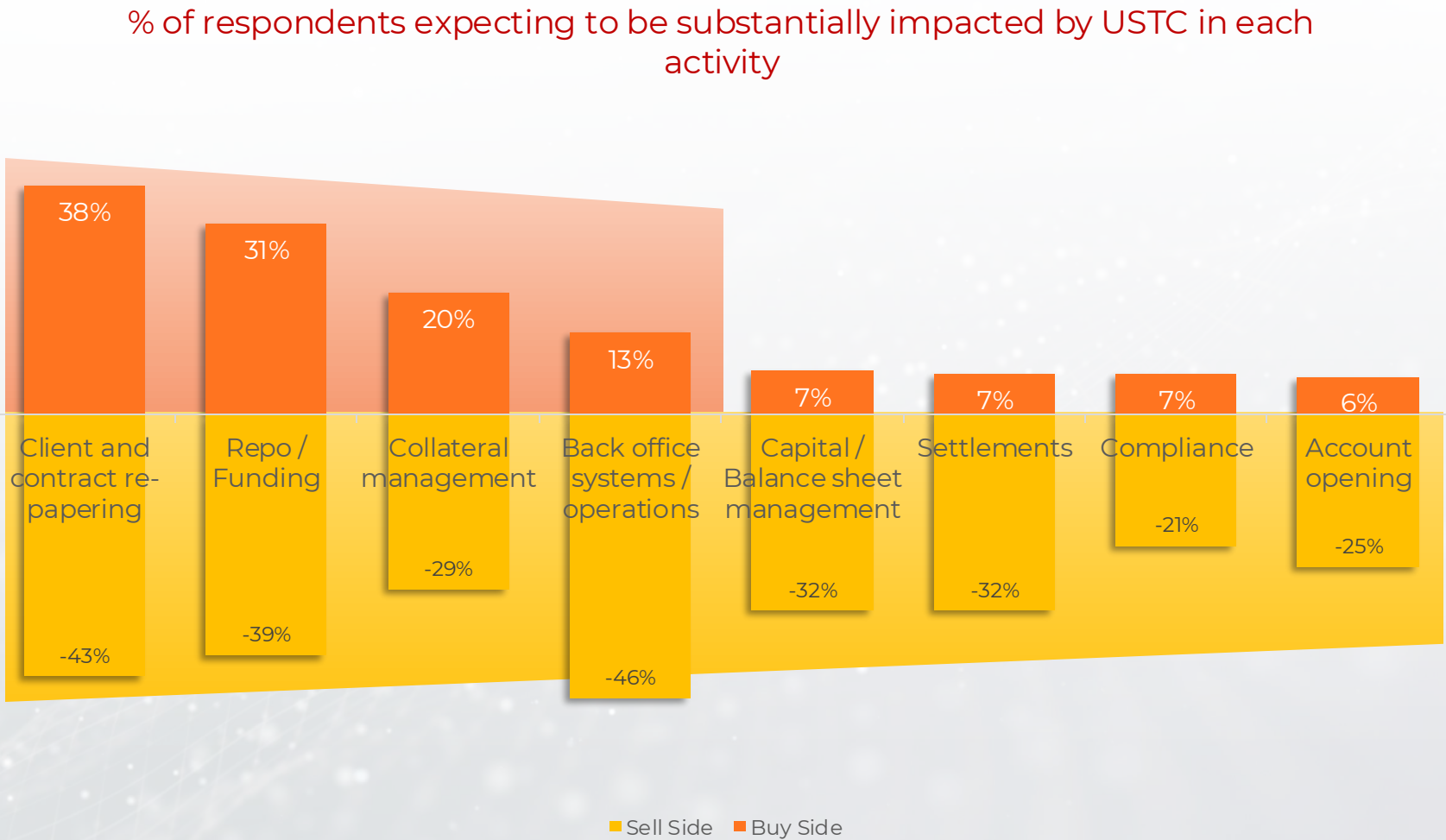
Contract repapering is the most significant impact – although 66% firms expect to see pressures in the back office too



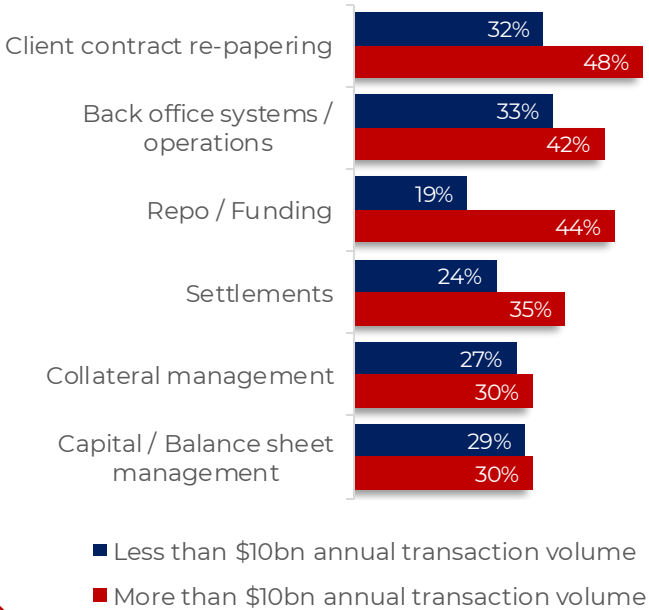
Which business practice is most impacted by USTC rule changes (% of respondents citing impact of each practice)



For the buy side, USTC's impact is very localized at the repo desk – but for the sell side it touches the entire organization



Which business practice is most impacted by USTC rule changes (% of respondents citing substantial impact of each practice) by volume of UST traded



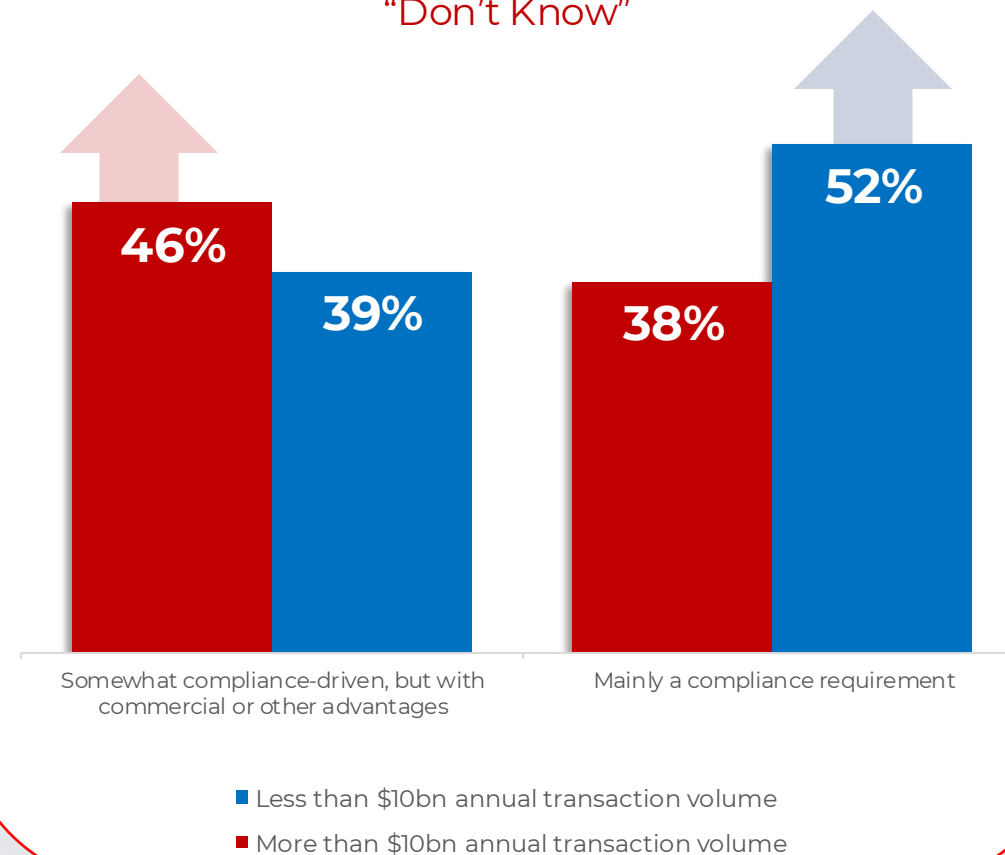
35% of firms see a commercial opportunity along with mandatory clearing, especially for higher volume firms



How firms view USTC (% of respondents choosing each option)



How firms view USTC (% of respondents choosing each option) by volume, excluding "Don't Know"



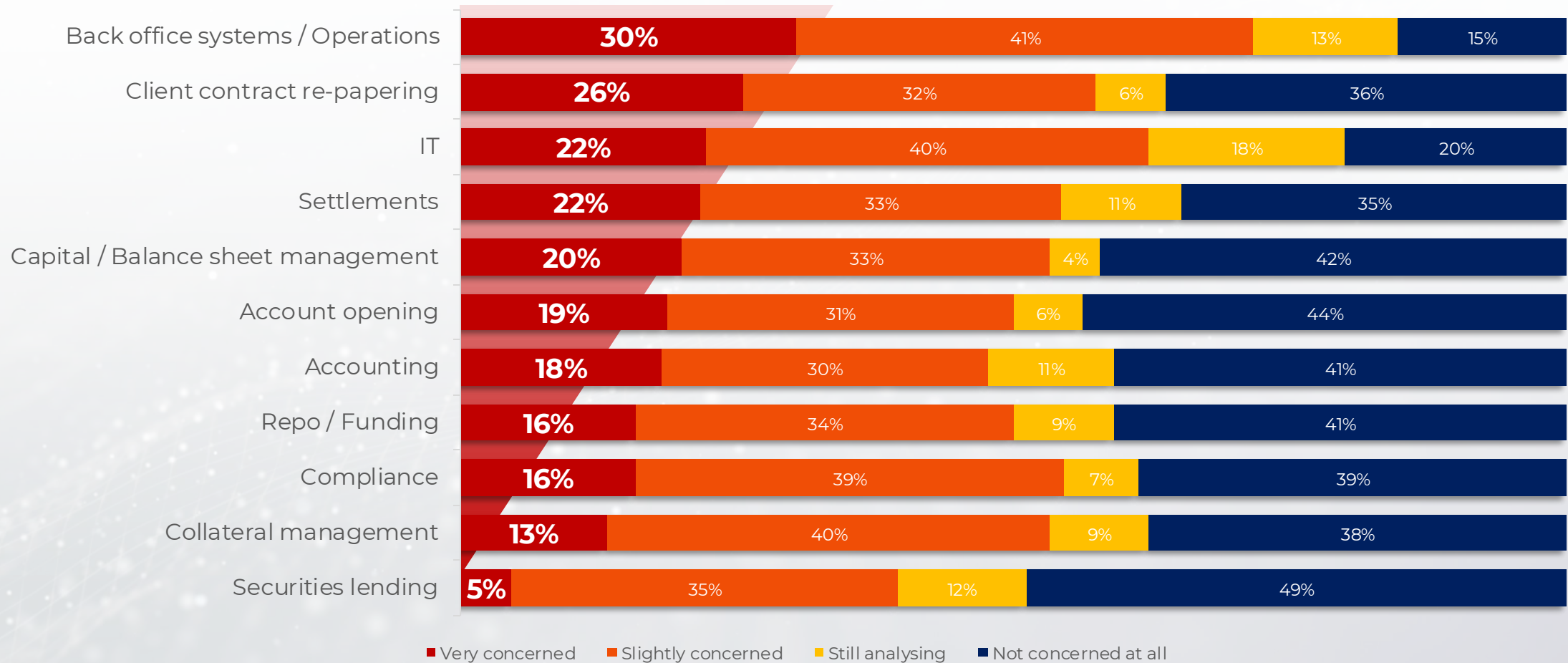


How is the industry preparing for mandatory clearing?

Where are firms most concerned? Back-office systems and client contracts are the biggest worry for up to 71% of firms



% of respondents citing levels of concern in preparing for USTC in each function



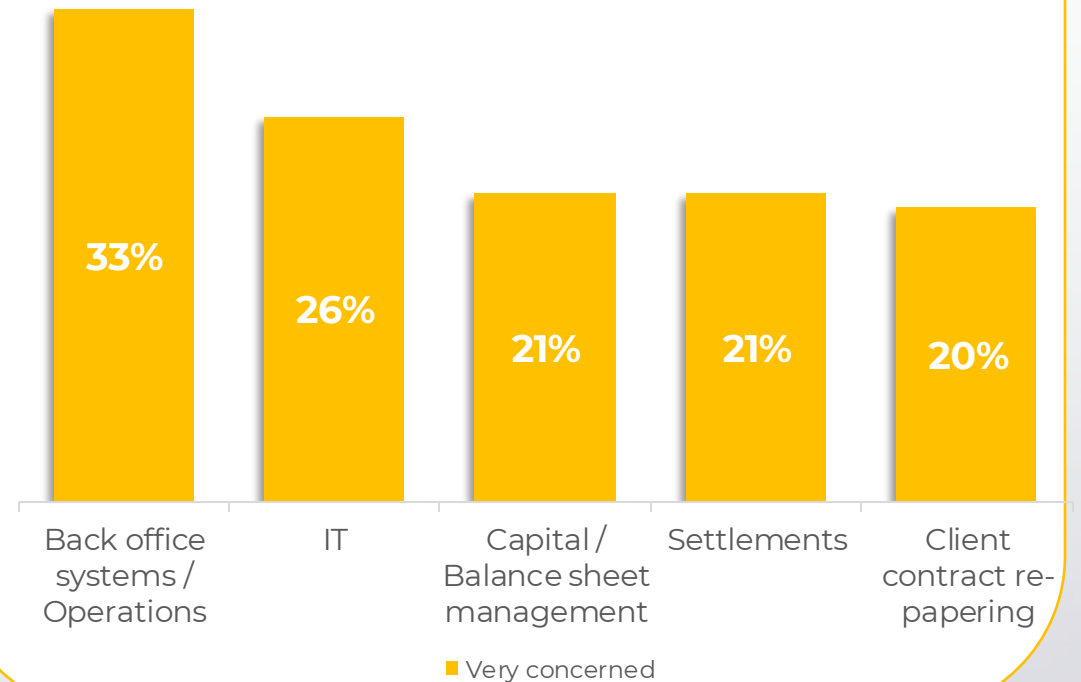
Buy-side firms fear client contracts and onboarding, while the sell side worries about systems and IT



Top 5 functions causing concern in preparing for USTC for buy side firms



Top 5 functions causing concern in preparing for USTC for sell side firms



Two thirds of sell-side firms are focused on client activity and fails management today – as their first step



% of respondents with ongoing project work (by segment)

Sell-side

Buy-side



Fail trade management

Client onboarding processes

Client agreements

Pre-trade credit checks

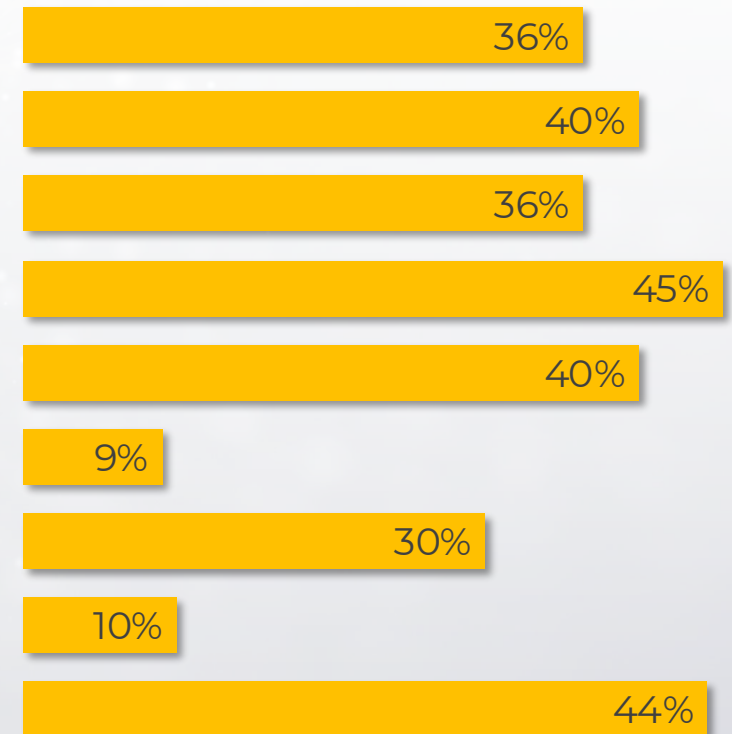
Exception handling

Clearing / Settlement

Collateral management and optimization

Integration with clearing agency platforms

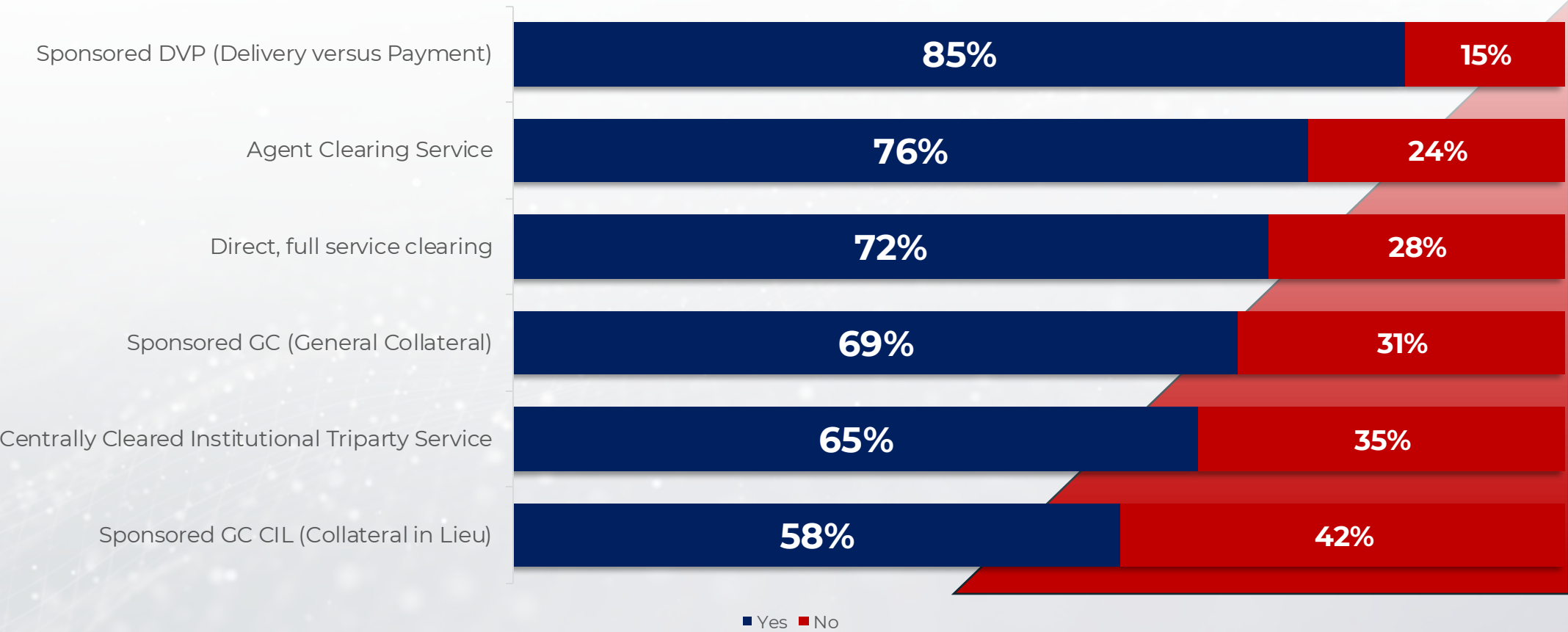
(Intraday) margining



Awareness of FICC models is high, with 85% of firms familiar with sponsored DVP



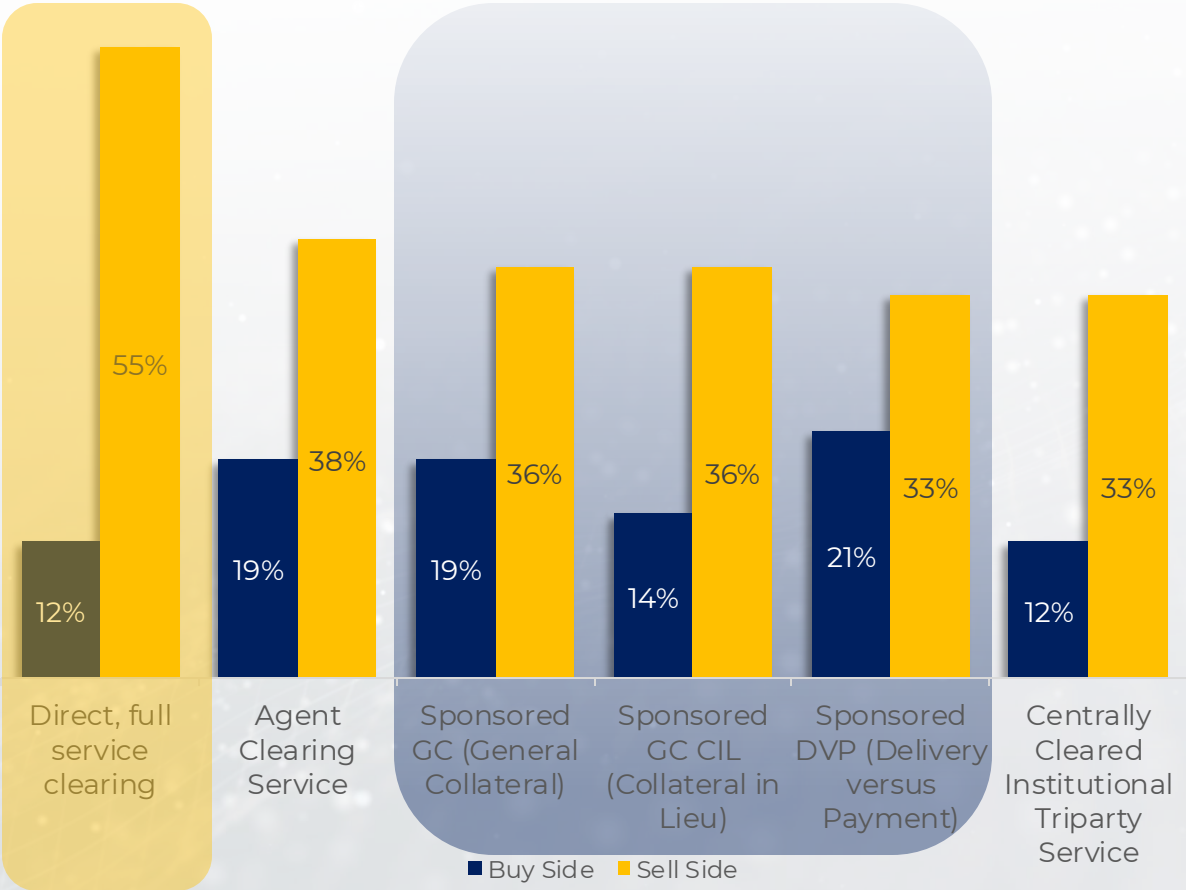
% of respondents citing familiarity with each FICC USTC model



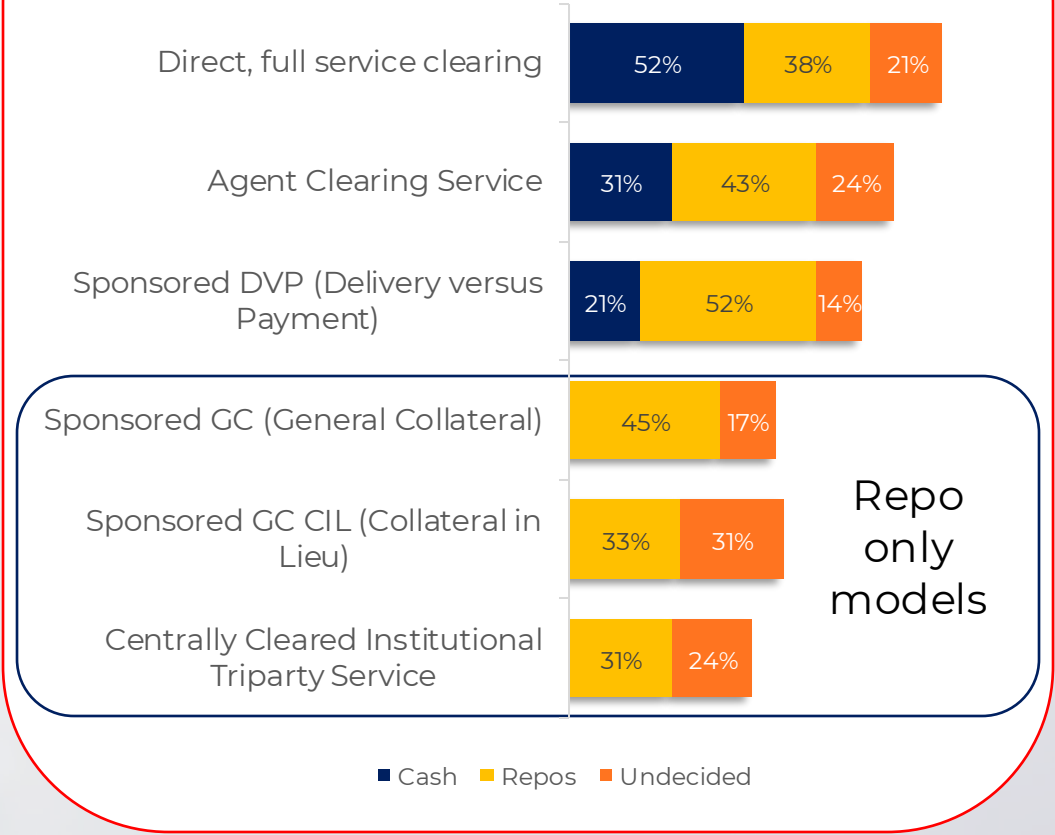
55% of sell-side firms will use the direct clearing model, while buy-side firms prefer sponsored service



% of respondents selecting each clearing model as one they plan to use (multi-select), by firm type



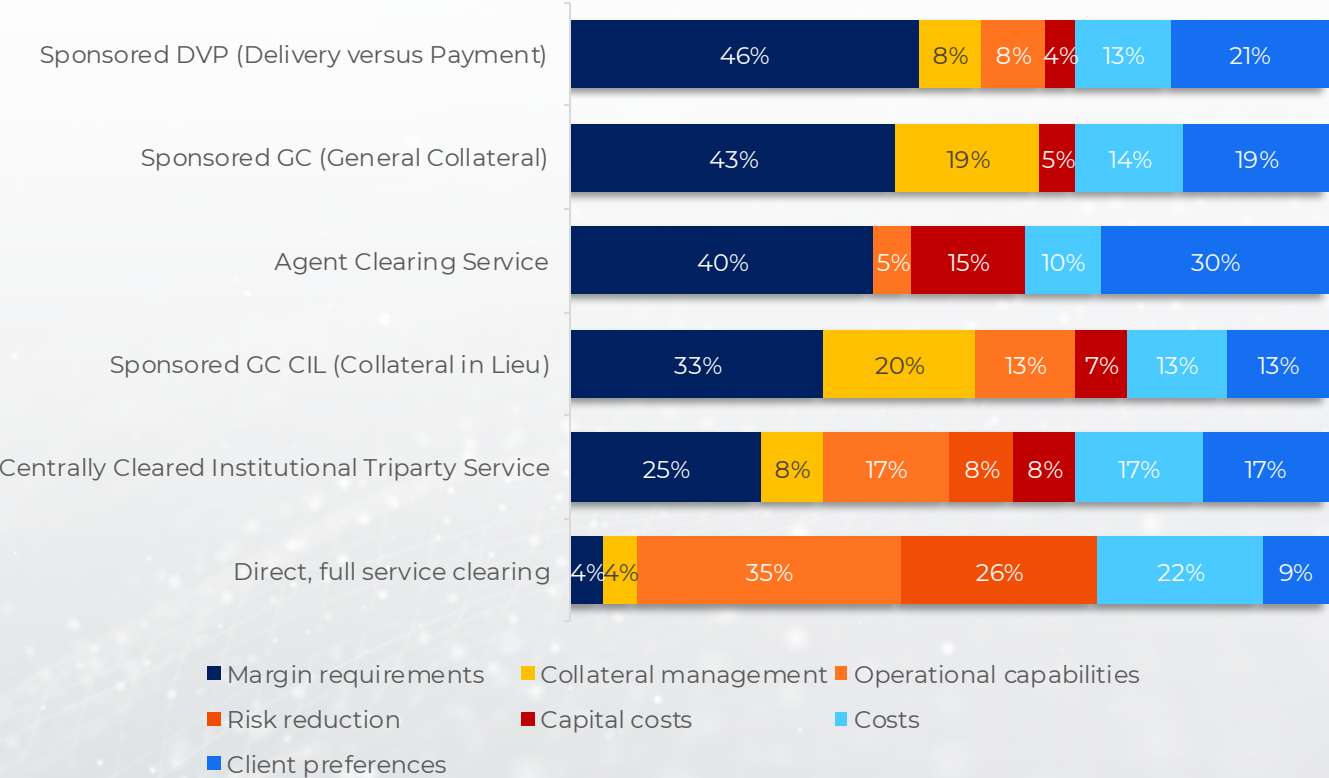
% of respondents selecting each clearing model as one they plan to use (multi-select)



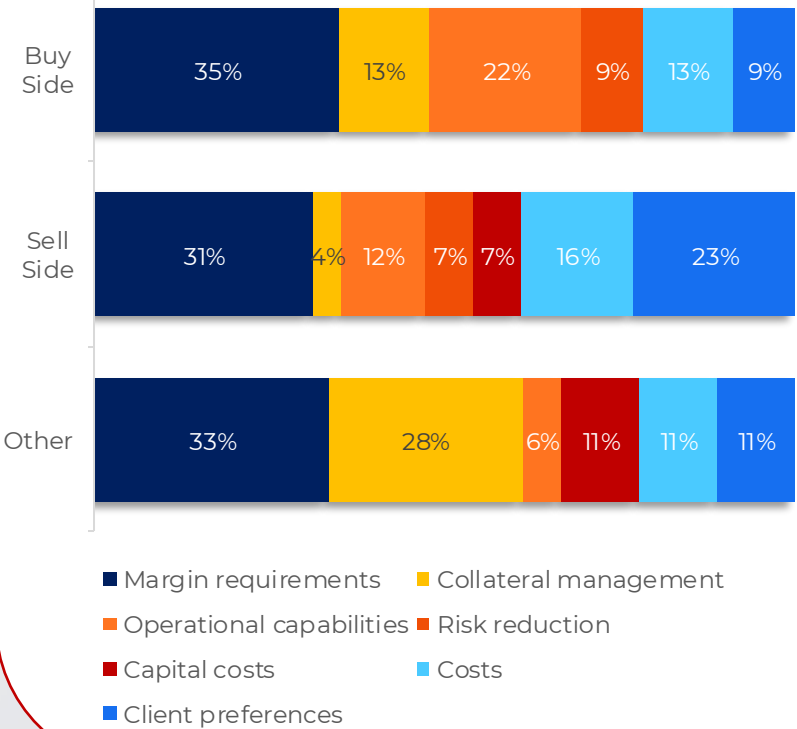
Margin requirements will be the deciding factor in clearing model selection, except for those going direct



Most important factor in deciding which clearing model to use (% of respondents selecting each option)

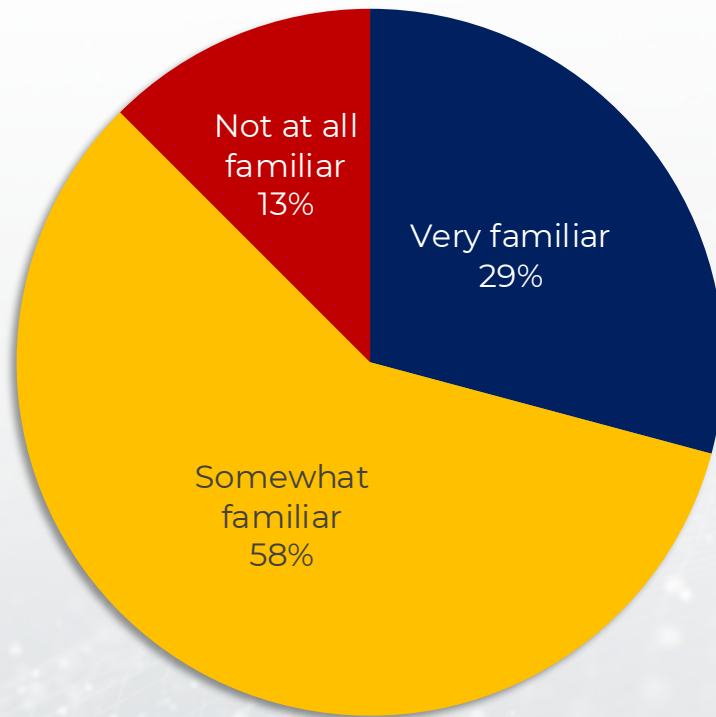


Most important factor in deciding which clearing model to use (% of respondents selecting each option), by firm type

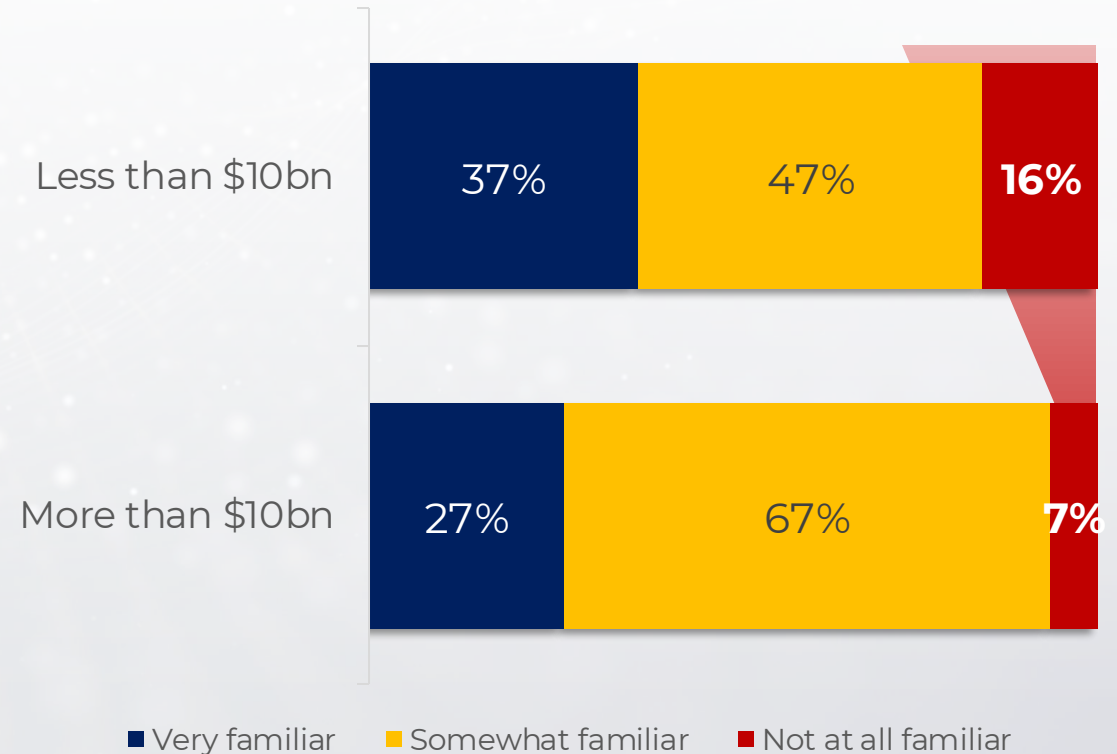


Done-away clearing in US treasuries is not well understood: fewer than one in three firms are very familiar

% of firms familiarity with 'done away' clearing



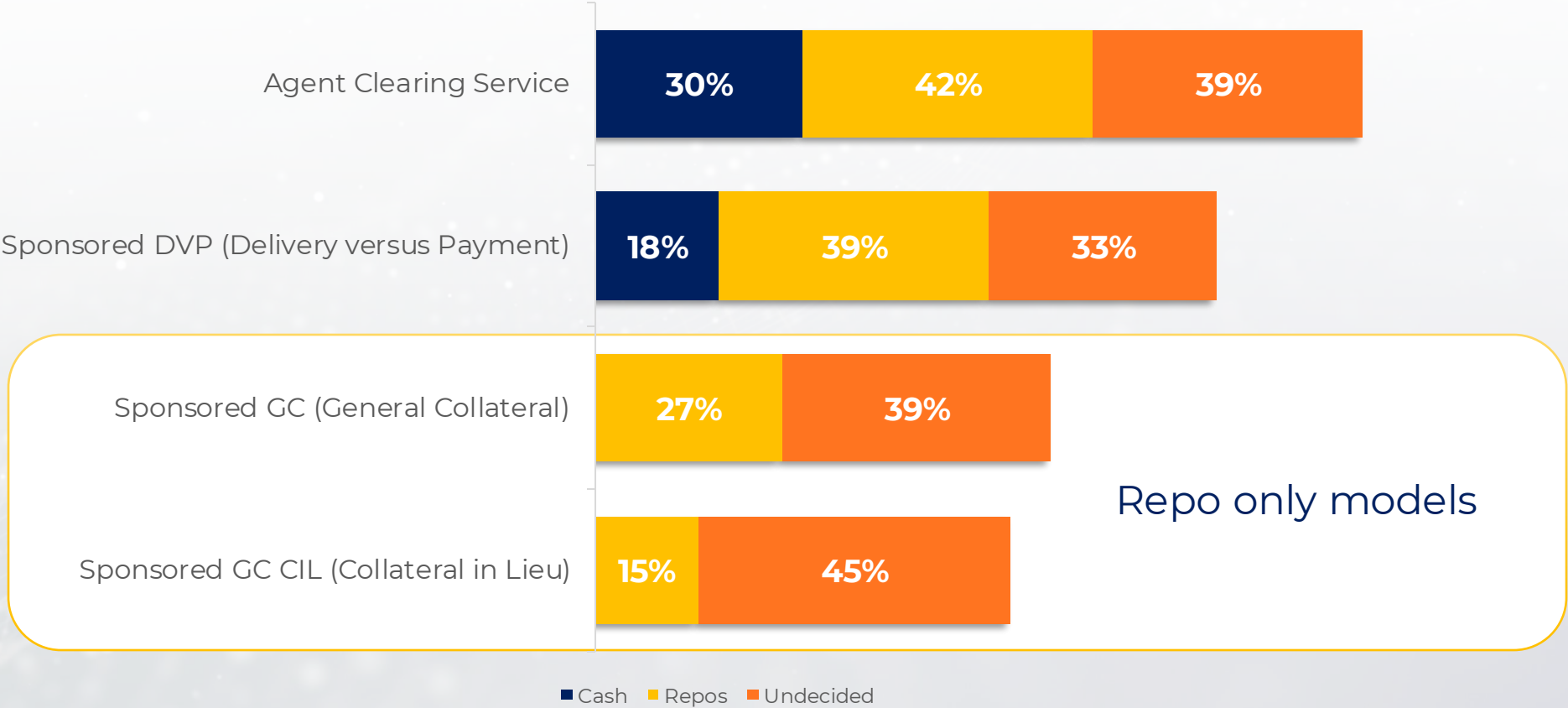
% of firms familiarity with 'done away' clearing, by UST volume



Agent clearing is expected to be the most popular clearing model for done-away transactions



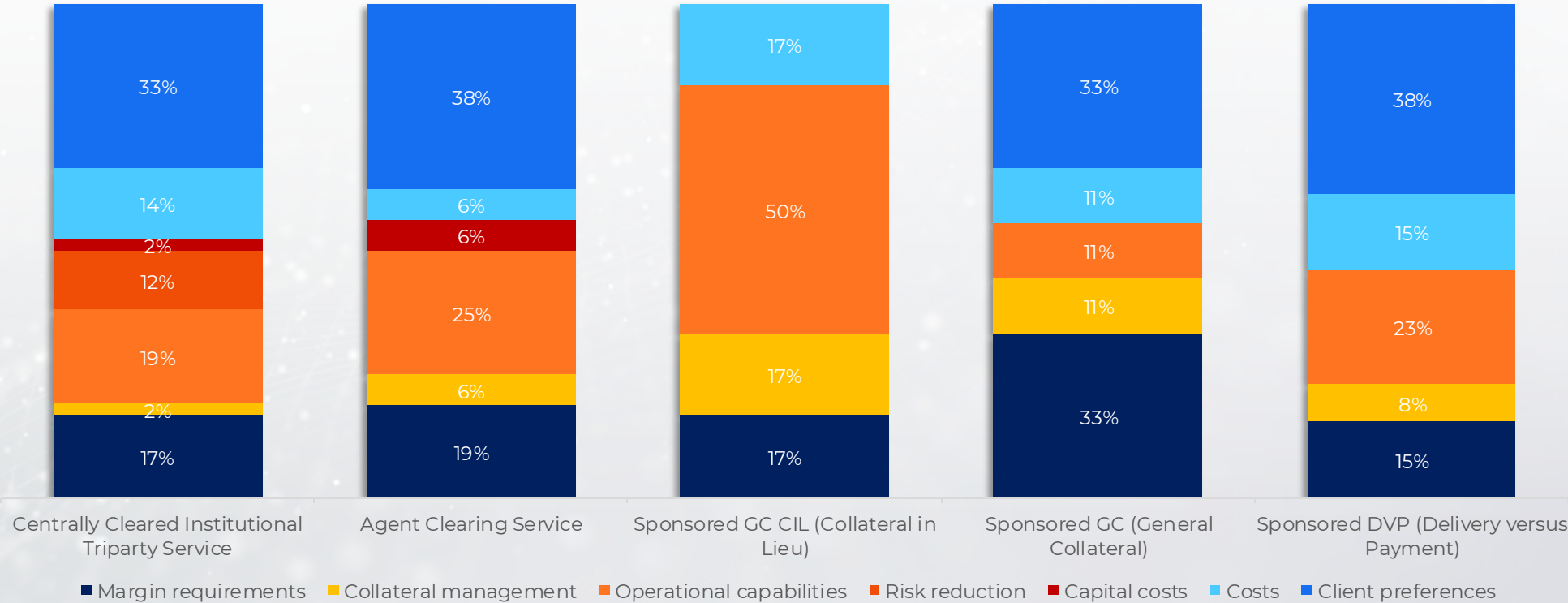
% respondents selecting which FICC model they will use for 'done away' clearing (multi-select)



Done-away clearing model selection is set to be driven by client demand, followed by margin requirements



Most important factor in deciding which ‘done away’ clearing model to use (% of respondents selecting each option)



05



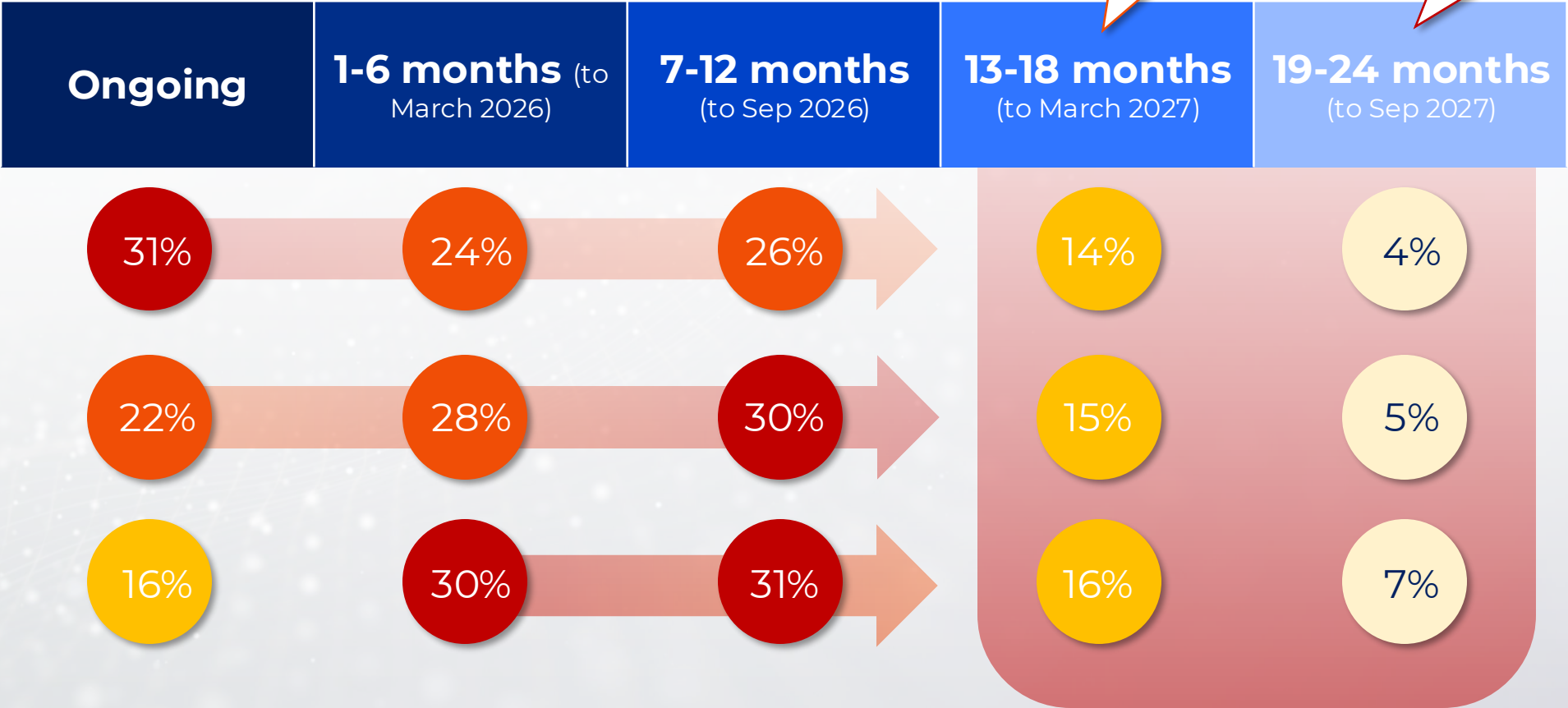
Will we be ready?

Up to 23% of respondents are expecting their USTC project work to complete on or after the market deadlines



! Cash clearing (31st December 2026)

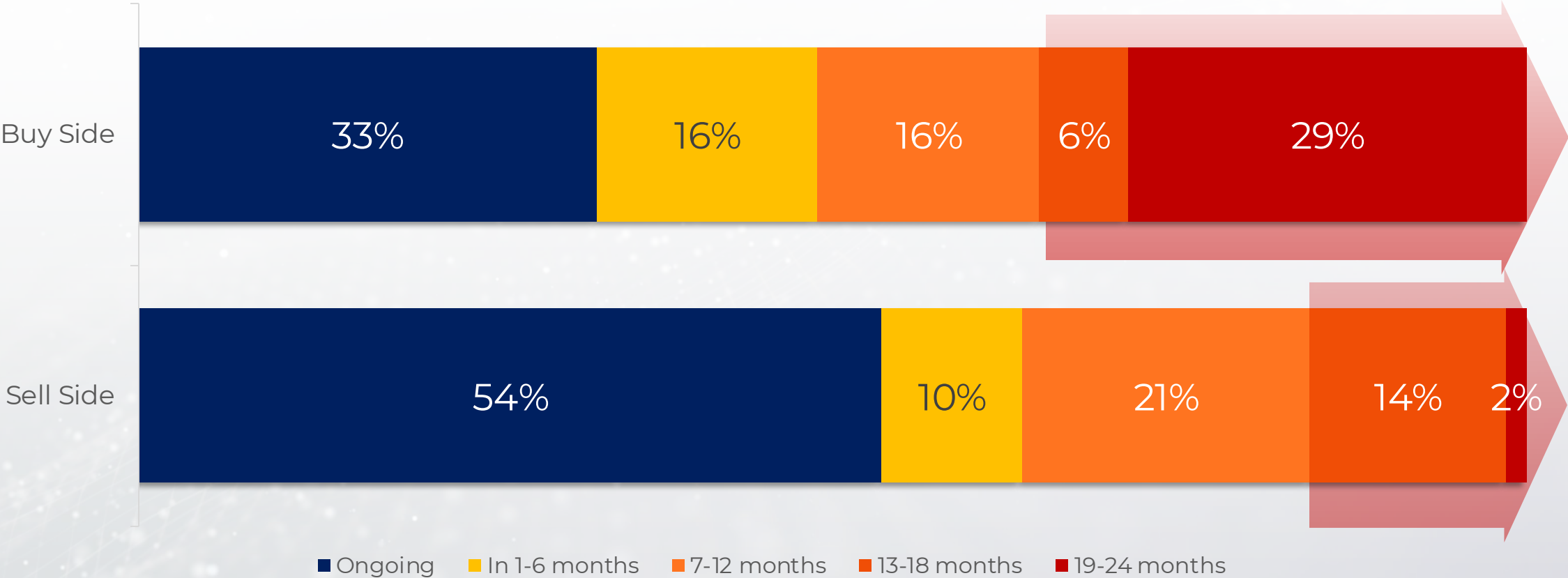
! Repo clearing (30th June 2027)



Buy-side firms risk missing the deadline – 29% won't finish projects until end-2027



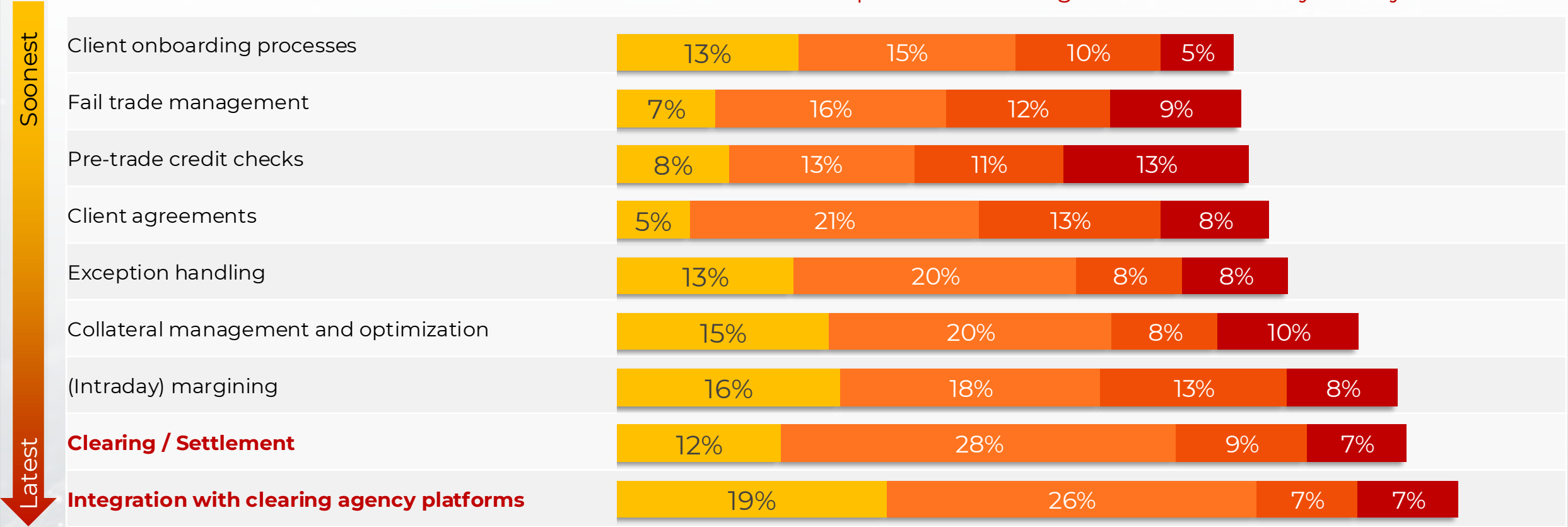
Average expected completion time of projects in the following activities, by firm type



The operational and technology load will be the last part of USTC



Expected completion time of projects in the following activities (% of respondent choosing each time-frame by activity)



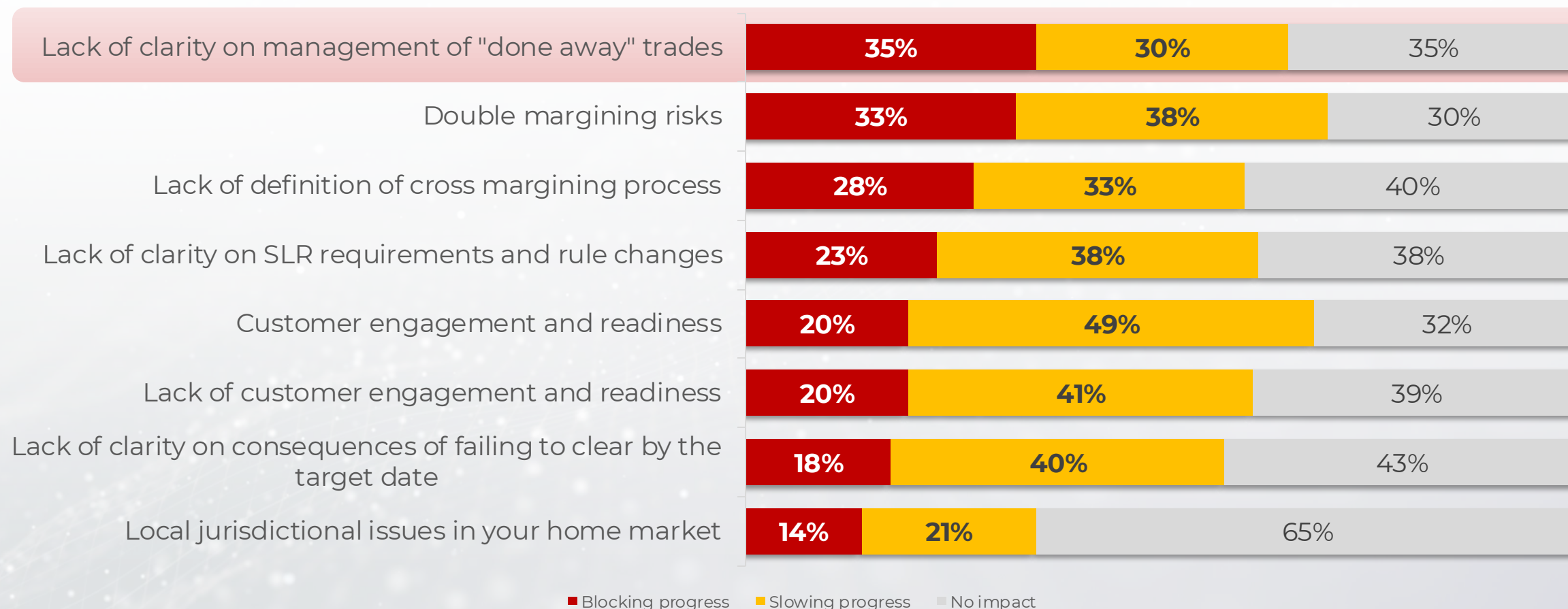
■ In 1-6 months ■ 7-12 months ■ 13-18 months ■ 19-24 months



Clearing preparations hinge on guidance: bottlenecks won't shift without industry clarity



The biggest risks and challenges in preparing for USTC (% citing level of challenge for each area)



Thank you!

thevalueexchange.co →

This report has been prepared by The VX (Canada) Ltd. and is provided for information purposes only.

The information contained herein has been compiled from sources believed to be reliable, but, although all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading, we make no representation that it is accurate or complete and it should not be relied upon as such. All opinions and estimates included herein constitute our judgment as at the date of this report and are subject to change without notice.

Unless we provide express prior written consent, no part of this report should be reproduced or distributed. We do not accept any liability if this report is used for an alternative purpose from which it is intended, nor to any third party in respect of this report.

This document must not be considered as an offer to sell or a solicitation of an offer to buy any product, security or service.



The ValueExchange



Empowering change-makers in the capital markets with expert-backed, statistical insights on the case for transformation

Leveraging our...

Hands-on experience

Over 25 years of practitioner experience in securities and capital markets

Expert community

An active and engaged community of industry leaders and changemakers across the globe

Unique industry data

Over five years of in-depth data on how and where the world is transforming its investment operations



... to empower changemakers with:



Concierge

Our personalized service to help you get the answers you need



Measure Impact

Specialist benchmarking insights to track the economic impact of your transformation in dollars and cents



Industry advocacy

Collaborative, industry-wide campaigns to make the case for transformation



Thought leadership

Tailored whitepapers, factsheets and webinars to help you make your case for transformation