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Navigating the US Treasury Clearing Mandate:

The Road Ahead

Banking & Capital Markets | April 2025

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Agenda

Transformation - Business, Operations, and Infrastructure
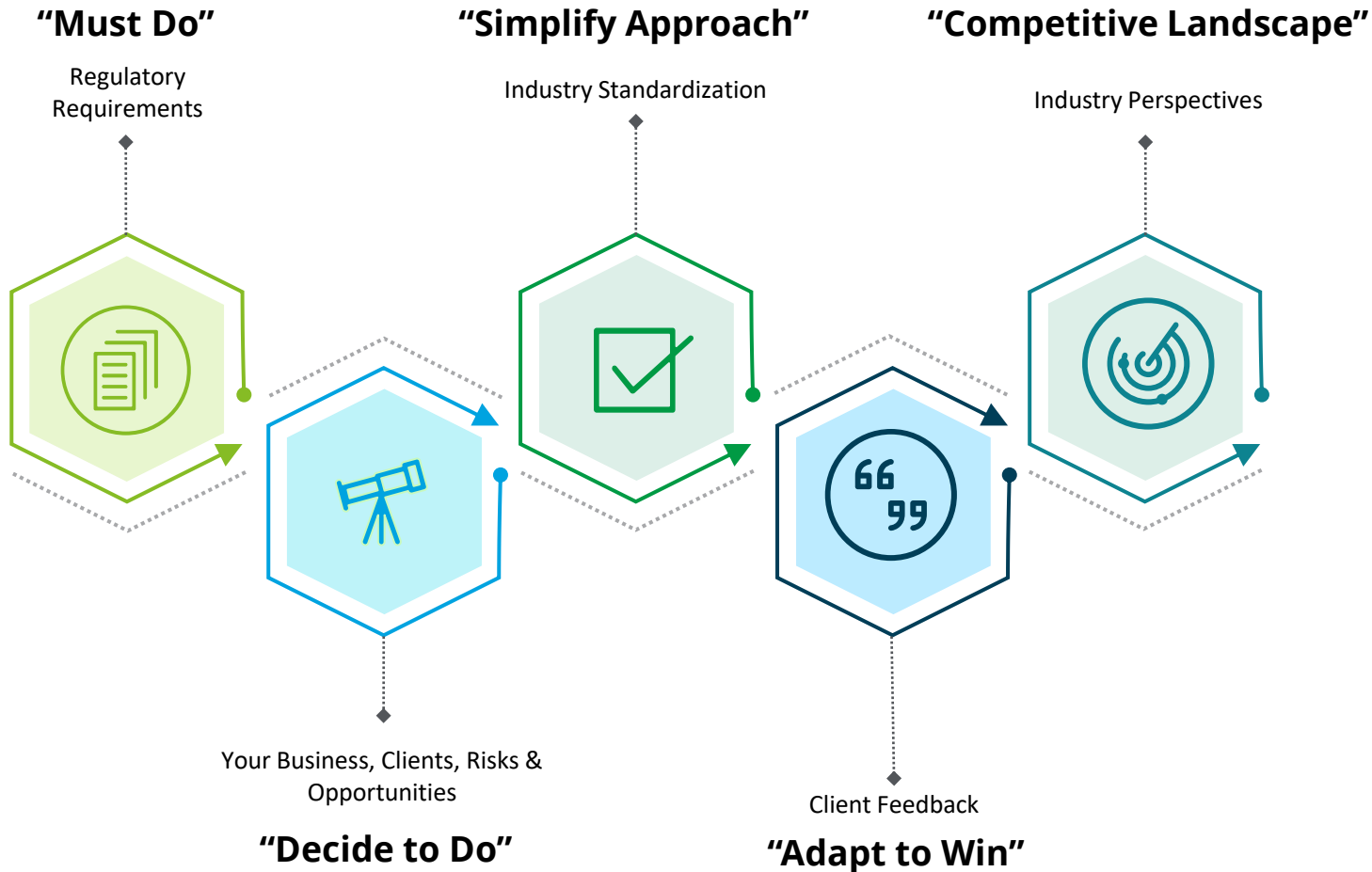
- Infrastructure investment
- Operational impacts
- Counterparty migration planning
- Organizational and business considerations

Transformation book of work
Business, Operations, and Infrastructure

Decisions driving a successful transformation program

There are many sources of information that need to be synthesized to establish your vision for the strategic build of your US Treasury Clearing infrastructure – starting with a focus on what you must do and what you're going to decide to do

"Must Do"
Regulatory Requirements

"Simplify Approach"
Industry Standardization

"Competitive Landscape"
Industry Perspectives

Your Business, Clients, Risks & Opportunities
"Decide to Do"

Client Feedback
"Adapt to Win"

Must Do
The SEC Final Rule and the FICC Rule Book updates establish the rules that will define a new playing field

Decide to Do
You will decide what your firm will do based on your clients, your business, and what risks and opportunities you must manage

Simplify Approach
Industry participants are working together to try to find simplifying solutions (e.g., client documentation, large scale account changes)

Adapt to Win
Your clients will tell you how you can best meet their needs – even if it means preparation for the future, beyond the regulatory deadlines

Competitive Landscape
Your competition is navigating these same challenges, and it's critical to understand their position relative to yours

Components of a transformation program

No two organizations are impacted in the same way by the implications of this rule. Deloitte has produced a Treasury Clearing Transformation playbook based on our industry experience and varied engagements.

Start with the end in mind
Your business is directly impacted by this rule and will need to evaluate core offerings, assess relationships across internal businesses and design for resource utilization within financial constraints

Design how to operate and control
Your firm should be built to operate at scale and under a proactive control framework to ensure stability and compliance, while maintaining efficiency and profitability

Enable strategic growth
Whether you leverage vendor software packages or home-grown infrastructure, your transformation program requires strategic technology investment

| Business Decisions | Client and Counterparty Impact | Accounting, Financial Resources and Tax |

| Operational Impact | Regulatory, Policy, and Compliance |

| Technical Infrastructure |

Start with the end in mind

It's a critical step in your program to understand your goals and constraints, and find a strategic alignment with the market

Business Decisions

- Services, CCAs, access models and target clients
- Legal entity analysis and optimization
- Risk identification and appetite
- Cost analysis and pricing
- Affiliate facilitation
- Organizational alignment across lines of business
- Product transformation and opportunities

Client and Counterparty Impact

- Critical client identification and alignment
- Client profiling and communication
- Bilateral volume analysis and clearing projections
- Client relationship alignment and investment
- Migration planning
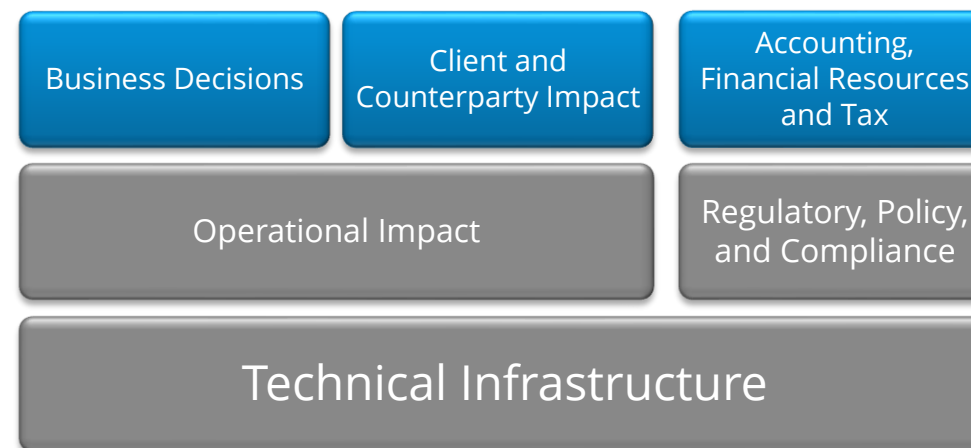
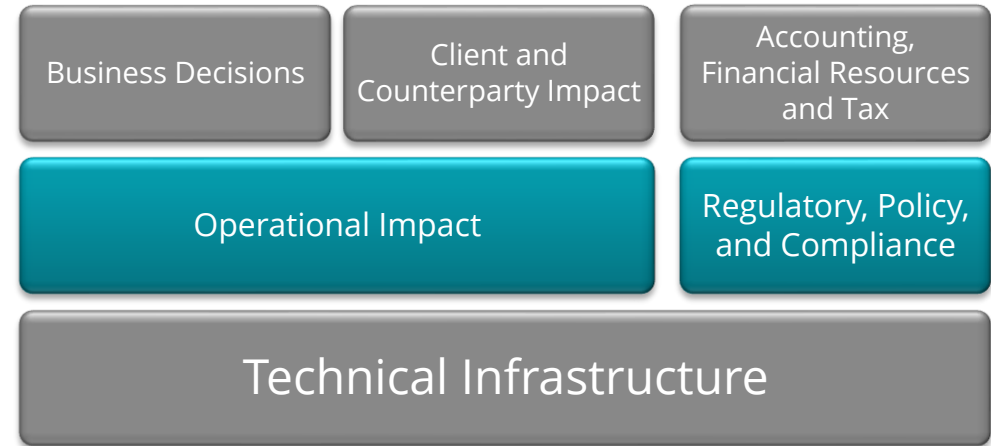## Accounting, Financial Resources & Tax

- Alignment of global accounting policies
- Balance sheet impact
- Collateral estimation for CCAs
- Regulatory Reporting
- NSFR, Liquidity ratios, Bank Capital and RWA
- Broker Dealer Capital, 15(c)3-3 updates
- Booking model changes and tax considerations

Designing your operating model and control framework

There are many impacts across the Operations organization, and the increased complexity of the clearing environment justifies increased rigor in control

Operational Impact

- Target Operating Model design
- Trade booking models
- Operational resource assessment
- Client onboarding
- Asset servicing and payments
- Increased complexity in settlements teams
- CCA and Settlement account setup and control
- Collateral management and optimization
- Collateral valuation and mark to market
- Identification of control points and reconciliations
- Update SOPs

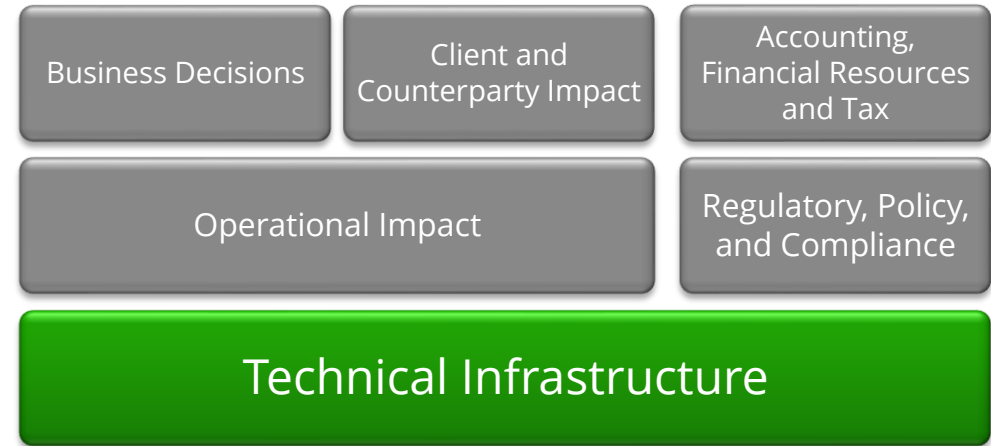|		
Business Decisions	Client and Counterparty Impact	Accounting, Financial Resources and Tax
Operational Impact		Regulatory, Policy, and Compliance
Technical Infrastructure		

Legal, Policy, and Compliance

- Create / Update CCA compliance manual
- Capture and document rule interpretation
- Legal documentation strategy
- Obligations of a CCA member
- Training for Eligible Secondary Market Transactions
- Pre-trade compliance checks

Enable strategic growth

The investment in technology should aim to reduce manual steps while increasing throughput and control, driving business value out of this mandatory industry change

Technical Infrastructure

- Central logic to determine ESMT & trade routing

- Real-time pre-trade compliance check

- Increased client static data requirements

- Connectivity to multiple clearinghouses

- Consolidated reporting and optimization

- Vendor analysis and architecture design

- Cleared repo lifecycle management

- Third-party credit checks and trade matching

- Automation of manual processes

- Automated controls for clearinghouse compliance requirements (account level, transaction level)

- Automated 15c3-3 process updates

- Integrate booking model changes to subledger and finance

Business Decisions	Client and Counterparty Impact	Accounting, Financial Resources and Tax
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Technical Infrastructure

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