OFFICE OF FINANCIAL RESEARCH

FACT SHEET

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The OFR's New Data Collection of

NON-CENTRALLY CLEARED BILATERAL REPO

The Office of Financial Research (OFR) has adopted a Final Rule establishing a data collection for certain non-centrally cleared bilateral transactions in the U.S. repurchase agreement (repo) market. This collection requires daily reporting to the OFR by certain brokers, dealers, and other financial companies with large exposures to non-centrally cleared bilateral repo (NCCBR). The collected data will be used to support the work of the Financial Stability Oversight Council, its member agencies, and the OFR to identify and monitor risks to financial stability.

WHAT IS THE REPURCHASE AGREEMENT MARKET?

Generally speaking, a repo transaction is the sale of assets combined with an agreement to repurchase them in the future at a prearranged price. Market participants use repos for many reasons, including financing their portfolios or using cash as collateral to borrow securities. The repo market is a foundational component of the U.S. financial system, providing trillions of dollars of daily funding and facilitating liquidity for U.S. Treasuries and other securities.

WHAT DATA ARE CURRENTLY REPORTED ON REPO TRANSACTIONS?

The repo market has four distinct segments in the United States, and firms currently report transaction-level data to the official sector on three of the four. Data on the U.S. non-centrally cleared tri-party segment is collected by the Federal Reserve Board of Governors. Data on the centrally cleared tri-party and bilateral segments are collected by the OFR.

WHERE ARE THE DATA GAPS IN THE REPO MARKET?

Less information is available regarding NCCBR. It is the last segment for which regulators do not have a transaction-level data source, despite being estimated at the end of 2022 to be the largest of the four segments at $2 trillion in outstanding commitments each day.

WHAT DOES THE OFR'S FINAL RULE DO?

The Final Rule requires certain financial companies to report transaction-level NCCBR data on a daily basis. Financial companies are defined as Covered Reporters under two categories. The first category includes brokers and dealers, while the second includes other financial companies. All Covered Reporters have large exposures to the NCCBR market, with at least $10 billion in average daily total outstanding commitments to extend guarantees on and borrow cash through NCCBR transactions over all business days during the prior calendar quarter.

Covered Reporters will submit a single file with daily trade and collateral data on all outstanding NCCBR transactions to which they are a party. The file will include 32 data elements for each transaction, including the identities of cash lenders and borrowers, start and end dates of repo transactions, cash amounts lent and borrowed, and rates at which repo transactions occurred.

WHEN DOES REPORTING START?

The timeline for financial companies that meet reporting thresholds as of the effective date of the Final Rule is as follows:

	Publication Date	Effective Date	Compliance Date
Category 1 Covered Reporter	T	T + 60 days	Effective Date + 150 days
Category 2 Covered Reporter	T	T + 60 days	Effective Date + 270 days

HOW IS THE FINAL RULE DIFFERENT FROM THE PROPOSED RULE?

The OFR published a Notice of Proposed Rulemaking in January 2023 and received more than 30 public comments. In response, the OFR made several changes and clarifications in the Final Rule. One example is that Covered Reporters have more time to comply with reporting requirements. Another example is that reporting compliance dates are now staggered, so that Category 2 Covered Reporters have an additional 120 days. For more information see, the complete text of the Final Rule, the Reporting Instructions, and the Technical Guidance.