Presentation for the February 22, 2017 Meeting of

the Alternative Reference Rates Committee

Fixed Income Clearing Corporation (FICC) Data on Cleared Bilateral (DVP) Overnight Treasury Repo

The charts and tables in this presentation are intended to shed some light on the segment of the overnight bilateral repo market collateralized with U.S. Treasury securities and cleared by FICC through its Delivery-versus-Payment (DVP) repo service. FICC has provided an anonymized sample of data on all these trades from August 2014 through October 2016 to the Board of Governors. Board staff have conducted preliminary analysis of this data, including example calculations as to how inclusion of this data could affect the rates proposed for publication by the Federal Reserve Bank of New York and Office of Financial Research, and intend to publish a short FEDS Notes based on the material shown here.

Table 1

FICC DVP Repo and GC Repo Statistics

(Average daily values Dec 17, 2015 to Oct 31, 2016)

	FICC DVP			Tri-party ex. GCF	GCF	Federal Reserve Trades
	All	Recently Issued*	Seasoned*			
volume ($ billions)	$424	$103	$320	$278	$46	$92
standard deviation ($ billions)	$22	$10	$19	$30	$13	$71
median rate (basis points)	42	27	44	31	48	25
standard deviation (basis points)	8	12	8	3	11	
share above Federal Reserve ONRRP rate	79%	60%	85%	99.7%	99.7%	

* Recently issued includes DVP transactions using on-the-run and first-off-the-run collateral, while seasoned includes all other transactions.

Table 2
Difference between FRBNY and OFR Proposed GC Repo Rates with and without FICC DVP Repo
(Dec 17, 2015 to Oct 31, 2016)

	Rate 1 (Tri-party ex. GCF)		**Rate 2 (Tri-party including GCF)**		**Rate 3 (Tri-party including GCF and Fed trades)**	
	Base rate	**With seasoned DVP**	**Base rate**	**With seasoned DVP**	**Base rate**	**With seasoned DVP**
average volume ($ billions)	$278	$598	$324	$644	$416	$736
standard deviation of volume ($ billions)	$30	$40	$25	$33	$59	$72
volume-weighted median rate (basis points)	31	32	31	33	30	31
standard deviation of the median rate (basis points)	3	4	3	4	3	3

Figure 1
Overnight Treasury Repo Volumes

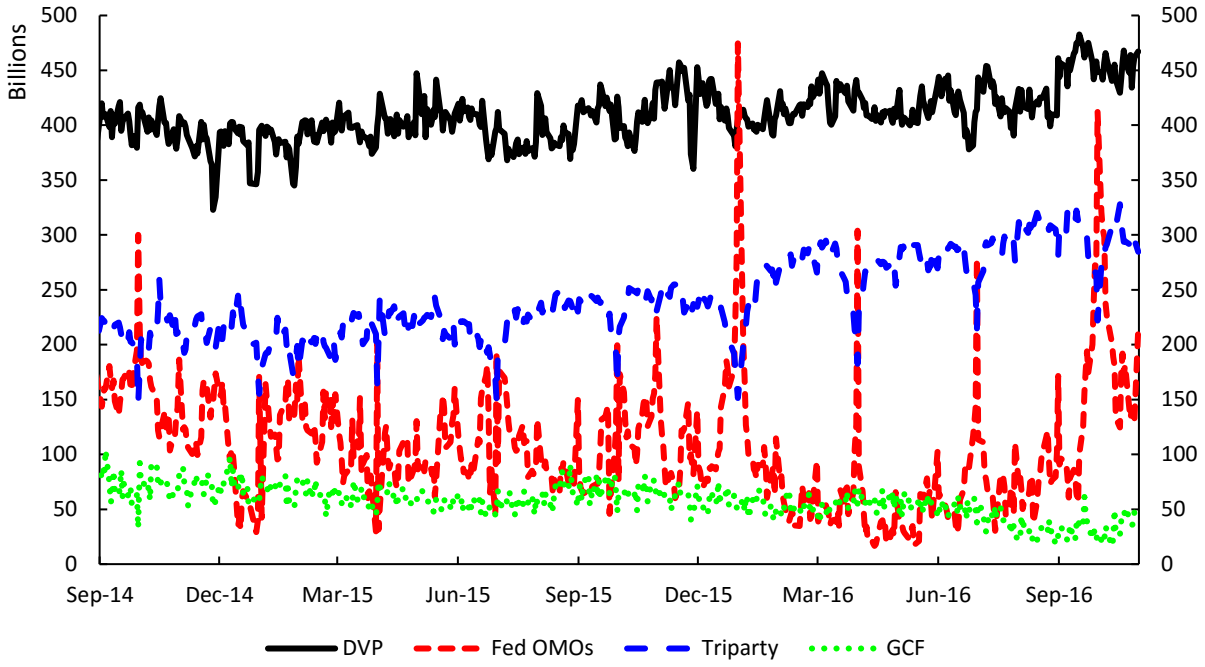


Figure 2
Overnight Treasury Repo Rates
(percent)

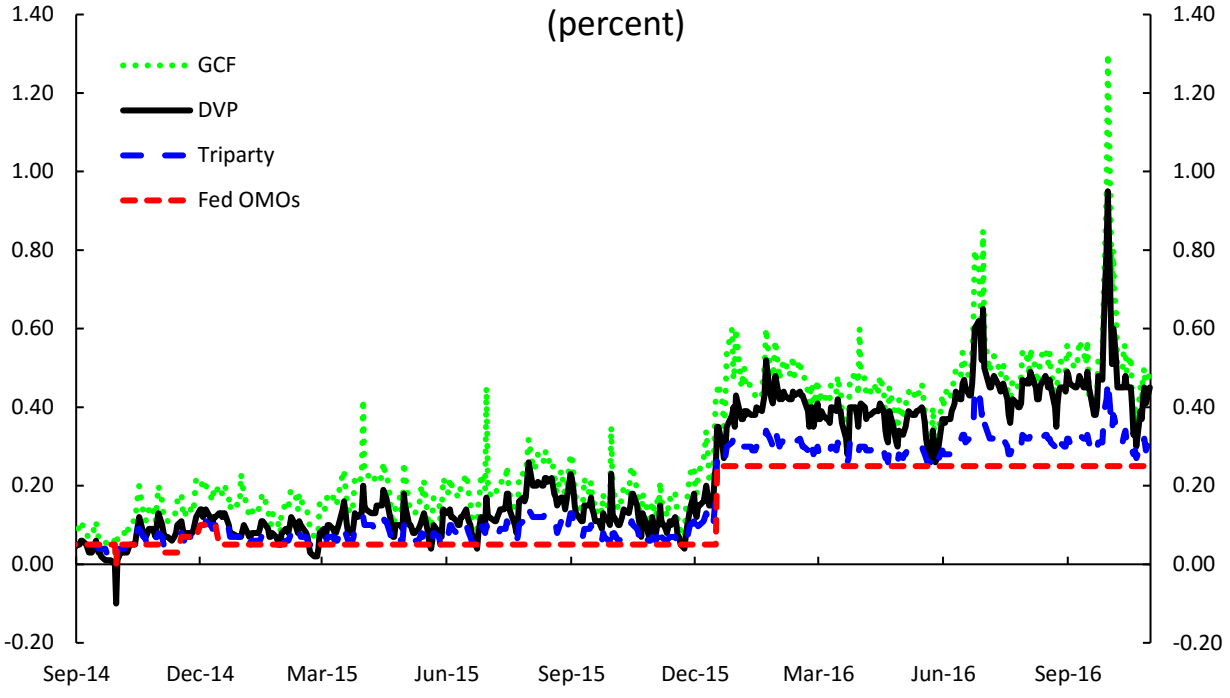


Figure 3
Overnight Treasury Repo Rate Distributions
(average daily volume 12/17/2015 to 10/31/2016)

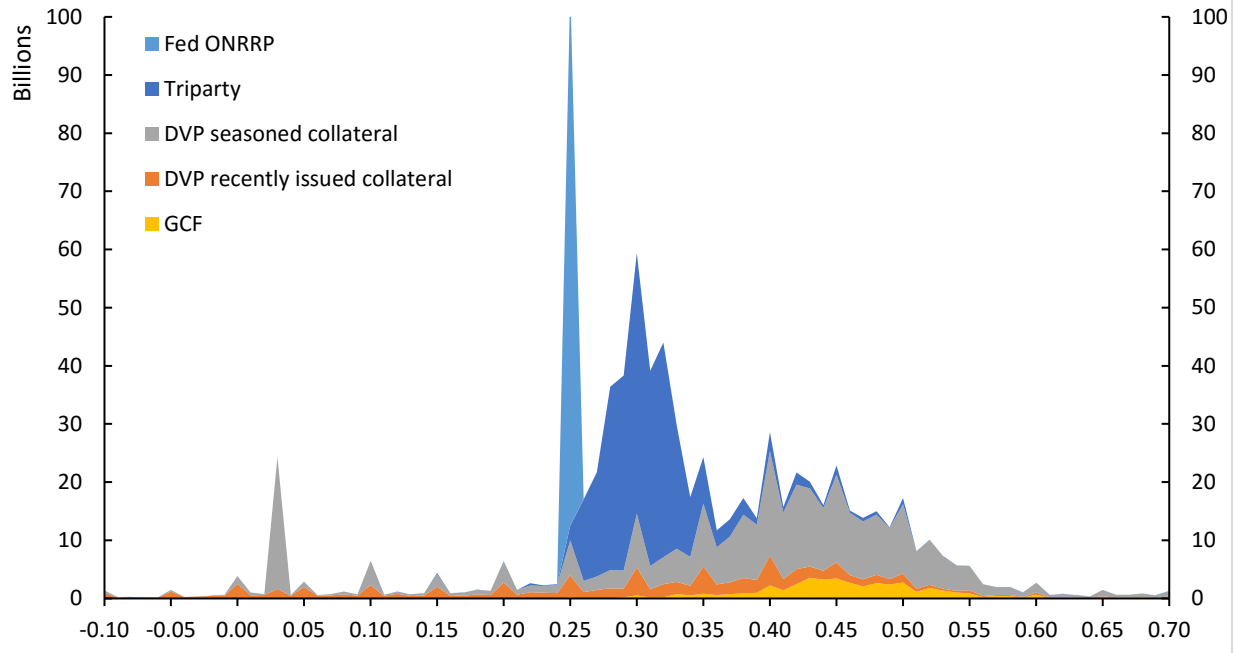


Figure 4
DVP Seasoned Collateral Rate Distribution
(percent)

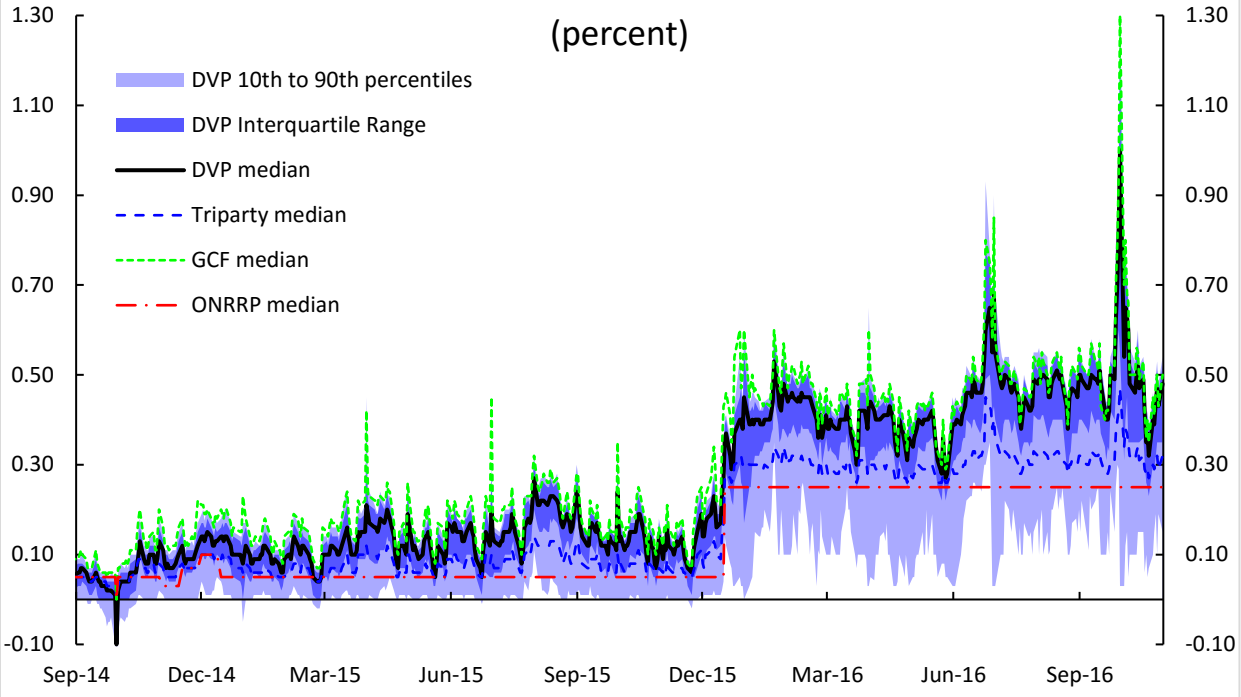
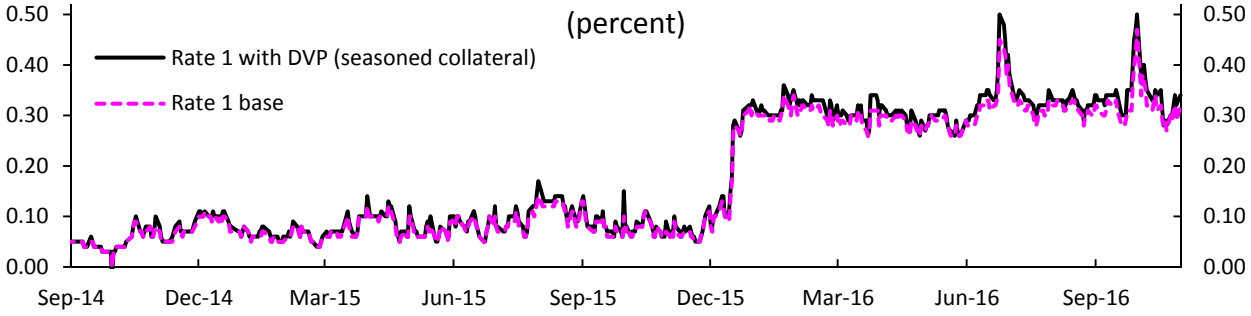
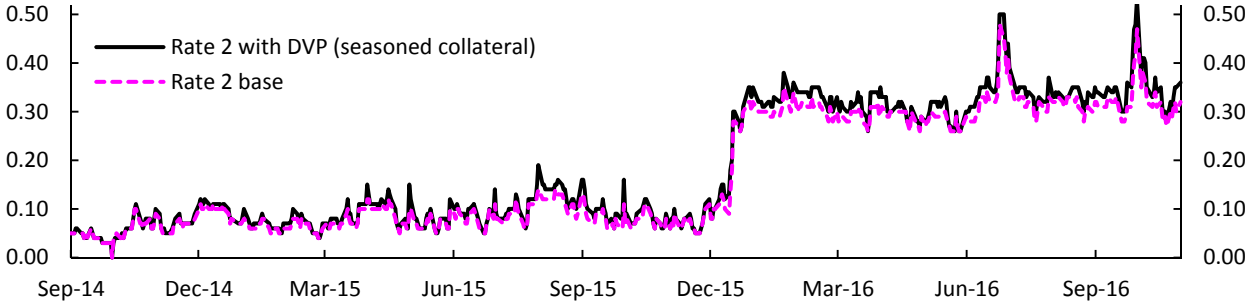


Figure 5

Rate 1 with and without DVP (percent)



Rate 2 with and without DVP (percent)



Rate 3 with and without DVP (percent)

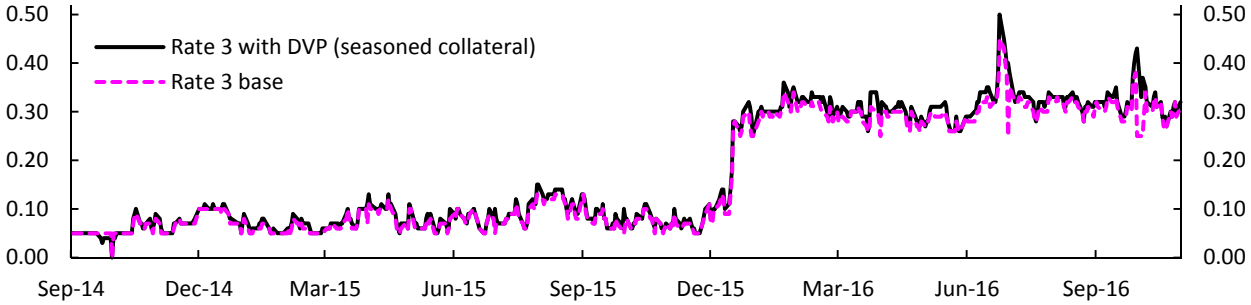


Figure 6
Effect on Proposed Rates of Including Seasoned DVP
(percentage points)

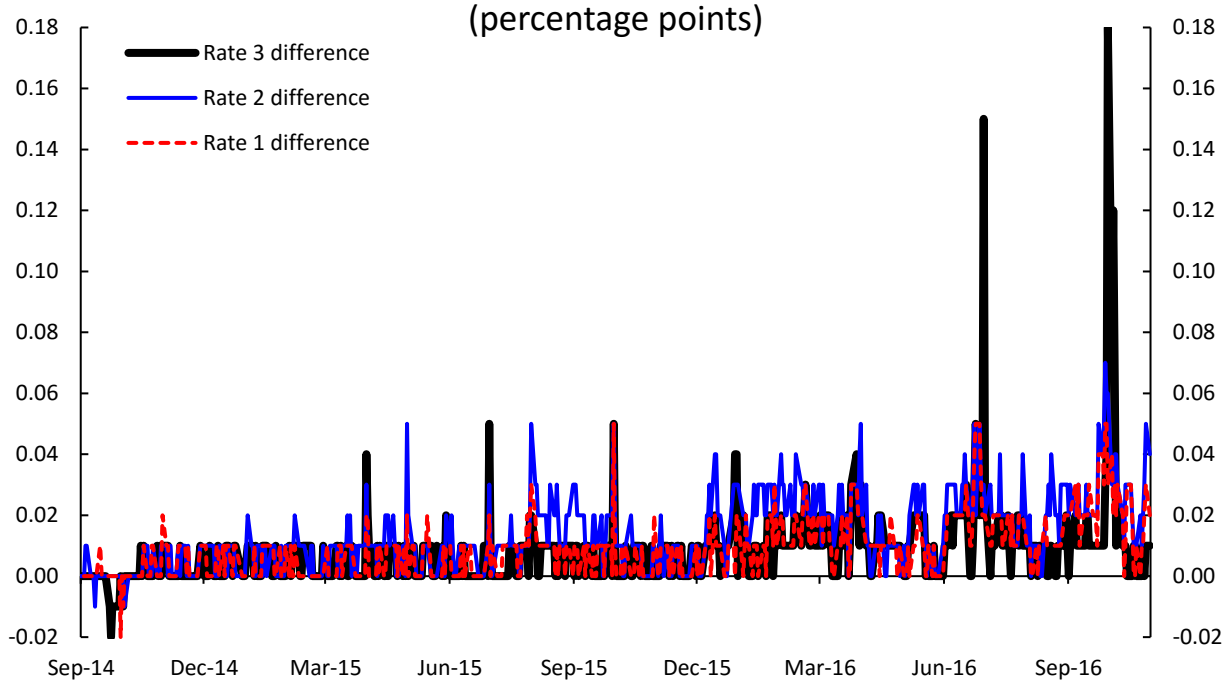


Figure 7
Distributions of Rate 3 with and without Seasoned DVP
(percent)