

Financial Research Advisory Committee Meeting

April 7, 2022

Discussion Topic: Uncleared Bilateral Repurchase Agreement Market Data

The OFR is pursuing a pilot collection of data from the uncleared bilateral repo market with the goal of creating an ultimate rule which would require regular reporting of transaction-level data on this segment of the market. As of January 5, 2022 the uncleared bilateral repo market made up roughly 40% of primary dealer repo positions (\$947 billion) and 60% of primary dealer reverse-repo positions (\$1,205 billion), and this segment provides a key source of hedge fund leverage. Unlike other segments of the U.S. repo market, the uncleared bilateral repo market has no custodian or central counterparty, and so activity is spread across a wide number of different dealers and banks, which contributes to a lack of transparency into this market.

Collection of this data would follow the February [recommendation](#) by FSOC's Hedge Fund Working Group that the OFR take the lead in collecting data from this segment of the market. We have already begun outreach with market participants who would be covered by such a rule, and under our current plans would follow this outreach with a pilot data collection targeting nine dealers with large exposures to the uncleared bilateral market. Through this pilot data collection and the following rule requiring daily reporting, we hope to ultimately provide both regulators and market participants with a clear picture of activity in this crucial portion of short-term funding markets.

Questions for the committee:

- 1) How would you describe the current state of transparency in the uncleared bilateral repo market?
- 2) What features of the market is it most important for an uncleared bilateral repo collection to cover?

- 3) What challenges do you see to setting up a permanent collection of transaction-level uncleared bilateral repo data?