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Affiliate Repo

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The U.S. repurchase agreement (repo) market is a key, short-term funding market, with average daily outstanding positions that exceeded $12.5 trillion in the second half of 2025. New data from the Office of Financial Research reveal that repo in which both counterparties are affiliated with the same parent financial institution represent a substantial fraction of the entire U.S. repo market, approximately $2.1 trillion (16.6%). Because affiliate transactions reflect internal liquidity management rather than arm's length market conditions, their inclusion in aggregate statistics can distort measures used to assess market functioning and financial resilience. Changes in affiliate activity may also signal emerging liquidity pressures within large institutions. This brief summarizes key features of affiliate repo, which are predominantly conducted by global systemically important banks in the non-centrally cleared bilateral repo segment. Affiliate repo is more likely to use U.S. Treasuries as collateral, to involve domestic counterparties and, on average, to employ contracts that are shorter in term than those for non-affiliate repo. Although affiliate rates are similar to non-affiliate rates (except in the tri-party segment), transaction-level haircuts are significantly lower.

As a cornerstone of modern finance, the smooth functioning of the U.S. repurchase agreement (repo) market is vital for bank and broker-dealer liquidity management, monetary policy implementation, and capital allocation. Understanding the market forces behind repo flows and repo rates has become an important aspect for monitoring financial stability, particularly in the wake of stress events, such as the September 2019 repo rate spike and the March 2020 repo market liquidity freeze. However, repo volume is not always driven by arm's length market forces. While the decision to use internal rather than external funding reflects an economic preference, the resulting affiliate repos occur within a corporate group and do not reflect the external supply and demand conditions that shape market pricing. A meaningful but

previously unmeasured portion of activity, therefore, arises from internal liquidity management, regulatory optimization, or operational convenience.

Previously, comprehensive data on repo across all market segments has been unavailable, leaving significant gaps in our understanding of U.S. repo markets. New data collections by the Office of Financial Research (OFR), particularly the non-centrally cleared bilateral repo (NCCBR) collection that began in December 2024, enable the first market-wide analysis of affiliate trading activity. Initial analysis reveals that affiliate repo represents approximately $2.1 trillion, or 16.6%, of total U.S. repo market outstanding positions—a meaningful share that has essentially been invisible in previous market assessments.

The presence of affiliate transactions raises three key issues. First, if affiliate repo executed at nonmarket rates is included in aggregate statistics, this could distort policymaker or practitioner perspectives of the repo market. This is why affiliate transactions are not used to calculate benchmark rates, such as the Secured Overnight Financing Rate (SOFR).[2] However, it may be appropriate to include affiliate repo in certain analyses, particularly those concerned with volumes rather than pricing. This brief analyzes affiliate and non-affiliate transactions separately, investigating both relative volumes and pricing differences.

Second, data on affiliate repo provides insight into internal liquidity management within large financial institutions. In normal times, internal flows reflect routine treasury operations and can serve as an important source of funding flexibility. Well-functioning internal capital markets allow firms to diversify liquidity sources across subsidiaries, strengthening the organization's ability to absorb shocks. However, unusually large or off-market affiliate trades could signal emerging liquidity stress. In a period of acute strain, a financial conglomerate may use affiliate repos to supply liquidity to a pressured subsidiary. Monitoring affiliate repo at an aggregate level may therefore help identify early signs of stress that arise within internal funding networks before they appear in external markets.

Finally, affiliate trading increases organizational complexity and can complicate resolution planning. The failure of Lehman Brothers illustrates these challenges. Managed as an integrated group despite being composed of numerous legal entities, Lehman relied heavily on internal transfers, including repo, contributing to cross-jurisdictional legal disputes, extended bankruptcy proceedings, and heightened creditor losses.[3] Such complexities weaken private creditors' incentives to provide funding ex ante, as uncertainty about claims priority, inter-affiliate exposures, and ultimate recovery values can increase both expected losses and the difficulty of accurately assessing returns.

Events in late 2024 demonstrated the importance of the first two concerns. Large and unusual flows in the tri-party segment caused affiliate rates to drop significantly below non-affiliate rates after the unwind of the yen carry trade, affecting the OFR's published average rate series in the Short-term Funding Monitor (STFM).[4] In response, the OFR removed affiliate trades from its calculation of tri-party rates to ensure that published statistics accurately reflect arm's length transactions. This event highlights the value of systematic monitoring of affiliate trading patterns across all repo market segments.

There is a fundamental gap in repo market analysis regarding the scale, nature, and potential systemic importance of affiliate repo trading in the U.S. market. Despite representing a significant portion of repo activity, affiliate transactions are poorly understood. This brief establishes baseline empirical facts about affiliate repo usage in the U.S repo market. Affiliate repo terms tend to be more flexible than non-affiliate repo terms, suggesting that financial institutions use affiliate repo for liquidity management, and their haircuts are significantly lower, which reflect lower counterparty risk while enabling greater leverage. Most affiliate trading occurs within global systemically important banks (G-SIBs). At the subsidiary level, trading patterns are multidirectional and complex, with foreign and domestic banks and dealers each conducting substantial lending and borrowing. Over time, affiliate volumes and rates are generally stable, but occasional sudden breaks highlight an area where further analysis and ongoing study are warranted.

In a recent paper focusing on affiliate repo, Bai et al (2025) hypothesize that broker-dealers source funding

from affiliated institutions (like affiliated depository institutions) to ease balance sheet constraints.[5] Repo may be a preferred medium for such transfers because of the Federal Reserve's Regulation W, which does not impose quantity restrictions on affiliate transfers secured by Treasuries provided they occur at or above market rates.[6] The authors find that affiliate repo rates for the five largest bank holding companies are slightly above non-affiliate rates in the tri-party segment. As a result, they propose a model where this spread is the outcome of a bargaining process between the affiliated subsidiaries. However, the affiliate repo in this study represents only about a tenth of all affiliate repo. OFR data reveal that affiliate repo also occurs between subsidiaries of nonbank institutions that are not subject to Regulation W. Also, depository institutions and broker-dealers participate on both sides of the market across multiple repo segments, with each lending and borrowing cash. This broader picture raises questions about the forces determining affiliate repo flows and rates.

Data and Methodology

The data underlying this brief comes from three sources: tri-party repo settlement data from the Bank of New York Mellon (BNY) and the Federal Reserve Bank of New York (FRBNY), the OFR's Centrally Cleared Repo Collection, and the OFR's NCCBR Collection. Data from BNY are available starting in 2013, and data from the centrally cleared collection are available starting in 2018. OFR began collecting NCCBR data from certain market participants in December 2024 and expanded the collection to a wider range of financial institutions in July 2025. Most of the analysis in this brief is cross-sectional, focusing on the second half of 2025, a period for which data on the complete market is available.

In this analysis, repo counterparties in all parts of the U.S. repo market are mapped to their ultimate parent institution using either the legal entity identifier (LEI) where available or the name. Sometimes, repo counterparties transact on behalf of clients; in these cases, which account for less than 2% of outstanding in the sample, the counterparty was mapped to the client's parent.[7] In total, 95.3% of repo counterparties were mapped to a parent organization, accounting for 99.3% of total repo outstanding.

Summary Statistics

This section details how affiliate repo differs from non-affiliate repo along key dimensions, including volume, tenor, rate, collateral, haircut, and currency. Analysis focuses on the three U.S. repo market segments where affiliate repo is most common: the non-centrally cleared bilateral repo segment, the tri-party segment, and the unbrokered subsegment

Figure 1. Affiliate Versus Non-Affiliate Repo Volume Metrics (H2 2025)

		Outstanding		Transaction Volume		Flexible Tenor	Fixed Tenor
		$ Billions	Percent	$ Billions	Percent	Percent	Ratio
Unbrokered DVP	Non-Affiliate	149.2	75.1	77.5	69.0	0.0	1.9
	Affiliate	49.6	24.9	34.9	31.0	0.0	1.4
Tri-Party	Non-Affiliate	2,407.7	83.7	1,401.1	82.5	-	-
	Affiliate	468.6	16.3	297.8	17.5	-	-
NCCBR	Non-Affiliate	3,006.9	66.2	926.4	52.7	12.0	3.1
	Affiliate	1,535.9	33.8	830.3	47.3	29.7	1.4

Note: Flexible tenor trades include open trades, evergreen trades, and all other trades with end date optionality. Flexible tenor trades are not permitted in cleared segments. Average tenor for repo with fixed tenor is calculated by dividing outstanding exposures by transaction volume for all trades without flexibility, except in tri-party, where outstanding exposures cannot be matched to individual trades.

Sources: BNY, FRBNY, OFR, Author's analysis.

of the Fixed Income Clearing Corporation's (FICC's) collateral specific Delivery-Versus-Payment (DVP) Service. These segments are analyzed separately because of the respective services and costs that influence participants, terms, and volumes.

Volume

Three-quarters of all affiliate repo occurs in the NCCBR segment (**Figure 1**). Affiliate repo makes up 33.8% of outstanding in that segment. Affiliates possibly choose to trade through the NCCBR segment to avoid the additional costs associated with central clearing or tri-party settlement. However, affiliate trading also makes up 16.3% of outstanding in the tri-party segment, indicating that some affiliates value collateral management or other services provided by BNY. Affiliate trading in the centrally cleared repo segments is rare, comprising less than 4% of total affiliate outstanding. The one exception is the small, unbrokered portion of the FICC's specific-collateral DVP Service, in which affiliate repo accounted for 24.9% of the slightly less than $200 billion daily outstanding in the second half of 2025.

The concentration of affiliate activity in NCCBR is notable given that activity in this segment was previously opaque, suggesting that prior assessments of repo market structure significantly understated the role of affiliate transactions. The relative absence of affiliate trading in centrally cleared segments may reflect the costs of clearing and that central clearing is designed primarily to manage counterparty risk, which may be a less salient concern for transactions between entities within the same corporate family.

Tenor

In the NCCBR segment, affiliate repos are more likely to be structured as open or with another flexible maturity, so that the repo often has no fixed end date and either counterparty can cancel the agreement on short notice, such as a business day. Overall, 29.7% of affiliate NCCBR outstanding has a flexible tenor compared to just 12.0% for non-affiliate NCCBR outstanding. Fixed-term affiliate repos in NCCBR are much shorter and have a tenor estimate of 1.4 days compared to fixed-term, non-affiliate repos with a tenor estimate of 3.1 days. Together, these differences suggest that affiliated counterparties prefer more flexible contracts, potentially reflecting the operational convenience of arrangements that can be adjusted quickly as internal liquidity needs change.[8]

Rate

Most repos occur at rates close to the federal funds rate (FFR), but there is a spread between the

Figure 2. Affiliate Versus Non-Affiliate Repo Other Metrics (H2 2025, percent)

		Rate	Collateral		Transaction-level Haircut		Foreign-Domestic	
		Average	UST	UST OTR	UST	Non-UST	Non-USD	X-Border
Unbrokered DVP	Non-Affiliate	4.19	100.0	4.2	3.4	-	-	-
	Affiliate	4.16	100.0	13.2	-	-	-	-
Tri-Party	Non-Affiliate	4.16	49.3	-	2.0	4.2	-	19.4
	Affiliate	3.33	65.0	-	0.6	3.8	-	12.5
NCCBR	Non-Affiliate	4.12	48.3	2.3	0.6	5.2	38.4	55.9
	Affiliate	4.19	84.7	2.1	-	1.8	6.0	56.2

Note: Rate is the volume weighted average rate. UST is the percent of all outstanding exposures secured that are U.S. Treasury Bills, Notes, TIPs, or Strips. UST OTR is the percent of all outstanding exposures secured by OTR U.S. Treasuries and is not calculated for general collateral segments. Haircut is equal to the total value of collateral divided by the initial cash amount for all outstanding exposures. Non-USD is the percent of outstanding exposures with cash amount denominated in a foreign currency. X-Border is the percent of outstanding exposures with at least on counterparty not located in the U.S.

Sources: BNY, FRBNY, OFR, Author's analysis.

volume-weighted average of affiliate and non-affiliate rates in all three segments (**Figure 2**). The spread is the smallest in the unbrokered DVP segment at only 3 basis points. Affiliate rates in NCCBR are 7 basis points higher than non-affiliate rates, consistent with evidence from Bai et al (2025) and suggesting that entities subject to Regulation W pay modest premiums to access funding from affiliated counterparties. However, in the tri-party segment, the average affiliate rate is nearly a percentage point lower than the average non-affiliate rate. This is potentially due to the presence of affiliate trades by counterparties with nonbank parents not subject to Regulation W that sometimes execute large trades at rates far below the FFR. This large spread was the motivation for removing affiliates from tri-party rate calculations from the OFR STFM in 2024.

Collateral

One possible motivation for affiliate repo is for broker-dealers to cheaply source in-demand or "special" collateral that often commands a lower repo rate. On-the-run (OTR) U.S. Treasuries and securities that are the "cheapest to deliver" into futures contracts regularly trade special.[9] The percentage of outstanding collateralized by OTR U.S. Treasuries is much greater for affiliate than for non-affiliate transactions in the unbrokered DVP subsegment (**Figure 2**). This suggests that sourcing special securities is an important rationale for affiliate trading in unbrokered DVP. By contrast, a lower percentage of affiliate versus non-affiliate transactions collateralized by OTR U.S. Treasuries in NCCBR suggests that specials are not an important motivator of affiliate trading in this segment. In both NCCBR and tri-party, affiliate repo is more likely to be collateralized by U.S. Treasuries than non-affiliate repo.

These collateral patterns suggest that affiliate repo serves different functions across market segments. In unbrokered DVP, the prevalence of OTR collateral indicates that affiliate transactions may help financial institutions efficiently allocate specific securities across subsidiaries to meet trading obligations or client demands. In NCCBR and tri-party, the preference for Treasury collateral suggests that general funding and liquidity management may be the primary drivers, with affiliates opting for high-quality collateral that minimizes operational complexity.

Haircut

Financial companies may choose to trade with affiliates to limit balance sheet constraints associated with haircuts. The transaction-level haircut is calculated using the value of the securities collateralizing the transaction and the initial purchase price. In tri-party and NCCBR, this haircut is much lower for affiliates than for non-affiliates (calculating the transaction-level haircut is not possible in DVP).[10] While transaction-level haircuts may not fully reflect counterparty risk management as margining may also occur at the portfolio level, the difference in affiliate and non-affiliate haircuts indicates different risk management practices between affiliate and non-affiliate repo.

Why do affiliate repo transactions have haircuts at all? Since these trades occur within the same financial organization, one might expect zero haircuts. Even though affiliate repo haircuts are frequently zero, on average, they remain positive. Positive haircuts may reflect regulatory requirements, subsidiary-level autonomy with separate risk management practices, or operational and accounting practices that do not discriminate between affiliate and non-affiliate transactions. These lower haircuts mean that affiliate repo may involve higher effective leverage than comparable non-affiliate transactions. While this may not pose risks under normal conditions, it suggests affiliate arrangements could amplify stress during periods of market volatility when collateral values decline rapidly. Affiliate repo may still be less risky than other types of unmargined internal transfers. If affiliates can frictionlessly make up any declines in collateral value, such as through variation margin payments, then collateralization might dampen systemic shocks relative to uncollateralized internal transfers. However, any frictions to the posting of variation margin internally could cause these exposures to transmit stress between affiliated entities.

Currency

About a quarter of NCCBR (26.6%) involves foreign currency. However, foreign currency does not appear to be a strong motivation for affiliate repo, as the

fraction of repo denominated in a foreign currency for affiliates is much lower than for non-affiliates. Similarly, cross-border trading does not appear to be a differentiating feature of affiliate repo. Slightly more than half of both affiliate and non-affiliate NCCBR involve at least one non-U.S. domiciled counterparty, such as a banking branch located in Europe, and cross-border counterparties are slightly less common for affiliates than non-affiliates in tri-party.

The lower prevalence of foreign currency transactions among affiliates suggests that internal liquidity management within financial conglomerates focuses primarily on dollar funding. The presence of cross-border affiliate transactions indicates that internal liquidity flows occur across jurisdictions but may be subject to different constraints or serve different purposes than cross-border transactions between unrelated parties.

Figure 3. Daily Average Gross Affiliate Repo (Lending + Borrowing) by Parent Type (H2 2025)

	$ Billions	Percent	Count
G-SIB	3,218.5	77.9	22
Non-G-SIB Bank	91.12	2.2	6
Other	822.77	19.9	8

Note: Amounts are the sum of affiliate repo and reverse repo conducted by each type of parent institution. Count is the average number of unique parent institutions with affiliate repo outstanding in H2 2025. G-SIB: Global Systemically Important Bank. "Other" includes hedge funds, asset managers, and other nonbank financial institutions.

Sources: BNY, OFR, Author's analysis.

Affiliate Repo by Counterparty Type

At the parent institution level, G-SIBs account for 77.9% of affiliate repo exposures across all repo segments (**Figure 3**).[11] Non-G-SIB banks account for an additional 2.2%, and other types of financial institutions including hedge funds and nonbank asset managers account for the remaining 19.9%.

The overwhelming concentration of affiliate repo among G-SIBs reflects the size and organizational complexity of these institutions, which operate numerous subsidiaries across diverse business lines and jurisdictions. Since G-SIBs are by definition systemically important, unusual flows or pricing within them may indicate stress in the financial system. Affiliate flows in nonbank institutions may be driven by different motivations in the absence of bank-specific regulatory constraints.

At the subsidiary level, affiliate trading patterns vary considerably, suggesting that individual financial institutions participate in affiliate repo for different

Figure 4. Daily Average Gross Affiliate Repo by Subsidiary Type (H2 2025)

	Lending		Borrowing		Net	Lending
	$ Billions	Count	$ Billions	Count	$ Billions	Percent
Domestic broker-dealer	422.3	20	255.5	15	166.8	62
Foreign other	69.6	6	10.8	7	58.7	87
Foreign bank	327.2	20	275.2	16	52.0	54
Foreign broker-dealer	224.8	10	195.9	17	28.8	53
Domestic other	155.6	10	200.2	7	-44.6	44
Primary dealer	605.2	19	709.9	19	-104.7	46
Domestic bank	261.5	19	418.6	21	-157.1	38

Note: Count is the number of unique parent institutions with a subsidiary of each respective type that lent or borrowed in H2 2025. "Other" includes hedge funds, asset managers, and all other nonbank, non-dealer financial institutions.

Sources: BNY, OFR, Author's analysis.

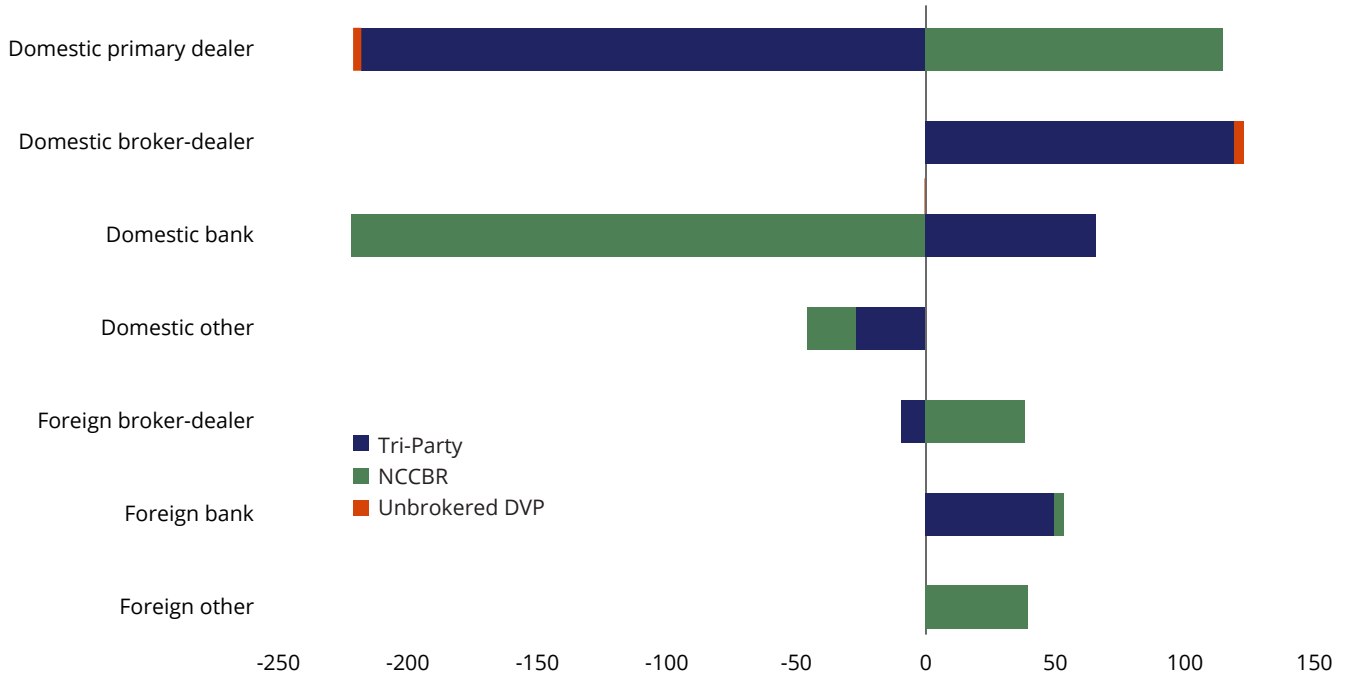
reasons. Primary dealers are the most active participants in affiliate repo accounting for about 40% of all gross activity (**Figure 4**). They run nearly matched books with similar amounts lent and borrowed but, overall, are net borrowers. By contrast, U.S. domiciled non-primary broker-dealers are the largest net lenders in the data, lending a combined $166.8 billion on net. Foreign domiciled subsidiaries, foreign banks, broker-dealers, and other financial institutions are net lenders. This suggests that sourcing dollars from U.S. domiciled affiliates is not a primary motivation for affiliate repo. Finally, U.S. domiciled banks are the largest net borrowers in the data, borrowing $157.1 billion on net.

Moreover, net positions vary by repo segment (**Figure 5**). In the tri-party segment, primary dealers are net borrowers, and domestic banks are net lenders. In NCCBR, this relationship is reversed, with primary dealers net lending, and domestic banks net borrowing. The reversal of net positions between tri-party and NCCBR segments suggests that affiliate repo strategies are sophisticated and tailored to the specific characteristics of different market structures; parent companies do not indiscriminately route all internal transactions through one venue. Banks may lend cash in tri-party because of the operational efficiency and collateral management services provided by BNY, while broker-dealers may use NCCBR to provide funding to affiliated banks with greater flexibility in terms and collateral selection.

Affiliate Trades Over Time

Spreads between affiliate and non-affiliate rates are mostly consistent over time with some notable exceptions (**Figure 6**). In the unbrokered DVP subsegment, affiliate rates tend to be slightly lower on average and sometimes temporarily fall significantly lower. Given the prevalence of specials trading in this subsegment, these negative spikes are likely associated with increases in special repo spreads. Average affiliate rates in the tri-party segment were similar to non-affiliate rates until they began to diverge in late 2024. In the NCCBR segment, affiliate trades have a

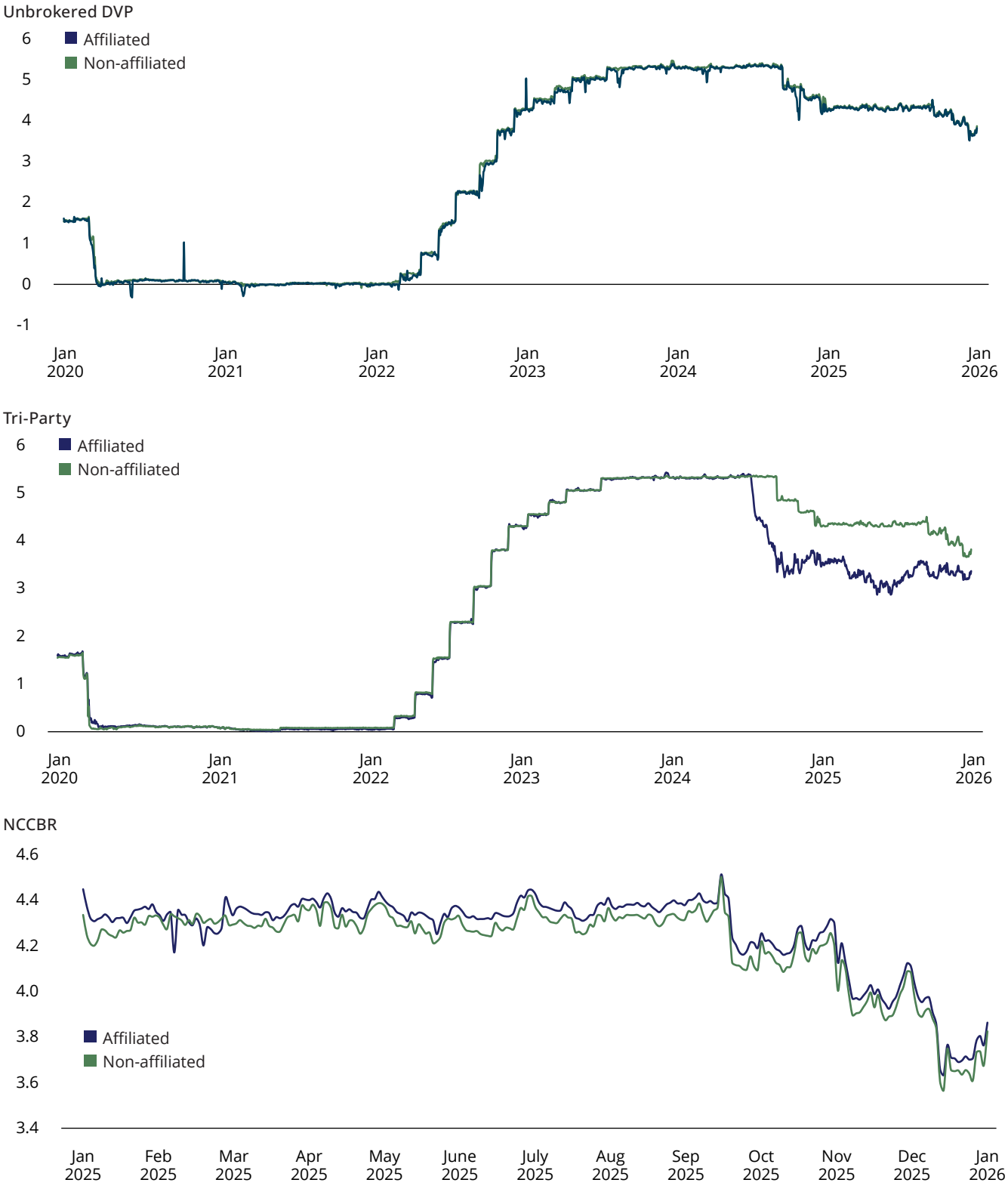
Figure 5. Net Lending and Borrowing by Segment and Subsidiary Type (H2 2025, $ billions)



Note: Values are netted within segments. Positive values indicate that entity type is a net lender in that segment, and negative values indicate that entity type is a net borrower in that segment. Summing across entity types, net borrowing equals net lending in each segment. The "Other" category includes both foreign and domestic nonbank, non-dealer repo participants.

Sources: BNY, OFR, Author's analysis.

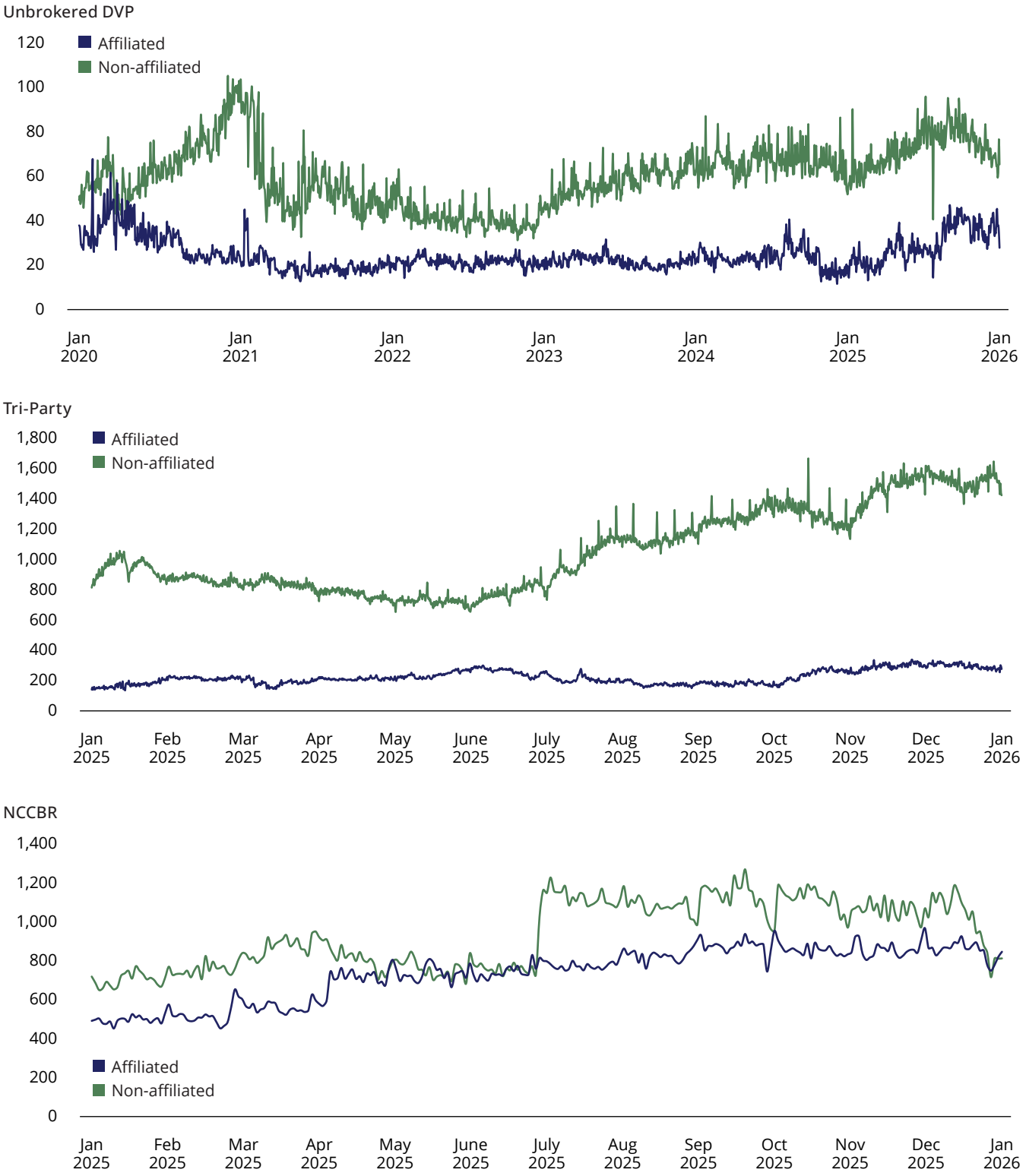
Figure 6. Affiliate Versus Non-Affiliate Volume-Weighted Average Rates (percent)



Note: For all series, forward and non-USD denominated transactions are removed.

Sources: BNY, FRBNY, OFR, Author's analysis.

Figure 7. Affiliate Versus Non-Affiliate Transaction Volume ($ billions)



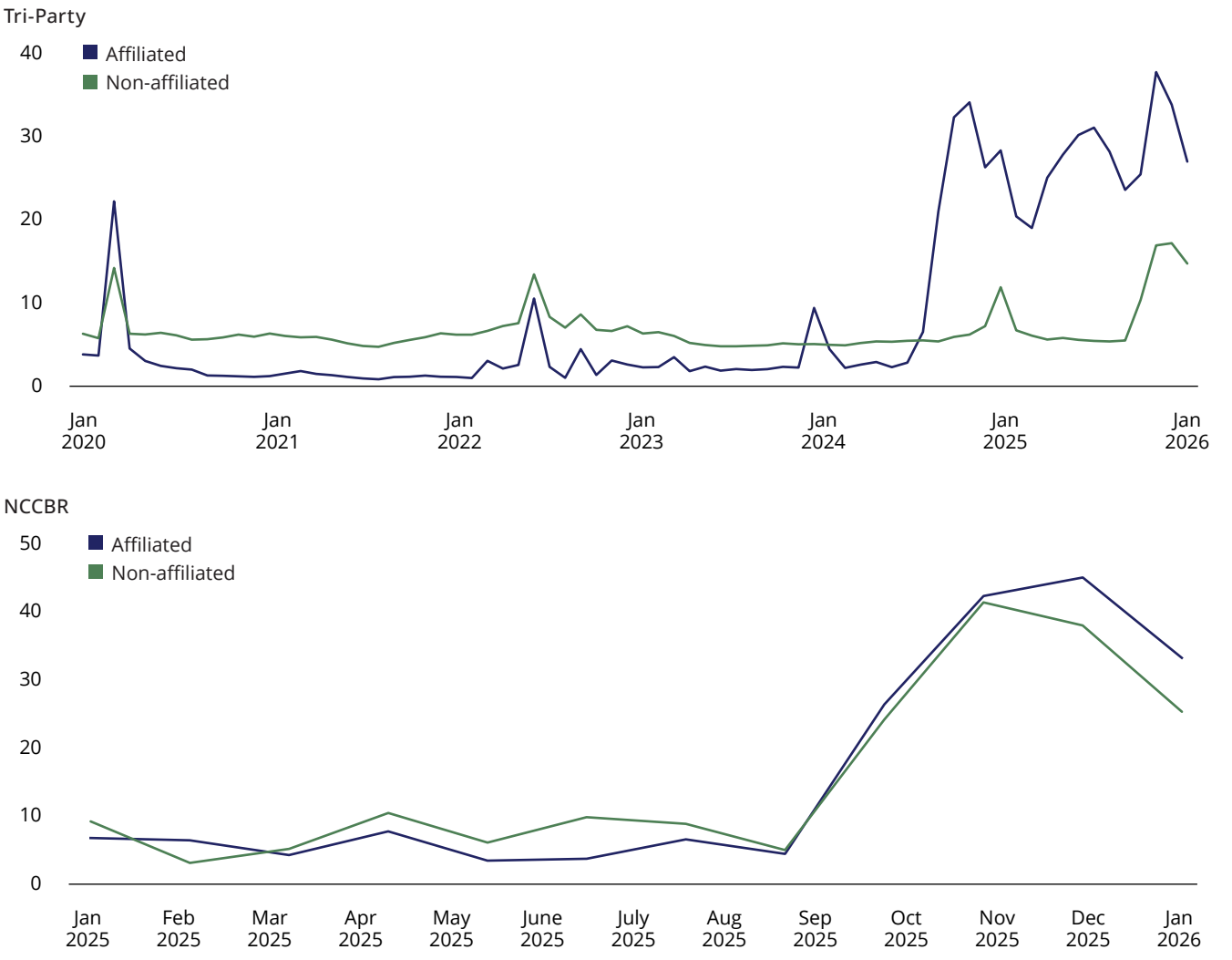
Note: For all series, forward transactions are removed. The second phase of OFR's NCCBR data collection began on June 30, 2025, which required Category 2 covered reporters to begin to submitting data.

Sources: BNY, FRBNY, OFR, Author's analysis.

slightly higher average rate, consistent with evidence from Bai et al (2025). The general stability of rate relationships over most periods suggests that routine affiliate trading does not systematically bias rate measures, but the significant divergence in tri-party demonstrates the need to review new counterparty trading relationships for affiliation.

Relative volumes for both affiliate and non-affiliate trades are also generally persistent within each segment, but there are occasional sudden breaks (**Figure 7**). In the unbrokered DVP subsegment, there was a large amount of affiliate volume compared to non-affiliate volume in early 2020. Volume for both affiliate and non-affiliate repo in this subsegment had notable increases in 2025, but relative volumes remained stable. In the tri-party segment, affiliate volume rose relative to non-affiliate volume in late 2024 due to a substantial decline in non-affiliate volume and a slight increase in affiliate volume, but the comparable share of affiliates has fallen again in 2025. In NCCBR, affiliate volumes are of a similar magnitude to non-affiliate volumes. This is explained by the significant affiliate activity in NCCBR and the shorter terms of affiliate transactions, which means the affiliate fraction of transaction volume is larger

Figure 8. Affiliate Versus Non-Affiliate Atypical Rate Trade Transaction Volume (percent)



Note: Series show the percent of total transaction volume in each segment that is either 15 bp above or below EFFR. Data points are monthly averages. For all series, forward and non-USD denominated transactions are removed.

Sources: BNY, FRBNY, OFR, Author's analysis.

than the affiliate fraction of outstanding positions. However, most of the new volume added in the second phase of the NCCBR data collection that began on July 1, 2025, was non-affiliate, leading to a decline in relative affiliate volume.

The elevated affiliate activity in unbrokered DVP starting in March 2020 that coincides with the COVID-19 market stress period suggests that affiliate transactions may indeed increase during periods of market dislocation as financial institutions redirect liquidity internally. The relative stability of affiliate volumes in other periods indicates that affiliate repo serves ongoing operational needs. The reasons for the shift in tri-party composition in late 2024 are not well understood and may imply a fundamental shift in market participants or change in liquidity conditions.

Affiliate trades are most likely to unduly influence market aggregates when they occur at rates or terms that are different than non-affiliate transactions. Across the three segments, the rates of most trades are rates within 15 basis points of the effective federal funds rate (EFFR) (**Figure 8**), and this is especially true for the unbrokered DVP segment, which is not included in Figure 8. In the tri-party segment, trades more than 15 basis points above or below the EFFR were rare until 2024 when they began to comprise a large percentage of tri-party volume and affect aggregate rate series. In the NCCBR segment, trades more than 15 basis points above or below the EFFR are almost equally common. In September 2025, repo rates began to increase relative to the EFFR due to broader market pressures, leading to upticks in abnormal rates in all three segments for both affiliate and non-affiliate transactions.

The general rarity of unusual affiliate rate transactions indicates that affiliate repo typically occurs at or near market rates. However, the sharp increase in off-market tri-party transactions in 2024 demonstrates how quickly patterns can change. The frequency and magnitude of off-market affiliate transactions across all segments may serve as an early warning indicator of stress or unusual liquidity management practices within major financial institutions.

Conclusion

This analysis provides the first comprehensive view of affiliate repo trading across all U.S. market segments and addresses a significant gap in our understanding of repo market structure and functioning. Affiliate repo represents a meaningful portion of the market—$2.1 trillion or 16.6% of total outstanding positions—with concentration particularly pronounced in the NCCBR segment where affiliates account for more than one-third of activity. While affiliate repo is economically significant in size, its characteristics largely align with non-affiliate repo in most dimensions under normal market conditions. Rates in the NCCBR and unbrokered DVP segments remain close to non-affiliate rates, and transaction volume is not notably more volatile.

Several other notable characteristics about affiliate repo emerge from this analysis. First, 80% of affiliate repo activity occurs within G-SIBs that use it to transfer funds and assets between their different subsidiaries. Second, elevated affiliate activity observed during the March 2020 stress period in the small unbrokered DVP segment suggests that affiliate flows could provide early warning indicators of liquidity pressures, whether those arise within a particular institution or from broader market-wide stress. Finally, the significantly lower transaction-level haircuts on affiliate trades suggest different risk management approaches on this type of repo.

Future research examining affiliate trading behavior during stress episodes, at quarter-ends, and at regulatory reporting dates could provide valuable insights into the financial stability ramifications of affiliate repo. The empirical findings presented in this brief provide a foundation for deeper investigations into the complex relationship between internal liquidity management and broader financial market dynamics.

Endnotes

1 The views are those of the authors and do not necessarily represent the views of the OFR.

2 SOFR is calculated using data from the tri-party and DVP repo segments. Affiliate transactions have been removed from tri-party component since SOFR's launch in 2018. Affiliate transactions in the DVP segment were removed in 2024. Federal Reserve Bank of New York, "Policy on Repo and Securities Lending Operations," November 25, 2024, https://www.newyorkfed.org/markets/opolicy/operating_policy_241125.

3 For a broad overview of the economic consequences of how Lehman Brothers managed internal cash, see the chapter on Corporate Complexity and System Risk in Allen N. Berger et al., eds., The Oxford Handbook of Banking (Oxford University Press, 2019). The court proceedings, which provide granular information of internal repo markets in Lehman's cash management systems, can be found here: Stanford Law School, "Lehman Brothers Holdings Inc. Chapter 11 Proceedings Examiner's Report," March 11, 2010, https://web.stanford.edu/~jbulow/lehmandocs/menu.html.

4 Melanie Friedrichs et al., "Affiliate Repo and the 2024 STFM Update," The OFR Blog, August 7, 2025, https://www.financialresearch.gov/the-ofr-blog/2025/08/07/affiliate-repo-2024-stfm-update/.

5 Jennie Bai et al., "Liquidity Flows to Bank-Affiliated Broker Dealers: Insights from Volumes and Prices," Georgetown McDonough School of Business Research Paper No. 5287025 (Georgetown McDonough School of Business, June 9, 2025), https://ssrn.com/abstract=5287025.

6 Regulation W implements Section 23A of the Federal Reserve Act. Board of Governors of the Federal Reserve System, "Regulation W (Transactions Between Member Banks and Their Affiliates)," February 25, 2026, https://www.federalreserve.gov/supervisionreg/topics/regulation_w.htm.

7 For these cases, information on the precise legal relationship between the agent and client is not available in the data; by mapping to the client's parent, we assume that the client is a relevant economic party. For managed funds, such as pension funds, mutual funds, or ETFs, we assume that the fund manager is the relevant economic party. Managed funds play a small role in affiliate trading, accounting for less than 5% of total affiliate volume.

8 Further, in the tri-party segment the average trade size of affiliate repo is more than 10 times the average trade size of non-affiliate repo. Trade size comparisons are not easily made in the NCCBR and DVP segments due to limitations on collateral value imposed by Fedwire transfers. Melanie Friedrichs et al., "Affiliate Repo and the 2024 STFM Update," The OFR Blog, August 7, 2025, https://www.financialresearch.gov/the-ofr-blog/2025/08/07/affiliate-repo-2024-stfm-update/.

9 On-the-run U.S. Treasuries are the most recently issued U.S. Treasury of a specific term.

10 There is also more variation in tri-party haircuts. Mark Paddrik and Carlos A. Ramírez, "Treasury Tri-Party Repo Pricing," Working Paper No. 25-07 (Office of Financial Research, September 30, 2025), https://www.financialresearch.gov/working-papers/files/OFRwp25-07_treasury-tri-party-repo-pricing.pdf.

11 Parent organizations and subsidiaries are classified by name with help from LEI where available. Domicile is determined by LEI or name. If the domicile of the entity is unclear, the entity is assumed to have the domicile of the parent. Ashlyn Cenicola et al., "Who Participates in Repo?," OFR Brief No. 26-03 (Office of Financial Research, March 31, 2026), https://www.financialresearch.gov/briefs/files/OFRBrief-26-03-who-participates-in-repo.pdf.