



# New repo data collection introduced by the Office of Financial Research (OFR)

## Reporting of non-centrally cleared bi-lateral repo transactions to begin in late 2024

On May 6, 2024, the Office of Financial Research (OFR) finalized a new data collection for non-centrally cleared bi-lateral transaction in the US repurchase agreement market (NCCBR).<sup>1</sup> The new data collection comes on the heels of a significant rule finalized by the Securities and Exchange Commission (SEC) in December 2023 requiring most US Treasury transactions (including repo transactions) to be centrally cleared by 2026.<sup>2</sup> The new data collection reflects continued concern at the Financial Stability Oversight Council (FSOC) that these transactions could be a source of market fragility amid ongoing efforts to overhaul the Treasury markets.

### 5 insights you should know

**Impacted entities:** The data collection defines two categories of reporters with separate compliance dates:

- **Category 1:** Securities and government securities broker-dealers with daily outstanding commitments in NCCBR transactions of at least \$10 billion across all business days in the previous calendar quarter.
- **Category 2:** Any financial company not in Category 1 that has more than \$1 billion in assets or assets under management (AUM) and at least \$10 billion in daily outstanding commitments in NCCBR over all business days in the previous calendar quarter.

**Impacted transactions:** The final rule defines NCCBR transactions as “an agreement in which one party agrees to sell securities to a second party in exchange for the receipt of cash, and simultaneous agreements of the former party to later transfer back the same securities to the latter party in exchange for receipt of cash.” Master Repurchase Agreements (MRAs) and Global MRAs are included in the definition; Securities Lending Agreements (SLAs), Global SLAs, and repurchase agreements connected to a commercial mortgage loan or the initial securitization of a residential mortgage loan have been excluded.

**Information required:** Approximately 32 data elements will be collected including the transaction ID, cash lender and cash borrower names, trading platform, start and end dates, and other details of each transaction.

**Daily reporting and compliance timeline:** “Covered reporters” will be required to submit data by 11am on the following business day. Impacted entities will be able to designate a third-party reporter, subject to certain conditions. Category 1 reporters will have 150 days from the rule’s effective date of July 5th to start reporting while Category 2 reporters will have 270 days. Agreements are reported for the life cycle of each agreement.

**Parallel regulatory initiatives:** Per the OFR’s analysis, SEC rules to expand central clearing for impacted transactions ultimately could eliminate 85% of Treasury volume from the NCCBR segment. Under this estimate, the data collection would cover 75% of remaining NCCBR volume. As few as six of an estimated 40 reporters could remain in the data collection following implementation of the SEC rules.

### 5 considerations to evaluate

**1 Scope of reporters:** The scope of entities covered by the data collection include heavily regulated financial institutions and hedge funds. Heavily regulated firms likely are more prepared than their less regulated counterparts to leverage existing compliance teams and processes to address this new obligation, but the complexity of reporting will be unique to each firm’s business. Diversified financial institutions may need to generate separate reports at the legal entity level if their volumes trigger the reporting threshold. Firms may also want to consider the impact of Treasury central clearing on their reporting obligations. Inter-affiliate and subsidiary transactions are included.

**2 Collateral considerations:** The OFR estimates that as much \$2 trillion in NCCBR activity will be centrally cleared following implementation of the SEC’s rules leaving an estimated \$300-\$600 billion of volume in the NCCBR segment. Much of this activity will be repos backed by other collateral such as asset backed securities and corporate debt. Given the breadth of transactions and types of collateral in scope for this data collection, relevant transactions are likely to live across multiple systems and platforms at a given a firm.

**3 Assess data elements:** Compared to other regulatory reporting obligations (e.g. Consolidated Audit Trail, blue sheets) the data elements in this collection are mostly straightforward and likely will require less interpretation than certain fields in other reporting initiatives. However, given the scope of transactions and systems impacted by this data collection, assembling the correct data may be a substantial undertaking for many firms with expectations for application of data governance standards, front to back process and controls.

**4 Accelerated transition period:** Category 1 filers will have approximately five months from the rule’s effective date to comply with the data collection, which is a relatively short transition period compared to other recently announced regulatory reporting initiatives. Firms should begin assessing the impact of this rule immediately to ensure they can develop an implementation plan that meets the compliance date, especially considering other significant ongoing compliance implementation efforts.

**5 Align implementation efforts:** Impacted entities may want to consolidate their central-clearing initiatives with any compliance efforts that support this data collection as there may be efficiency gains with respect to identifying transactions and sourcing data.

## Endnotes

1. Office of Financial Research, "[Ongoing Data Collection of Non-centrally Cleared Bilateral Transactions in the US Repurchase Agreement Market](#)," May 6, 2024.
2. Securities and Exchange Commission, "[Standards for Covered Clearing Agencies for US Treasury Securities](#)," December 23, 2023.

## Connect with us:

### Marjorie Forestal

Principal | Risk & Financial Advisory  
Deloitte & Touche LLP  
[mforestal@deloitte.com](mailto:mforestal@deloitte.com)

### George Black

Principal | Risk & Financial Advisory  
Deloitte & Touche LLP  
[geblack@deloitte.com](mailto:geblack@deloitte.com)

### Ken Lamar

Independent Senior Advisor to  
Deloitte & Touche LLP  
[kelamar@deloitte.com](mailto:kelamar@deloitte.com)

### Meghan Burns

Manager | Center for Regulatory Strategy  
Deloitte Services LP  
[megburns@deloitte.com](mailto:megburns@deloitte.com)

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