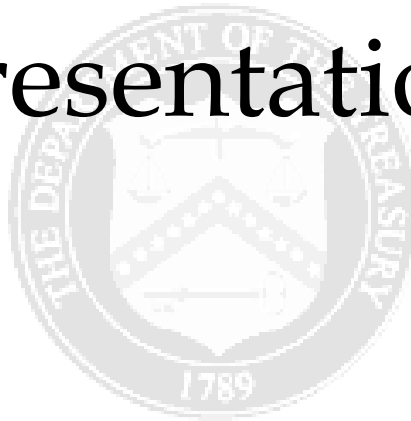


Treasury Presentation to TBAC



Office of Debt Management



Fiscal Year 2026 Q3 Report

Table of Contents*

I. <u>Executive Summary</u> – Highlights of TBAC Presentation	p. 4
II. <u>Recent Fiscal Results</u>	p. 6-8
III. <u>Various Fiscal Forecasts</u>	p. 10-13
IV. <u>Estimated Borrowing Needs and Financing Implications</u>	p. 15-20
V. <u>Select Portfolio Metrics</u>	p. 22-29
VI. <u>Select Demand Metrics</u>	p. 31-44
VII. <u>Review of Treasury Buyback Results</u>	p. 45-59
VIII. <u>Appendix</u>	p. 61-73

*All sources are from Treasury unless otherwise specified

Section I: Executive Summary



Highlights of Treasury's August 2026 Quarterly Refunding Presentation to the Treasury Borrowing Advisory Committee (TBAC)

Receipts and Outlays through Q3 FY2026

	\$ billion	Change from same period last year (\$ billion)	Change from same period last year (%)	As % of GDP	Change from same period last year (% GDP)
Total Receipts thru Q3 FY2026	\$4,151	+\$143	4%	17.3%	-0.3%
Total Outlays thru Q3 FY2026	\$5,518	+\$172	3%	22.9%	-0.6%

Treasury's Projected Privately-held Net Marketable Borrowing for the Current and Next Fiscal Quarters

Treasury OFF Near Term Fiscal Projections	Privately-Held Net Marketable Borrowing (\$ billion)	Assumed End-of-Quarter Cash Balance (\$ billion)
Q4 FY2026	\$739	\$950 (Sep)
Q1 FY2027	\$628	\$850 (Dec)

Projected Privately-held Net Marketable Borrowing for the Next Three Fiscal Years from Various Sources*

Fiscal Year	Primary Dealers, Median, July 2026 (\$billion)	CBO Estimates, February 2026 (\$billion)
2026	\$2,009	\$1,987
2027	\$2,105	\$1,910
2028	\$2,197	\$2,088

*All privately-held net marketable borrowing estimates are “normalized” with details from page 18. Uncertainty regarding future funding needs remains relatively high, reflecting a variety of views on the path of monetary policy and the outlook for the economy.

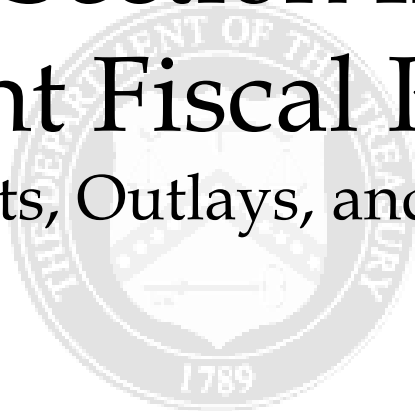
Latest Market Expectations for Treasury Financing in July 2026

- All primary dealers expected no changes to nominal coupon, TIPS, or FRN issuance sizes at the August refunding.

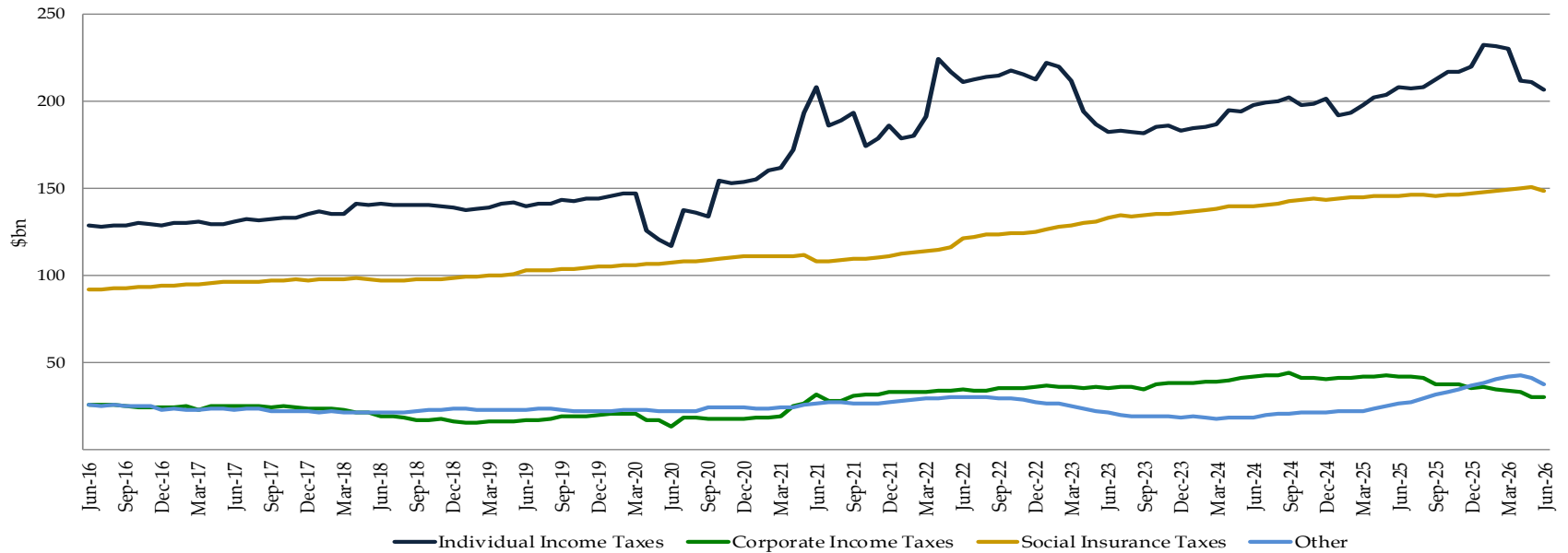
Section II:

Recent Fiscal Results

Receipts, Outlays, and Deficits



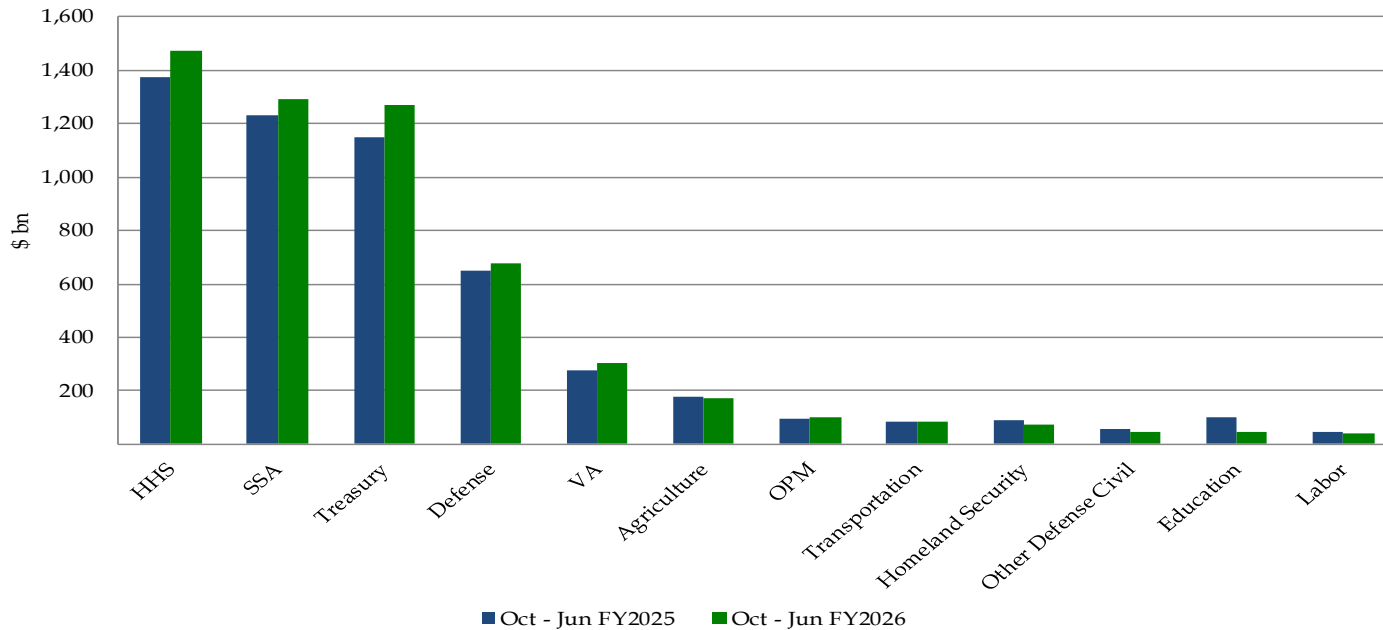
Monthly Receipt Levels (12-Month Moving Average)



Notable Receipts Category	YoY change thru Q3 FY 2026 (\$ billion)	YoY change thru Q3 FY 2026 (%)	Comments
Customs Deposits	+\$131	+116%	Increased due to higher tariff receipts.
Withheld and FICA Taxes	+\$112	+4%	Increased due to wage growth.
Non-Withheld and SECA Taxes	+\$89	+9%	This FYTD contained extended due dates for Los Angeles due to county wildfires.
Customs Refunds (-)	+\$76	NM	Increased due to IEEPA refunds which began in May 2026.
Gross Corporate Taxes	-\$68	-17%	Decreased due to legislative provision changes from the One Big Beautiful Bill.
Individual Refunds (-)	+\$26	+9%	One Big Beautiful Bill provisions have led to increases in refunds this season.

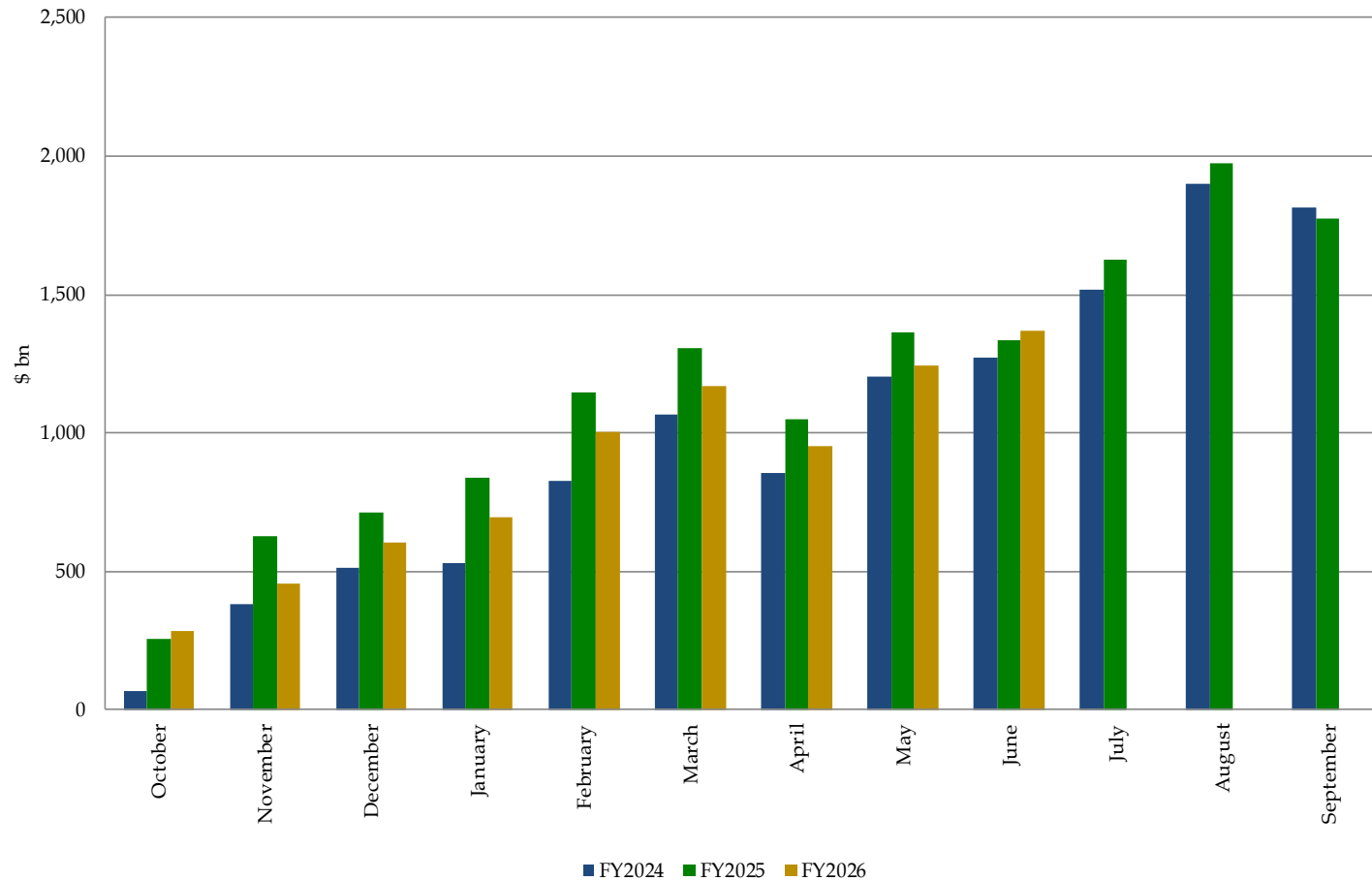
- NM represents “Not Meaningful.”
- Individual Income Taxes include withheld and non-withheld. Social Insurance Taxes include FICA, SECA, RRTA, UTF deposits, FUTA and RUIA. Other includes excise taxes, estate and gift taxes, customs duties and miscellaneous receipts.

Largest Outlays



Notable Outlay Category	YoY change thru Q3 FY 2026 (\$ billion)	YoY change thru Q3 FY 2026 (%)	Comments
Department of Treasury	+\$120	+10%	Increased due to higher gross interest primarily as a result of higher levels of debt.
Health and Human Services	+\$98	+7%	Increased due to Medicare and Medicaid spending.
Social Security Administration	+\$63	+5%	Higher due to implementation of the Social Security Fairness Act, increases from cost-of-living adjustments (COLA), and increased number of beneficiaries.
Military Programs	+\$31	+5%	Increased due to military personnel, procurement, and research and development.
Department of Veterans Affairs	+\$27	+10%	Higher due to compensation and pension as well as increased spending per person and use of health care facilities.
Department of Education	-\$55	-55%	Lower due to net reductions in the estimated costs of outstanding student loans.
Other	-\$112	-20%	Decreased due to lower EPA disbursements, lower FEMA payments, lower Commerce outlays, and higher receipts for interest received for trust funds.

Cumulative Budget Deficits by Fiscal Year



Section III:

Various Fiscal Forecasts

Primary Dealers, OMB, CBO



Recent Economic Forecasts

Primary Dealer Median Estimates July 2026

	<u>CY2026</u>	<u>CY2027</u>	<u>CY2028</u>
	<u>% Change from Q4 to Q4</u>		
GDP			
<i>Real</i>	2.2	2.1	2.1
<i>Nominal</i>	5.5	4.5	4.4
Inflation			
<i>CPI Headline</i>	3.4	2.2	2.3
<i>CPI Core</i>	2.7	2.4	2.3
	<u>Fourth Quarter Levels</u>		
Unemployment Rate (%)	4.3	4.2	4.2
	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>
Deficits (\$bil)	\$1,950	\$2,008	\$2,100

CBO Estimates February 2026

	<u>CY2026</u>	<u>CY2027</u>	<u>CY2028</u>
	<u>% Change from Q4 to Q4</u>		
GDP			
<i>Real</i>	2.2	1.8	1.8
<i>Nominal</i>	4.8	4.1	3.9
Inflation			
<i>CPI Headline</i>	2.8	2.4	2.3
	<u>Fourth Quarter Levels</u>		
Unemployment Rate (%)	4.6	4.5	4.4
	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>
Deficits (\$bil)	\$1,853	\$1,887	\$2,080

OMB Estimates April 2026

	<u>CY2026</u>	<u>CY2027</u>	<u>CY2028</u>
	<u>% Change Year over Year</u>		
GDP			
<i>Real</i>	3.5	3.1	3.1
<i>Nominal</i>	5.7	5.2	5.2
Inflation			
<i>CPI Headline</i>	2.3	2.3	2.2
	<u>Fourth Quarter Levels</u>		
Unemployment Rate (%)	3.7	3.7	3.7
	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>
Deficits (\$bil)	\$2,065	\$2,172	\$2,157

- Note: OMB's economic assumptions are from Table 1-1 of "Budget of the U.S. Government Analytical Perspectives Fiscal Year 2027," April 2026.
- CBO's economic assumptions are from Table 2-1 of "The Budget and Economic Outlook: 2026 to 2036," February 2026.

Recent Deficit Forecasts

Primary dealers' median deficit estimates in July 2026 were slightly lower relative to estimates they provided in April 2026, decreasing by \$11 billion in aggregate over the FY26-FY28 period.

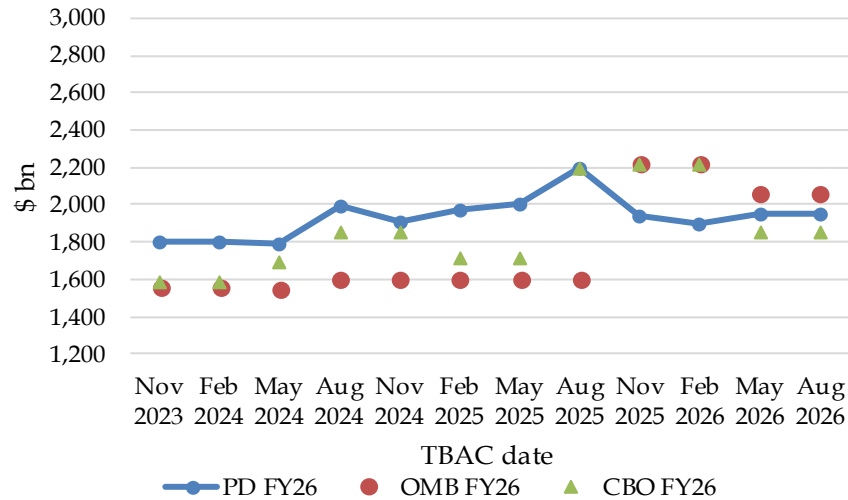
- The latest OMB and CBO estimates in the table below are provided for reference.

Deficit Estimates (\$ billion)	PD 25th Percentile	Primary Dealers (Median)	PD 75th Percentile	Change from Prior Quarter (Median)	OMB	CBO
FY 2026	1,900	1,950	2,020	-1	2,065	1,853
FY 2027	1,960	2,008	2,114	-10	2,172	1,887
FY 2028	2,050	2,100	2,200	0	2,157	2,080
As of date	Jul-26	Jul-26	Jul-26		Apr-26	Feb-26

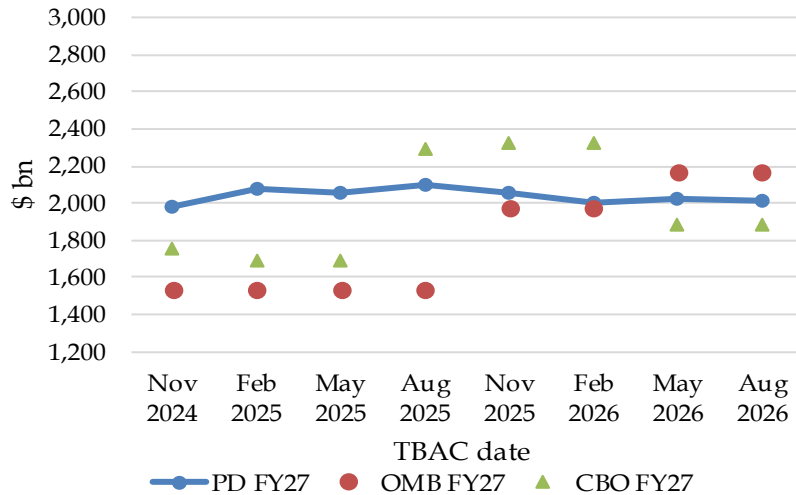
- OMB's deficit projections are derived from Table 8-1 and Table 15-1 of "Budget of the U.S. Government Analytical Perspectives Fiscal Year 2027," April 2026.
- CBO's deficit projections are from Table 1-3 of "The Budget and Economic Outlook: 2026 to 2036," February 2026.

Evolution of Median Primary Dealer, OMB, and CBO Deficit Estimates

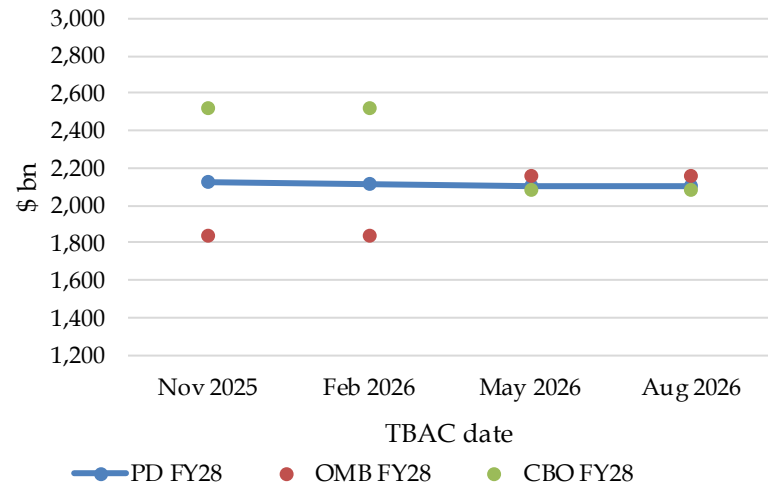
FY 2026



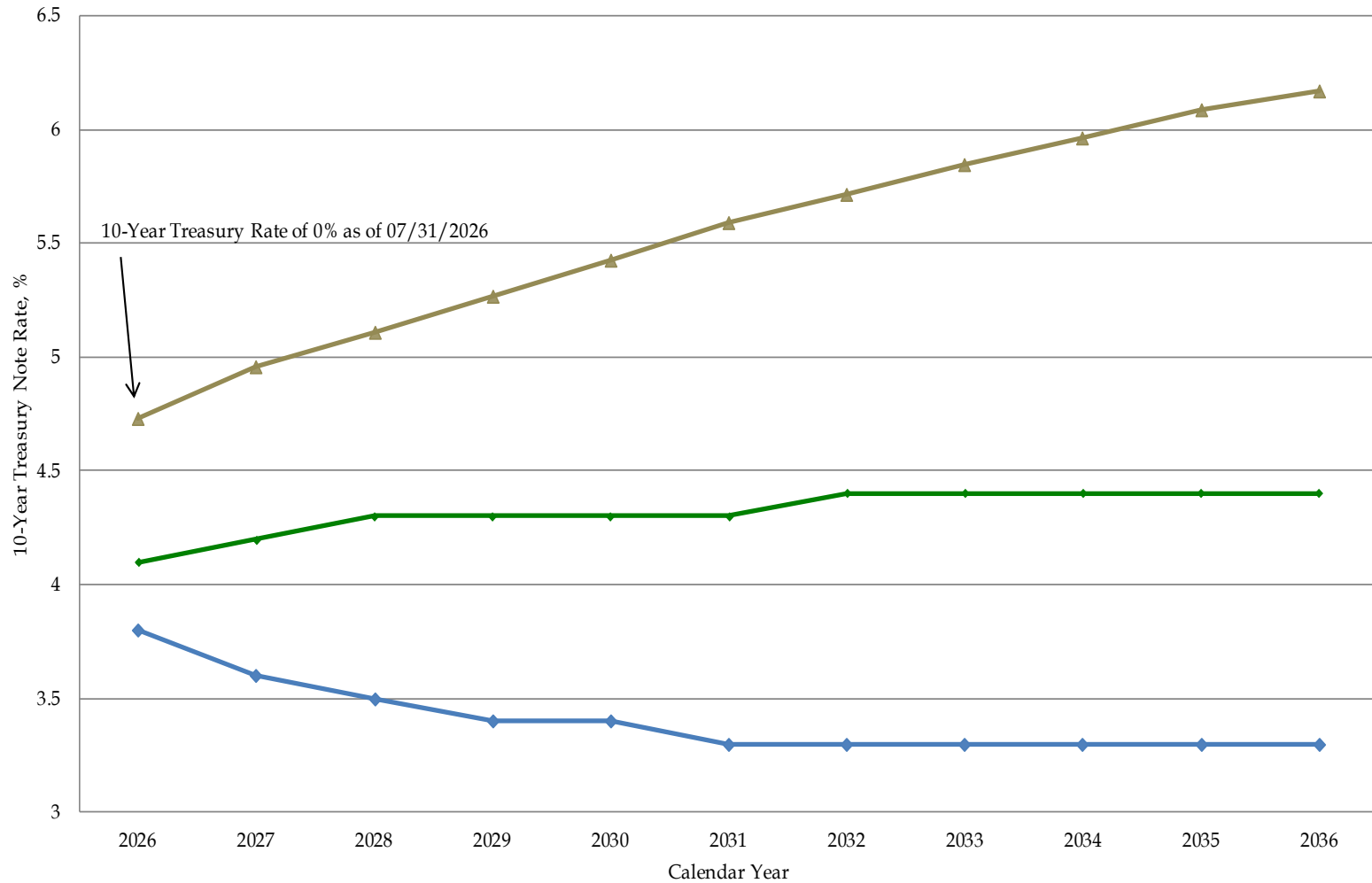
FY 2027



FY 2028



Interest Rate Assumptions: 10-Year Treasury Note



—▲— Implied Forward Rates as of 07/31/2026

—◆— CBO Econ Projections (February 2026)

—◆— OMB Budget (April 2026)

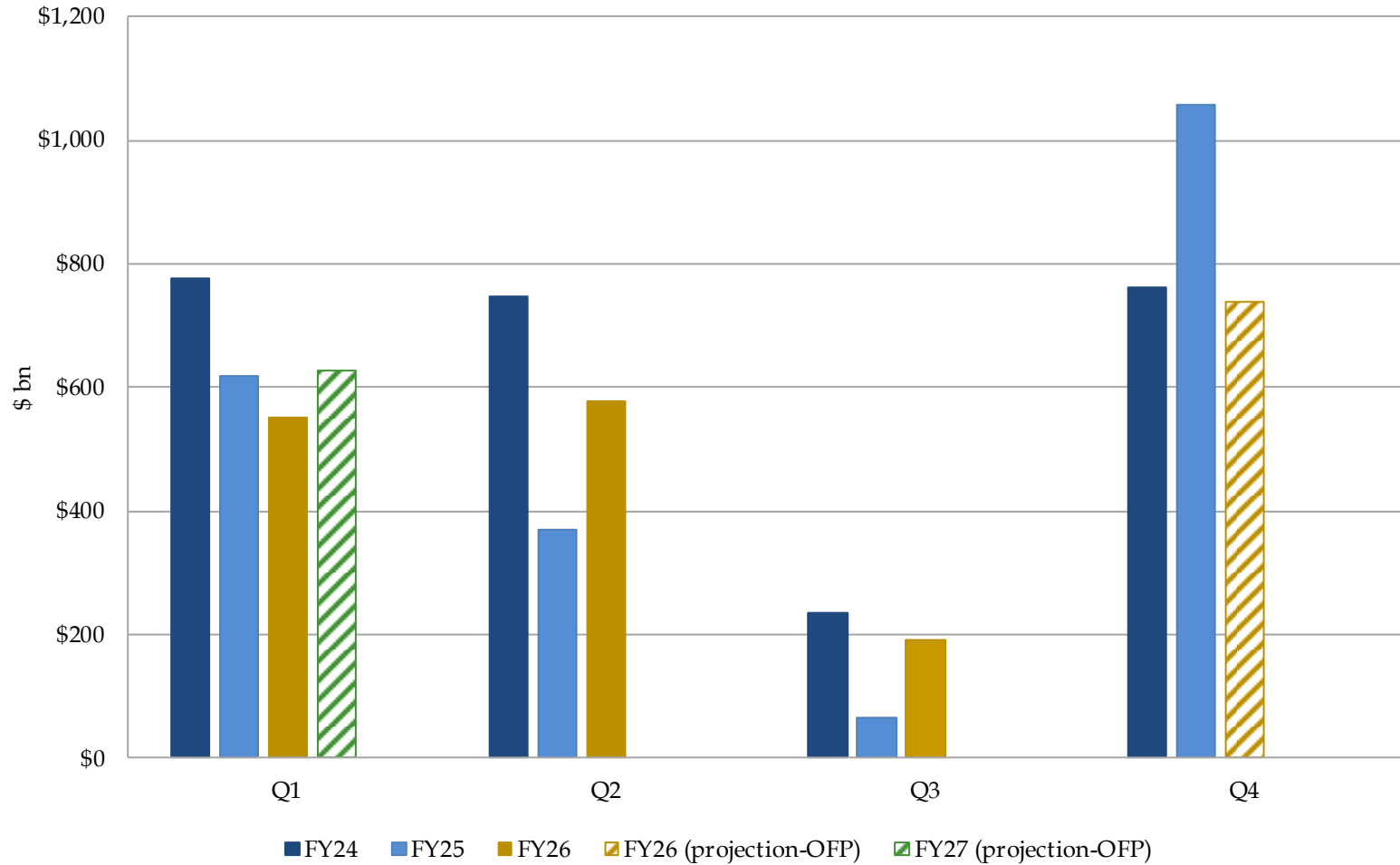
Section IV: Estimated Borrowing Needs and Financing Implications



Assumptions for Financing Section (pages 16 to 20)

- Portfolio and SOMA holdings as of 6/30/2026, unless otherwise noted (see slide 20).
- Estimates assume privately announced issuance sizes and patterns remain constant for nominal coupons, TIPS, and FRNs given the issuance sizes in effect in July 2026, while using total bills outstanding of ~\$6.69 trillion as of 6/30/2026, unless otherwise noted (see slide 20).
- The principal on the TIPS securities was accreted to each projection date based on market ZCIS levels as of 6/30/2026, unless otherwise noted (see slide 20).
- No attempt was made to account for future financing needs.
- **Privately-held marketable borrowing** excludes rollovers (auction “add-ons”) of Treasury securities held in the Federal Reserve System Open Market Account (SOMA) but includes financing required due to SOMA redemptions. Secondary market purchases of Treasury securities by SOMA do not directly change privately-held net marketable borrowing but, all else equal, when the securities mature and assuming the Fed does not redeem any maturing securities, this would increase the amount of cash raised for a given privately-held auction size by increasing the SOMA “add-on” amount. These borrowing estimates are based upon current law and do not include any assumptions for the impact of additional legislation that may be passed. Additionally, buybacks are not expected to significantly affect privately-held net marketable borrowing as new issuance replaces securities that are bought back.
- Liquidity support buybacks are assumed to be the same as actual liquidity support purchases from the previous calendar quarter. Cash management buybacks are also assumed to be the same as the most recent comparable calendar quarter. Since cash management buyback sizes vary from quarter to quarter due to changes in fiscal flows, the choice of the most recent comparable calendar quarter also varies.

Privately-Held Net Marketable Borrowing Outlook



Implied Bill Funding for the Current and Next Quarters Based on Recent Borrowing Estimates

Sources of Privately-Held Financing in FY26 Q4

July - September 2026	
Assuming Constant Coupon Issuance Sizes ¹	
Treasury Announced Net Marketable Borrowing ²	739
Net Coupon Issuance	375
Assumed Buybacks ³	45
Implied Change in Bills	409

Sources of Privately-Held Financing in FY27 Q1

October - December 2026	
Assuming Constant Coupon Issuance Sizes ¹	
Treasury Announced Net Marketable Borrowing ²	628
Net Coupon Issuance	361
Assumed Buybacks ³	50
Implied Change in Bills	317

Security	July - September 2026 Coupon Issuance			Fiscal Year-to-Date Coupon Issuance			Security	October - December 2026 Coupon Issuance			Fiscal Year-to-Date Coupon Issuance		
	Gross	Maturing	Net	Gross	Maturing	Net		Gross	Maturing	Net	Gross	Maturing	Net
2-Year FRN	86	86	0	344	334	10	2-Year FRN	86	86	0	86	86	0
2-Year	207	192	15	828	713	115	2-Year	207	194	13	207	194	13
3-Year	174	118	56	696	466	230	3-Year	174	139	35	174	139	35
5-Year	210	160	50	840	636	204	5-Year	210	169	41	210	169	41
7-Year	132	60	72	528	261	267	7-Year	132	66	66	132	66	66
10-Year	120	54	66	480	208	272	10-Year	120	46	74	120	46	74
20-Year	42	0	42	168	0	168	20-Year	42	0	42	42	0	42
30-Year	69	4	65	276	10	266	30-Year	69	4	65	69	4	65
5-Year TIPS	0	0	0	100	71	29	5-Year TIPS	50	44	6	50	44	6
10-Year TIPS	40	39	1	118	76	42	10-Year TIPS	19	0	19	19	0	19
20-Year TIPS ⁴	0	0	0	0	18	(18)	20-Year TIPS ⁴	0	0	0	0	0	0
30-Year TIPS	8	0	8	17	0	17	30-Year TIPS	0	0	0	0	0	0
Coupon Subtotal	1,088	713	375	4,395	2,794	1,601	Coupon Subtotal	1,109	748	361	1,109	748	361

¹ Keeping announced issuance sizes and patterns constant for nominal coupons, TIPS, and FRNs.

² Assumes end-of-September 2026 and end-of-December 2026 cash balances of \$950 billion and \$850 billion, respectively, versus end-of-June 2026 cash balance of \$919 billion. Financing Estimates released by the Treasury can be found here: <http://www.treasury.gov/resource-center/data-chart-center/quarterly-refunding/Pages/Latest.aspx>

³ Assumed buyback amounts for liquidity support are based on the most recent actuals (May26 to Jul26). Assumed buyback amounts for cash management are based on Sep24 actuals for FY26 Q4 and Dec25 actuals for FY27 Q1.

⁴ Treasury is currently not issuing 20-year TIPS.

Longer-Term Privately-Held Net Marketable Borrowing Estimates

FY 2026-2028 Deficits and Privately-Held Net Marketable Borrowing Estimates, in \$ billions

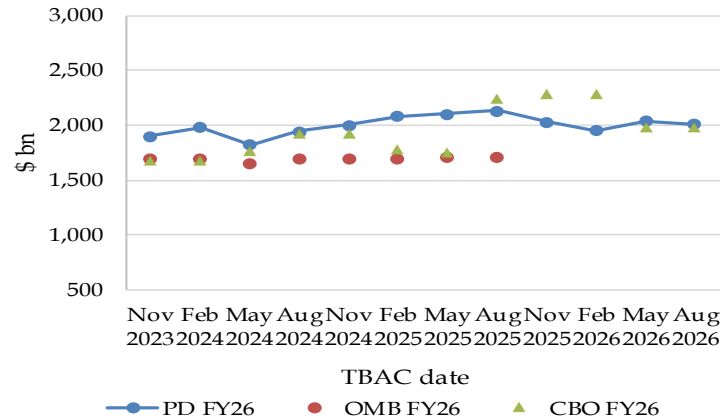
	Primary Dealer			OFF	OMB	CBO
	25th	Median	75th			
FY 2026 Deficit	1,900	1,950	2,020		2,065	1,853
FY 2027 Deficit	1,960	2,008	2,114		2,172	1,887
FY 2028 Deficit	2,050	2,100	2,200		2,157	2,080
FY 2026 Privately-Held Net Marketable Borrowing*	1,978	2,009	2,103	2,055		1,987
FY 2027 Privately-Held Net Marketable Borrowing*	2,003	2,105	2,159			1,910
FY 2028 Privately-Held Net Marketable Borrowing*	2,100	2,197	2,250			2,088

Estimates as of:	Jul-26	Jul-26	Apr-26	Feb-26
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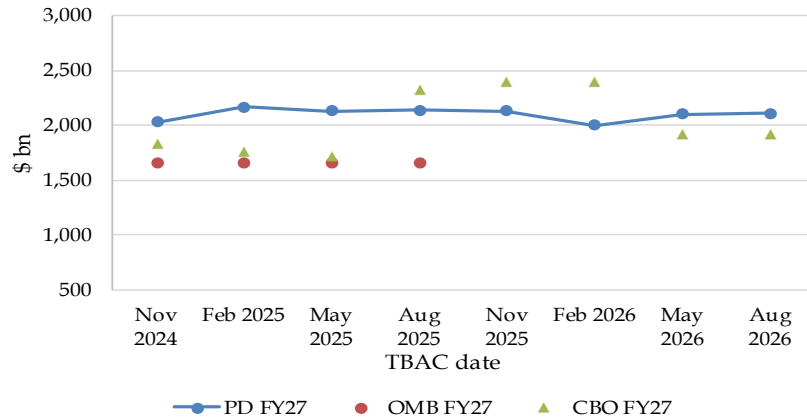
- All privately-held net marketable borrowing estimates are “normalized” using assumed Fiscal Year 2026 cash balance of \$950 billion, held constant in out years.
- OMB’s deficit projections are derived from Table 8-1 and Table 15-1 of “Budget of the U.S. Government Analytical Perspectives Fiscal Year 2027,” April 2026. OMB’s borrowing estimates are not available for this refunding.
- CBO’s projections are from Table 1-3 of “The Budget and Economic Outlook: 2026 to 2036,” February 2026.

Evolution of Median Primary Dealer, OMB, and CBO Privately-Held Net Marketable Borrowing Estimates

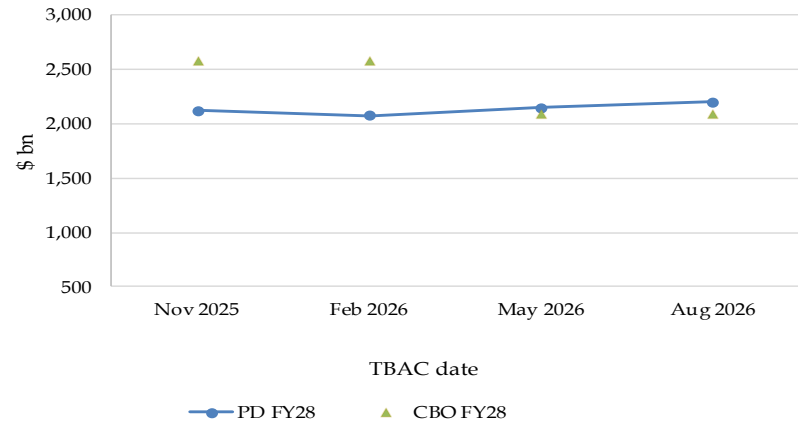
FY 2026



FY 2027

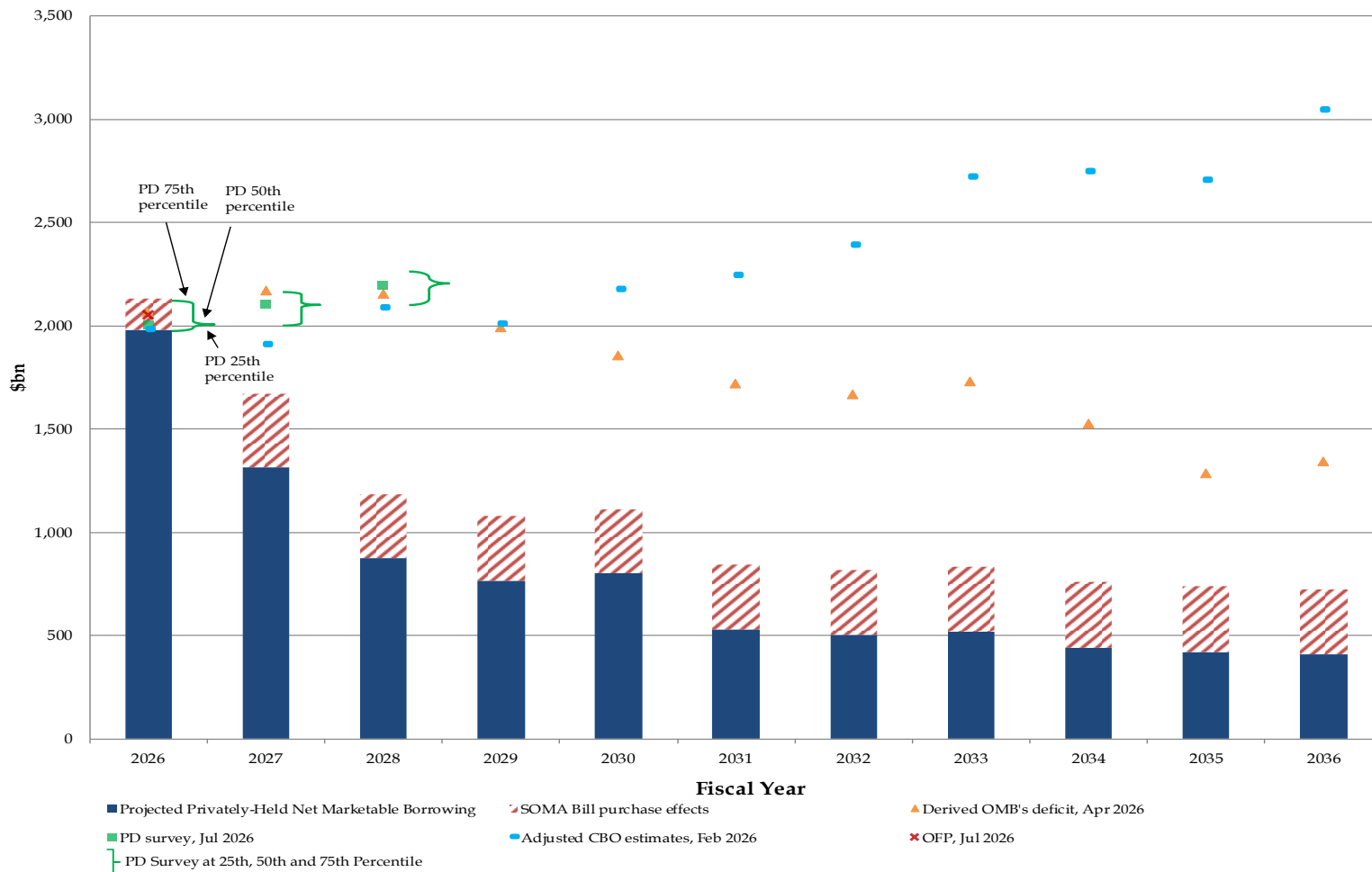


FY 2028



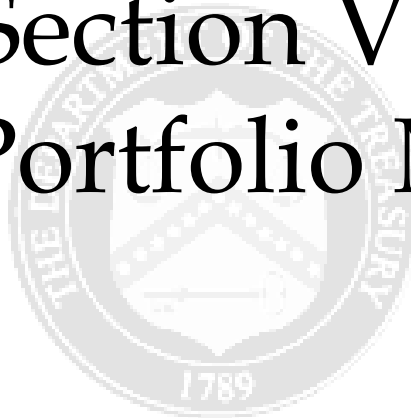
- OMB's borrowing estimates are not available for this refunding.
- CBO's deficit projections are from Table 1-3 of "The Budget and Economic Outlook: 2026 to 2036," February 2026.

Projected Privately-Held Net Marketable Borrowing Assuming Private Coupon Issuance & Privately-Held Bills Outstanding Remain Constant as of 7/31/2026*



*Treasury's latest primary dealer survey median/interquartile range estimates can be found on page 18. CBO's projections are from Table 1-3 of "The Budget and Economic Outlook: 2026 to 2036," February 2026. OMB's deficit projections are derived from Table 8-1 and Table 15-1 of "Budget of the U.S. Government Analytical Perspectives Fiscal Year 2027," April 2026. OMB's borrowing estimates are not available for this refunding. In addition, all privately-held net marketable borrowing estimates are normalized with a cash balance assumption of \$950 billion. SOMA purchase effects are estimated based on recent MBS principal payments and reserve management purchases.

Section V: Select Portfolio Metrics



Note: Several of the portfolio metrics charts that follow include three years of projections.

These projections are hypothetical and are meant for illustrative purposes only. The projections contained in these charts should not be interpreted as representing any future policy decisions regarding Treasury financing.

Projections illustrate how various portfolio metrics could evolve under three hypothetical financing scenarios. The scenarios were chosen to illustrate a potential range of portfolio metric outcomes based on hypothetical issuance choices.

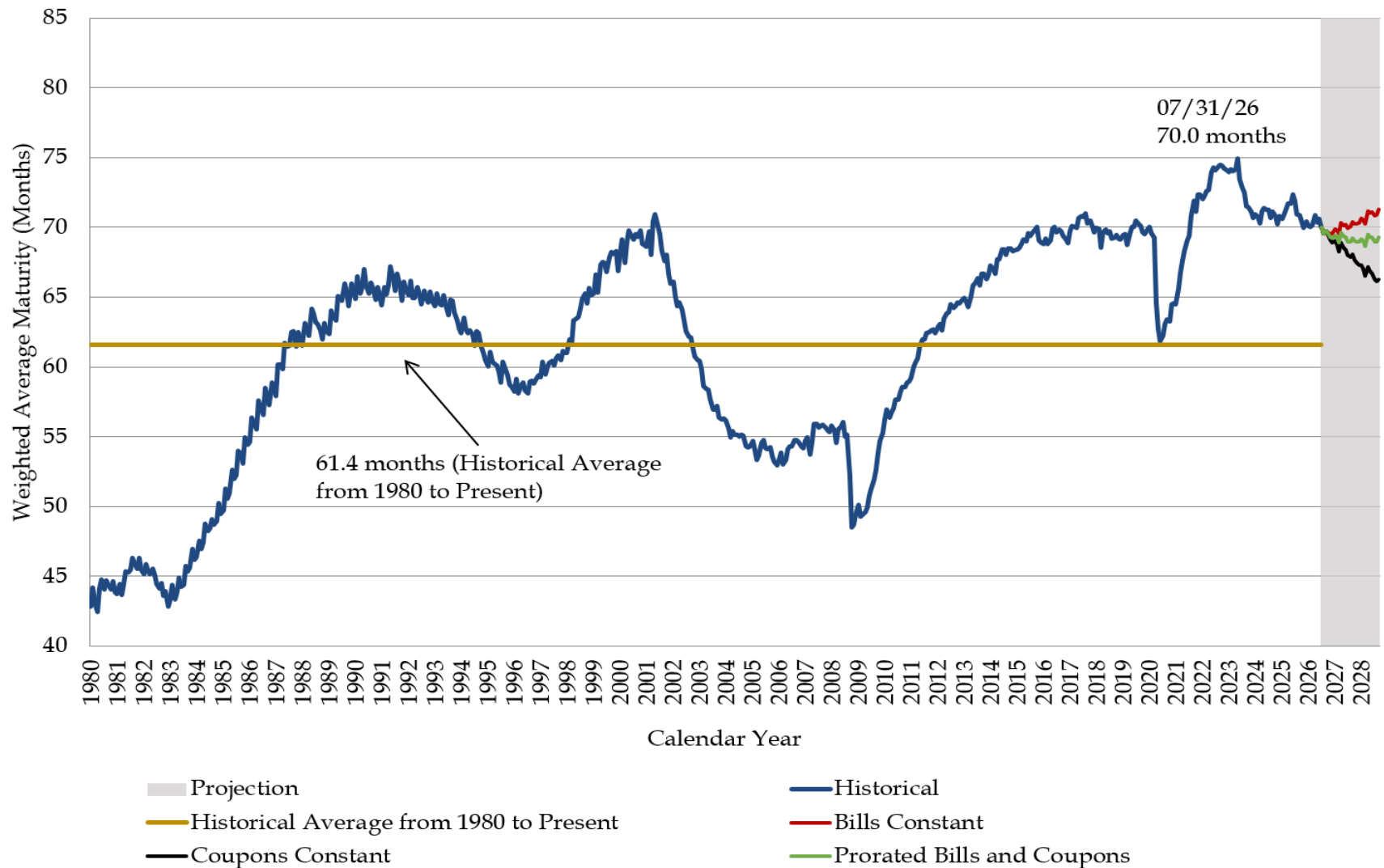
The scenarios are:

- 1) ***“Coupons Constant”***: Treasury maintains **coupon, FRN, and TIPS auction sizes constant** as of July 2026 and addresses any changes in financing needs by only increasing or decreasing T-bill auction sizes;
- 2) ***“Bills Constant”***: Treasury maintains **T-bills aggregate supply constant** at \$7.0 trillion as of 7/31/2026 and increases or decreases coupon, FRN, and TIPS auction sizes in response to financing needs in a manner that maintains current issuance proportions going forward;
- 3) ***“Prorated Bills and Coupons”***: Treasury maintains **T-bills share constant** at 22.2% as of 7/31/2026 and addresses any changes in financing needs by pro rata increasing or decreasing coupon, FRN, and TIPS auction sizes.

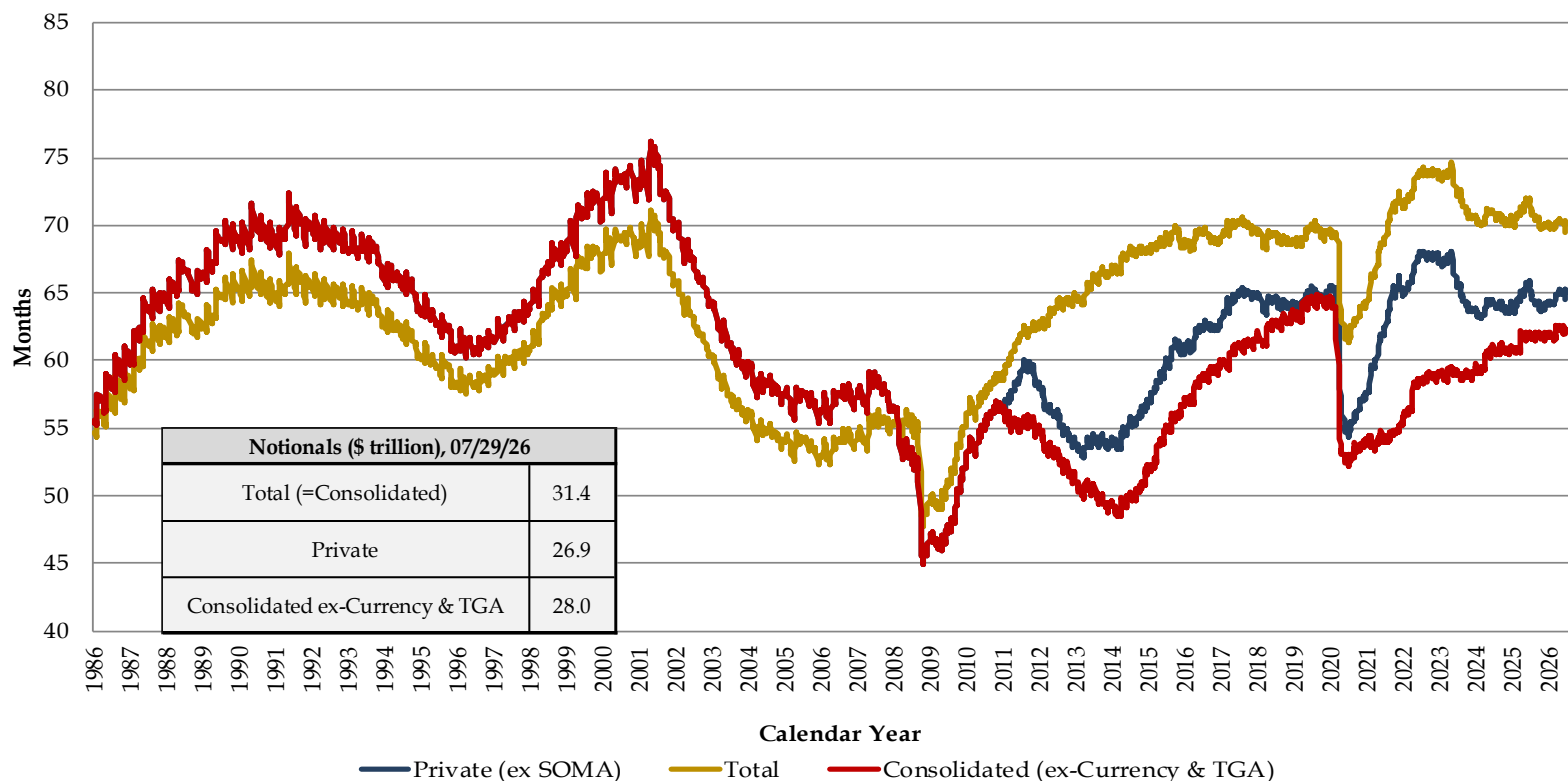
Privately-held net marketable borrowing needs used in the projections section of these charts are proxied using median primary dealer estimates for FY26, FY27 & FY28 (see page 18).

Buybacks are included in these projections using the same assumptions as Section IV.

Weighted Average Maturity of Marketable Debt Outstanding



Consolidated WANRR Calculation*

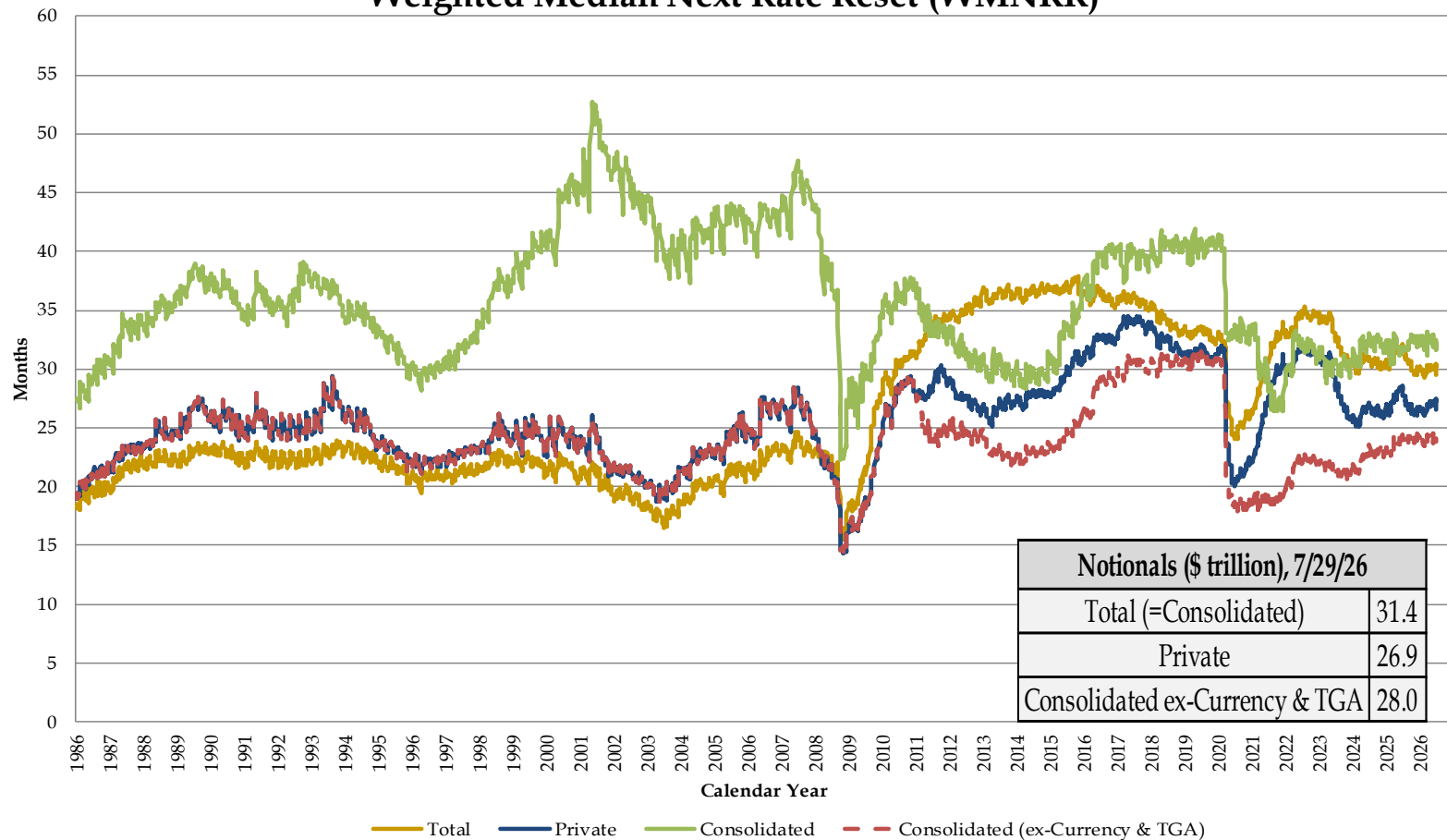


* Weighted Average Next Rate Reset (WANRR) is a “Weighted Average Maturity” metric that attempts to adjust for the floating rate aspect of some Treasury debt. The WANRR is the average time until the outstanding debt’s interest rate is set to a new interest rate. For bills and fixed rate notes and bonds, the next rate reset is equal to the maturity date.

In contrast, for floating rate obligations, the time between the next rate reset date or maturity date is examined and the shorter period is used in the calculation.

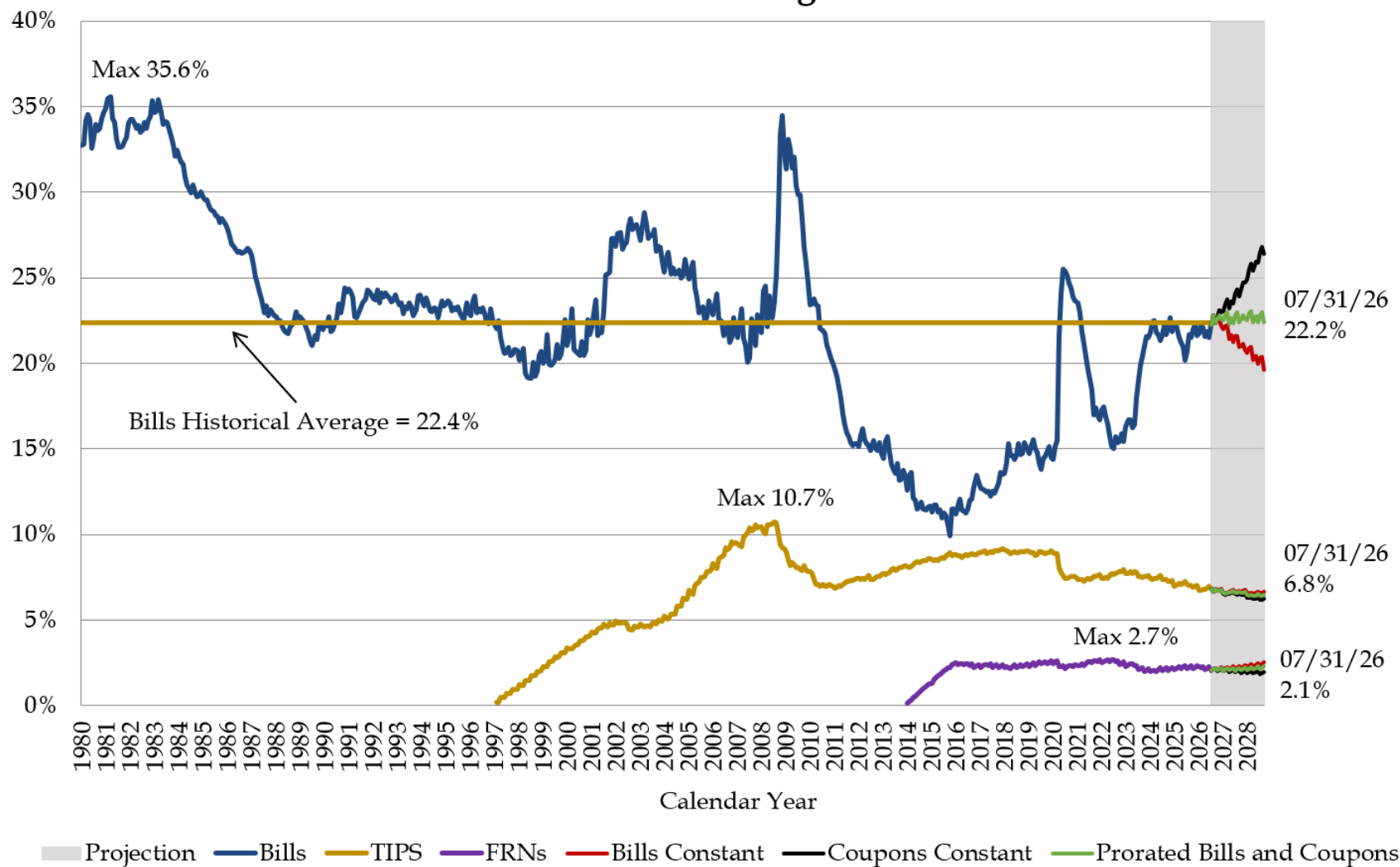
The consolidated outstanding debt is defined as the private amount plus SOMA Treasury securities holdings less currency in circulation and the size of the Treasury General Account (TGA). In this calculation, SOMA Treasury holdings greater than the sum of the level of currency in circulation and the size of the TGA are treated as if they have a daily rate reset.

Weighted Median Next Rate Reset (WMNRR)*

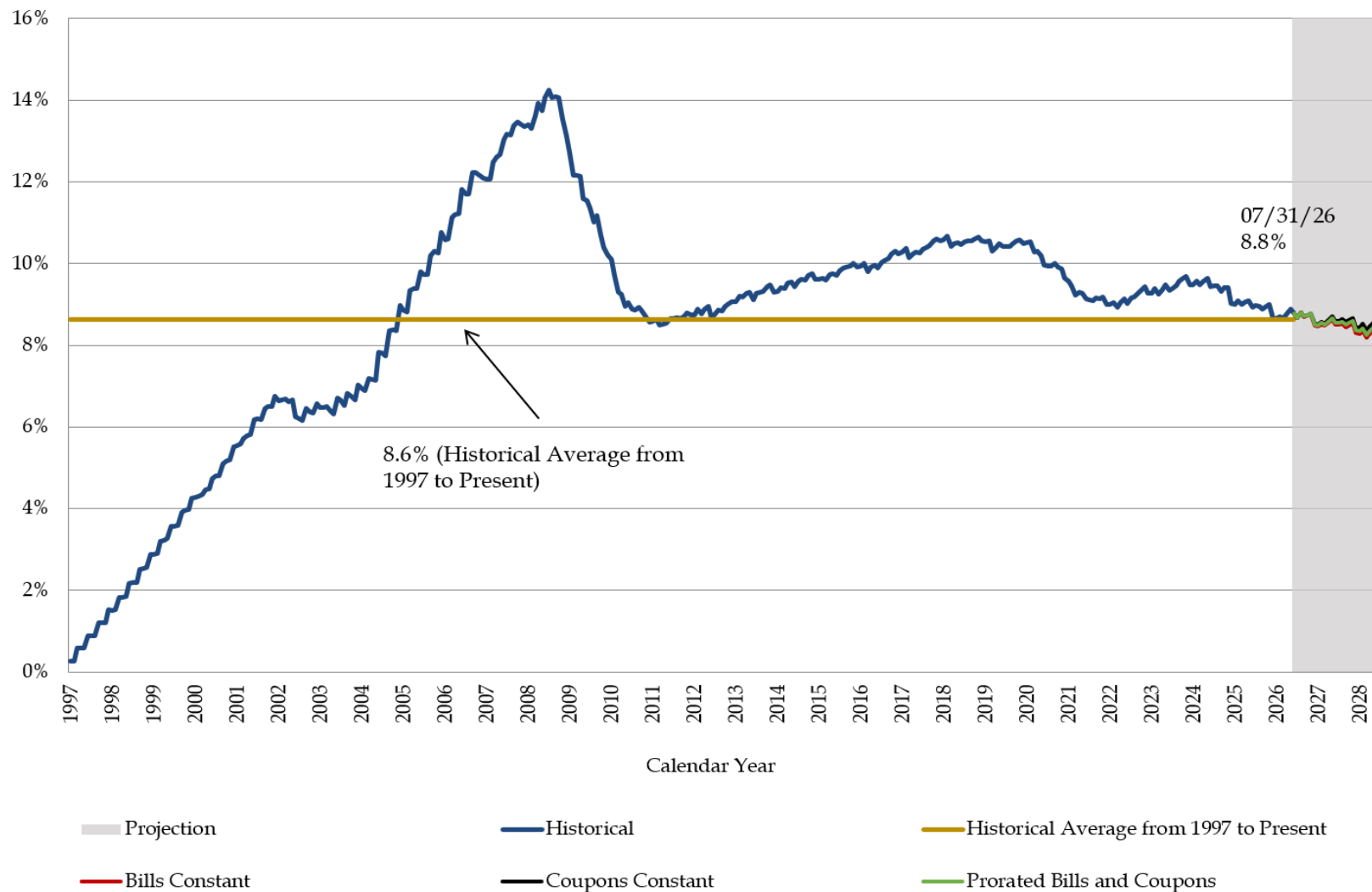


*Weighted Median Next Rate Reset (WMNRR) of the Treasury portfolio (Total or Private) is the time, in months, by which half the portfolio by current-face is scheduled to mature (or be subject to rate-reset for FRNs). In most cases no existing tenor/coupon-date will demarcate exactly 50% of cumulative-notional; as such, linear interpolation between two nearest tenors is used. WMNRR of the Consolidated portfolio is calculated in the same manner, but with SOMA Treasury holdings netted-out, against combined non-interest-bearing liabilities of currency in circulation & the size of the TGA (treated as having a de facto infinite next-reset date) and the remainder, as applicable, against reserve balances and RRP (considered to have a one-day next-reset). WMNRR Consolidated (ex-Currency & TGA) reflects the WMNRR of the consolidated portfolio but excluding that portion of SOMA Treasury holdings implicitly financed by the currency in circulation and the size of the TGA; this is equivalent to Privately-held Treasuries outstanding + SOMA Treasury holdings, less Currency & TGA balance.

Bills, TIPS & FRNs Outstanding as a Percent of Marketable Debt Outstanding



TIPS Outstanding as a Percentage of Total Coupon Bearing Securities



Measures of Treasury Bill Supply

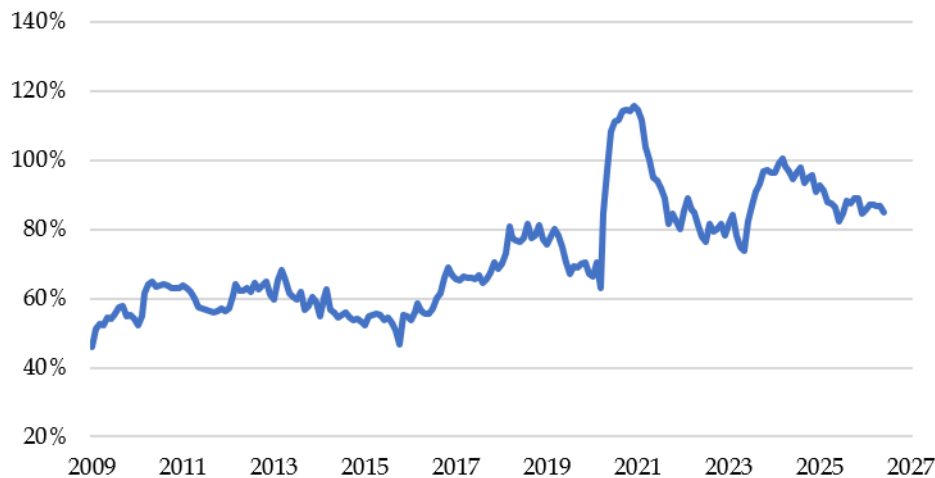
Total Bills Outstanding/Nominal GDP



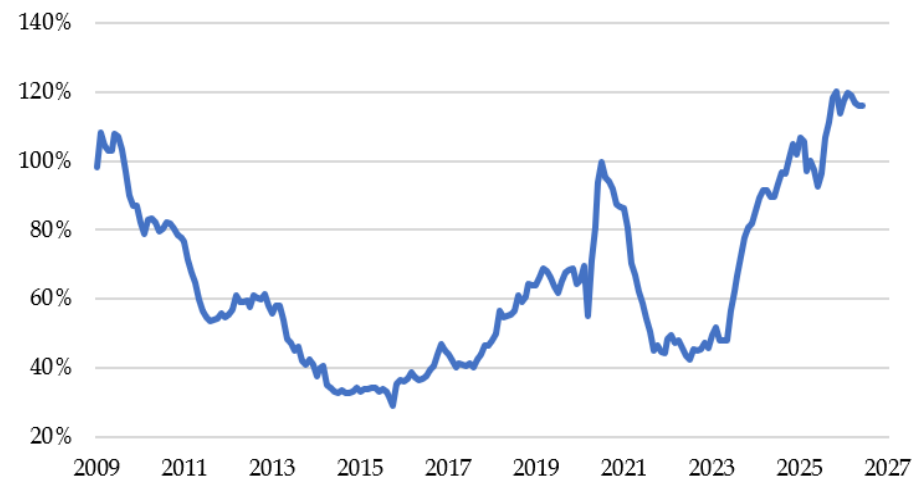
Total Bills Outstanding/Commercial Bank Deposits



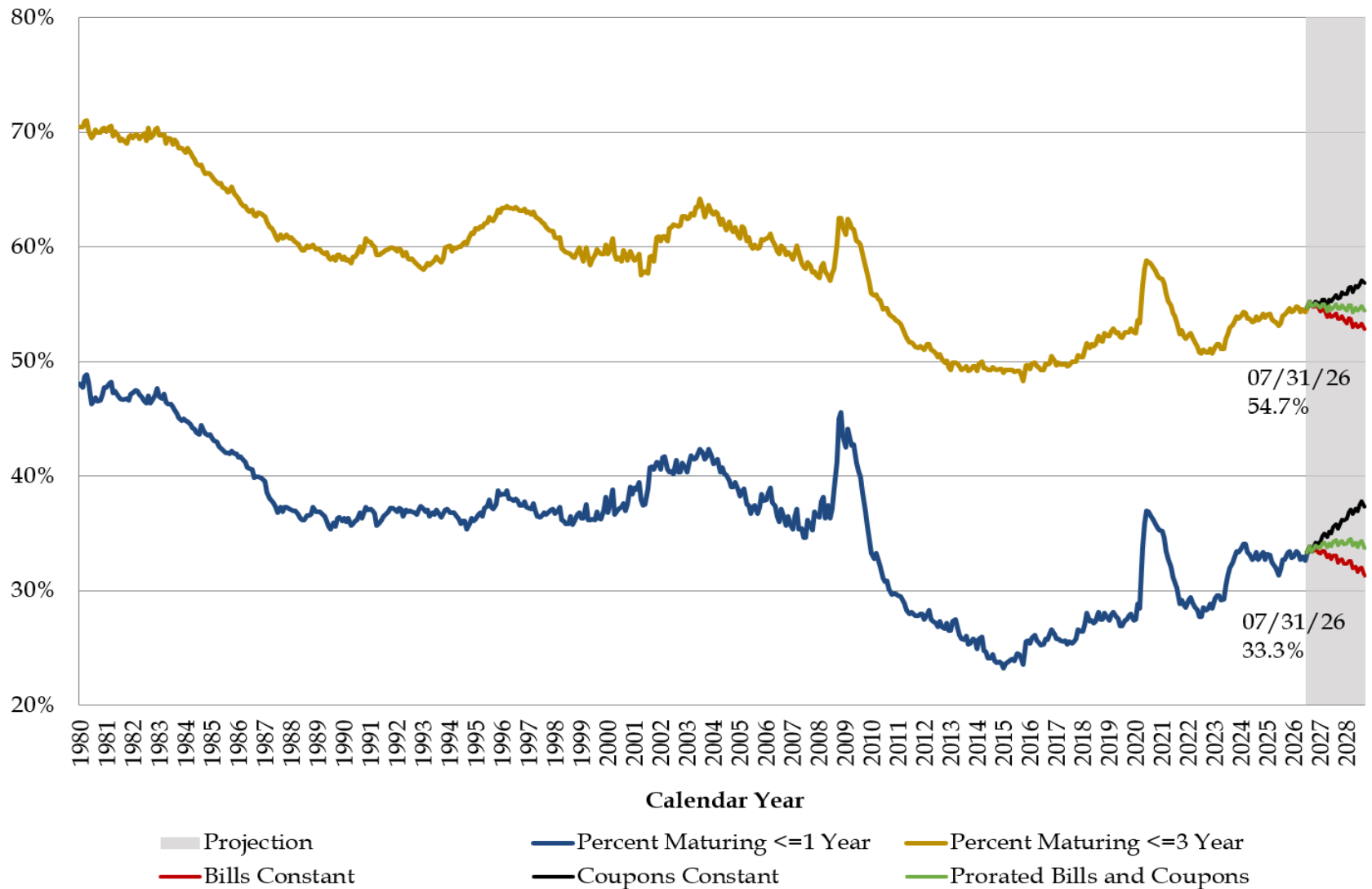
Total Bills Outstanding/Total MMF AUM



Total Bills Outstanding/Federal Reserve Liabilities ex. TGA



Treasury Maturity Profile

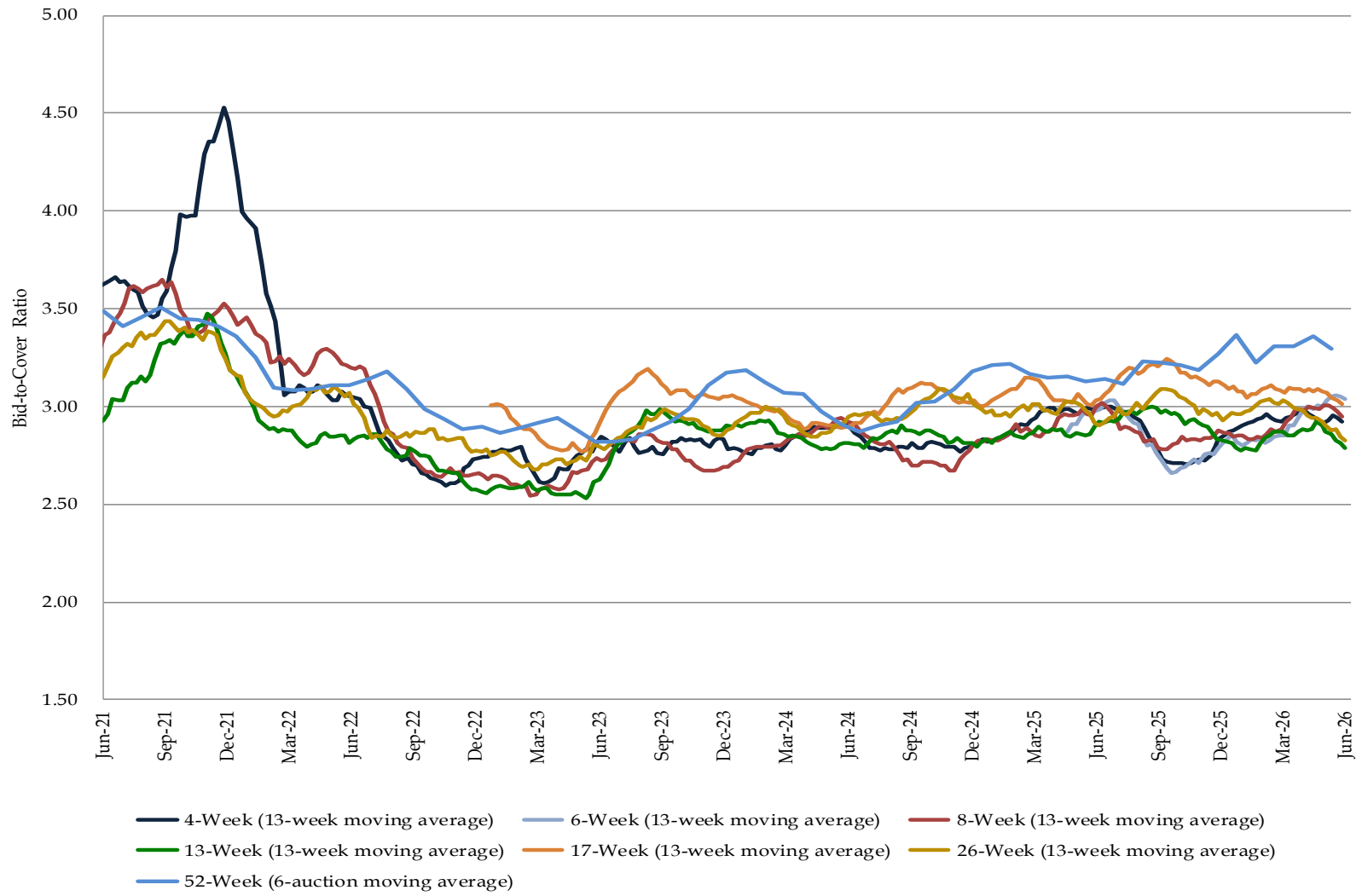


Section VI:

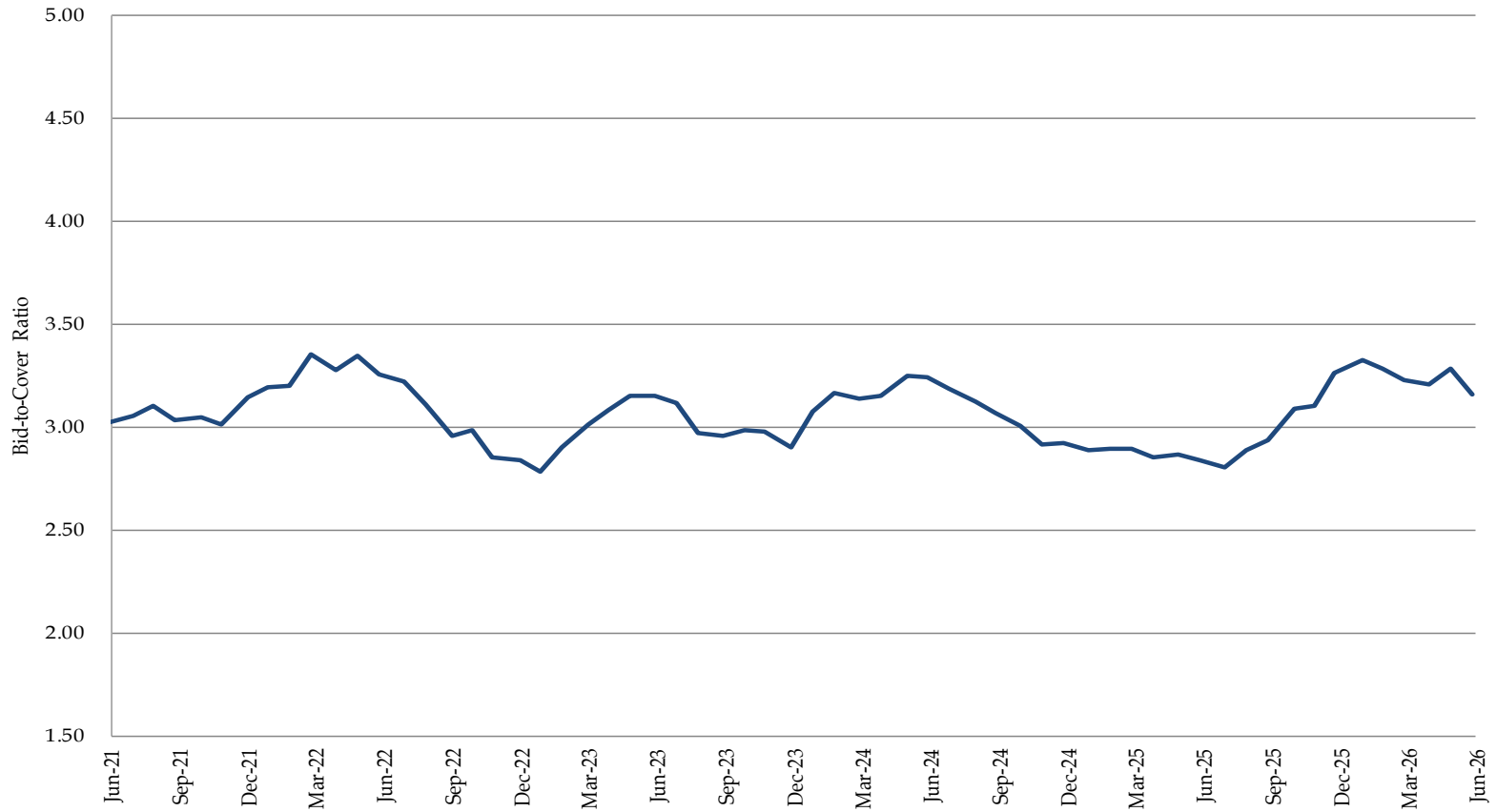
Select Demand Metrics

Bid-to-Cover Data, Investor Class Data,
Direct & Primary Dealer Awards, and Foreign Demand

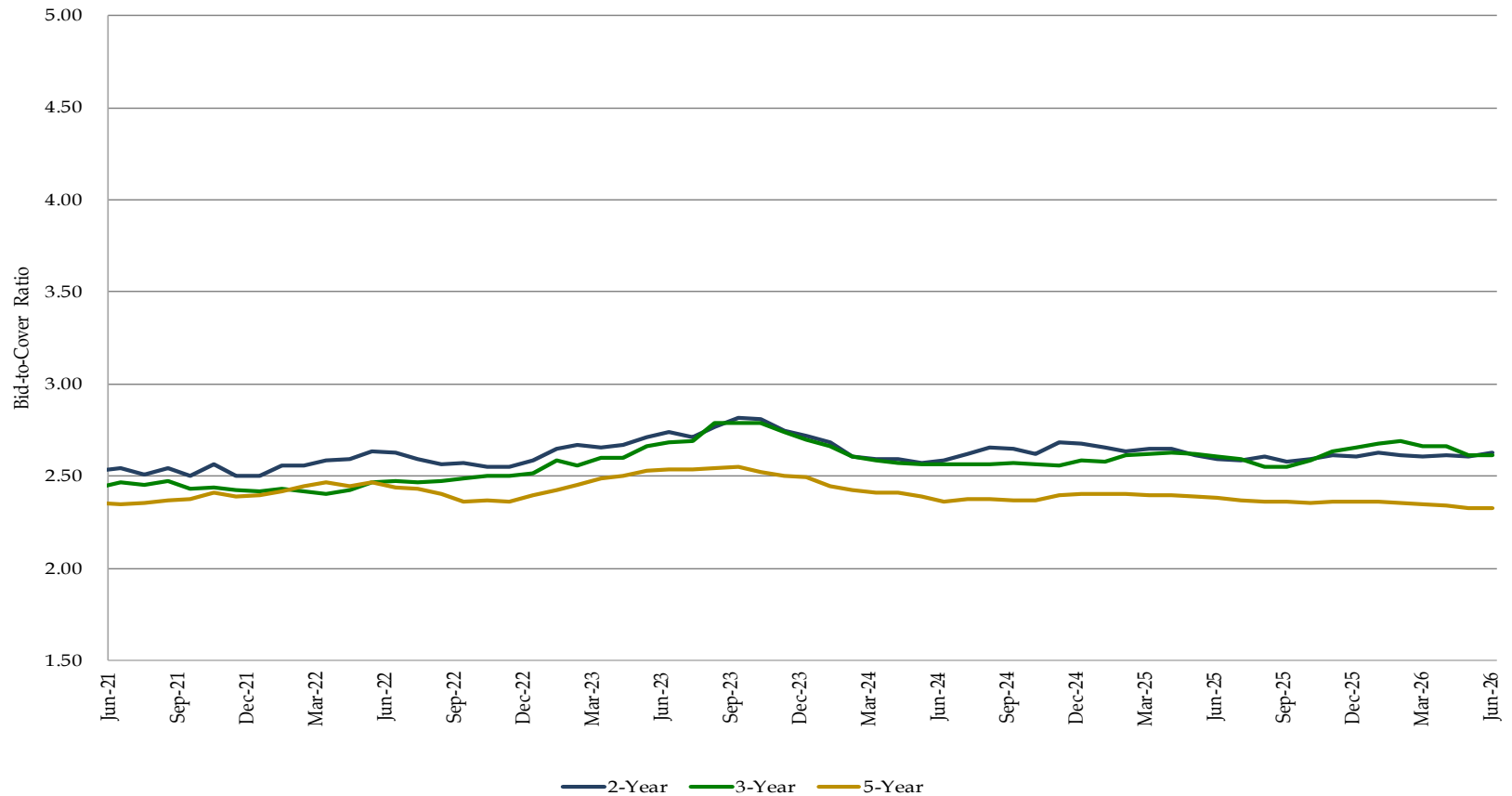
Bid-to-Cover Ratios for Treasury Bills



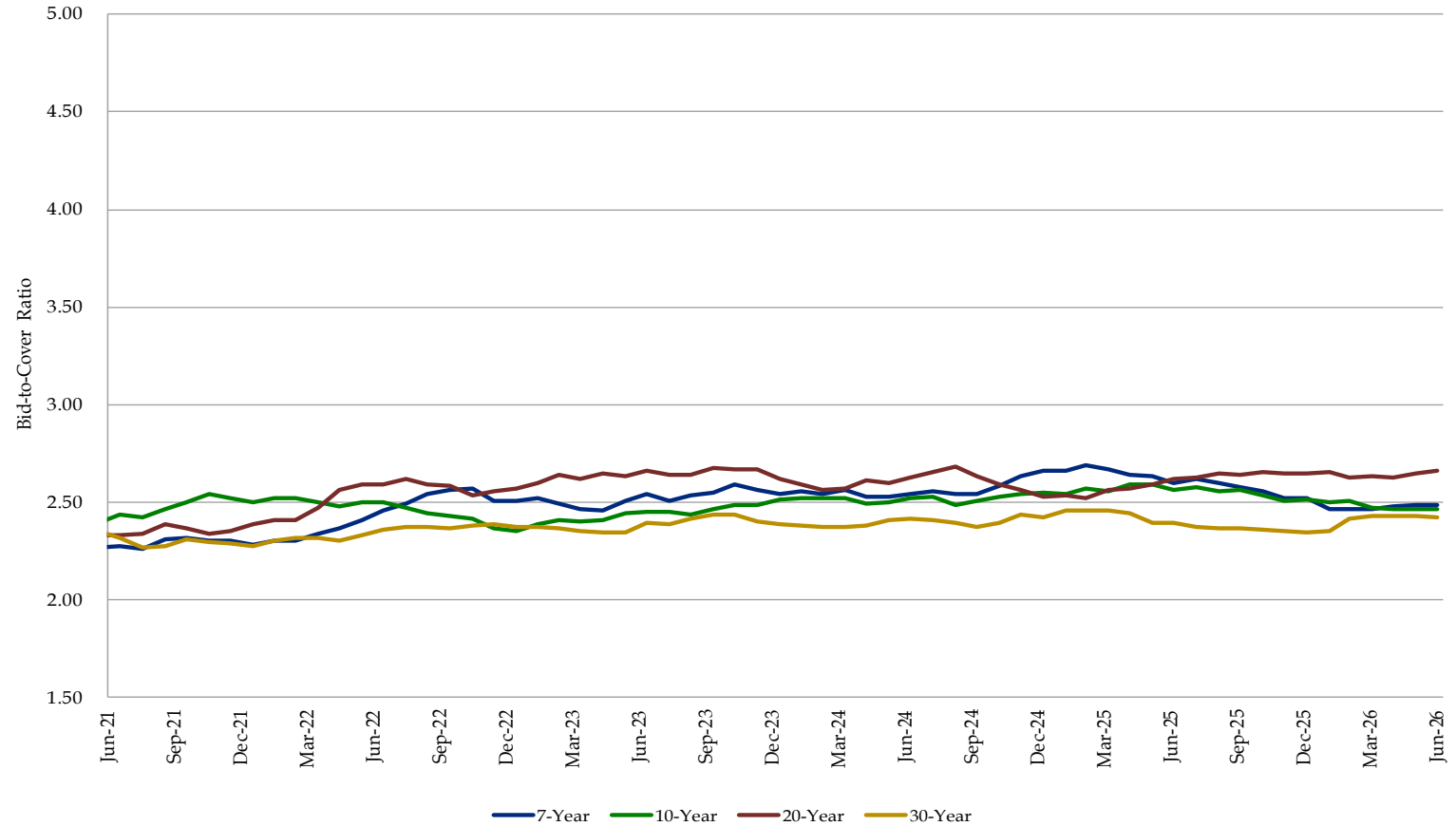
Bid-to-Cover Ratios for FRNs (6-Month Moving Average)



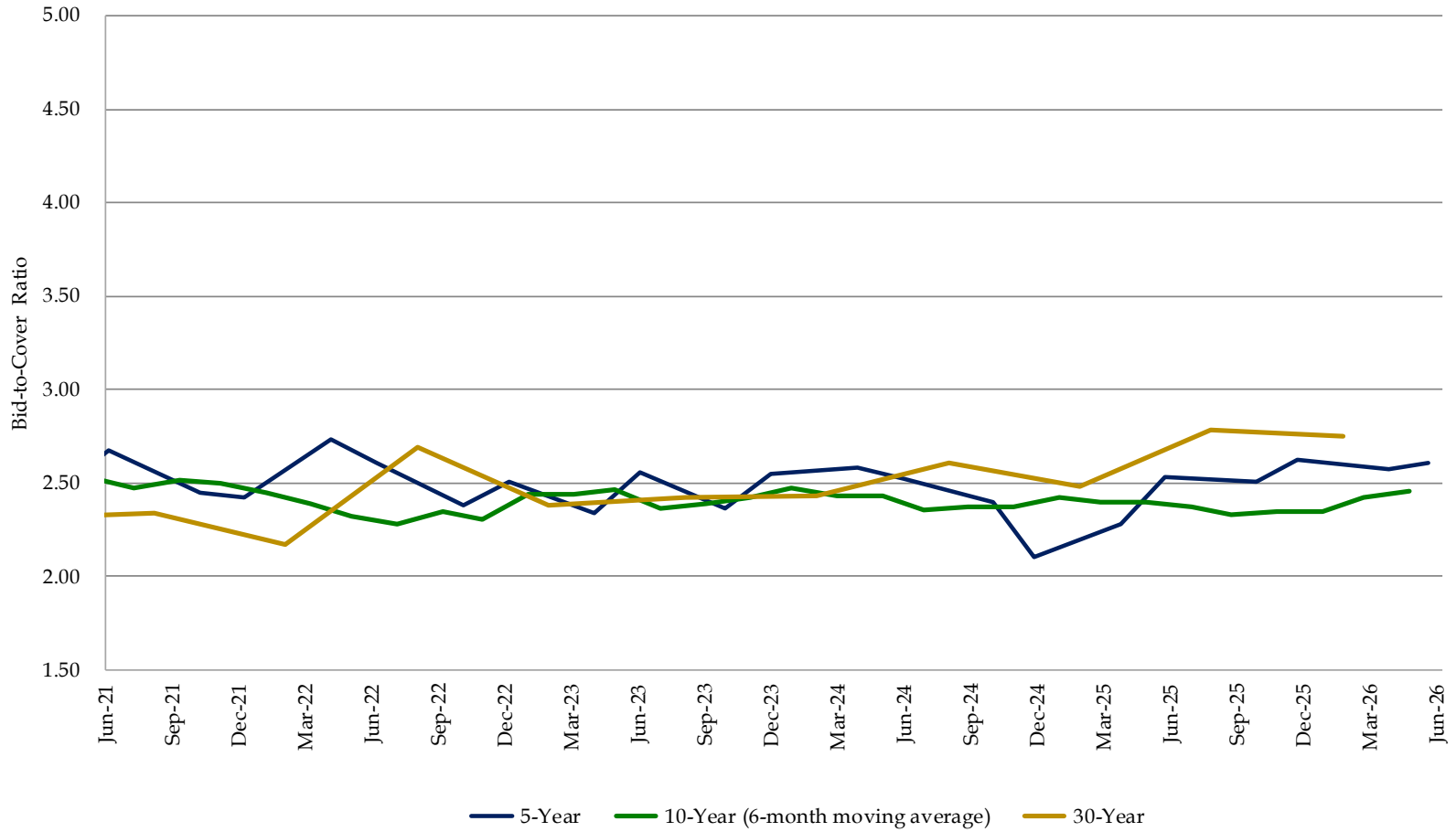
Bid-to-Cover Ratios for 2-, 3-, and 5-Year Nominal Securities (6-Month Moving Average)



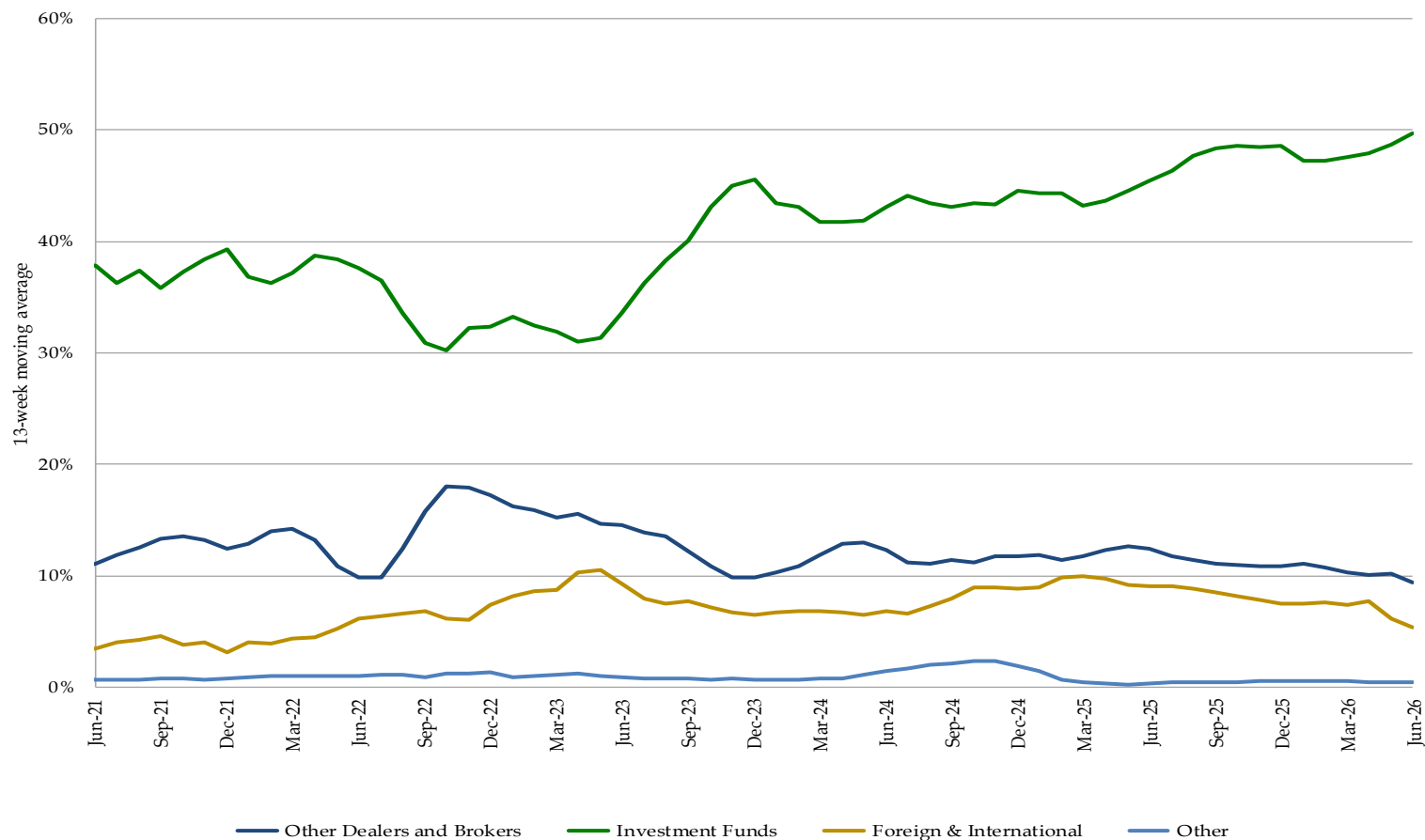
Bid-to-Cover Ratios for 7-, 10-, 20-, and 30-Year Nominal Securities (6-Month Moving Average)



Bid-to-Cover Ratios for TIPS

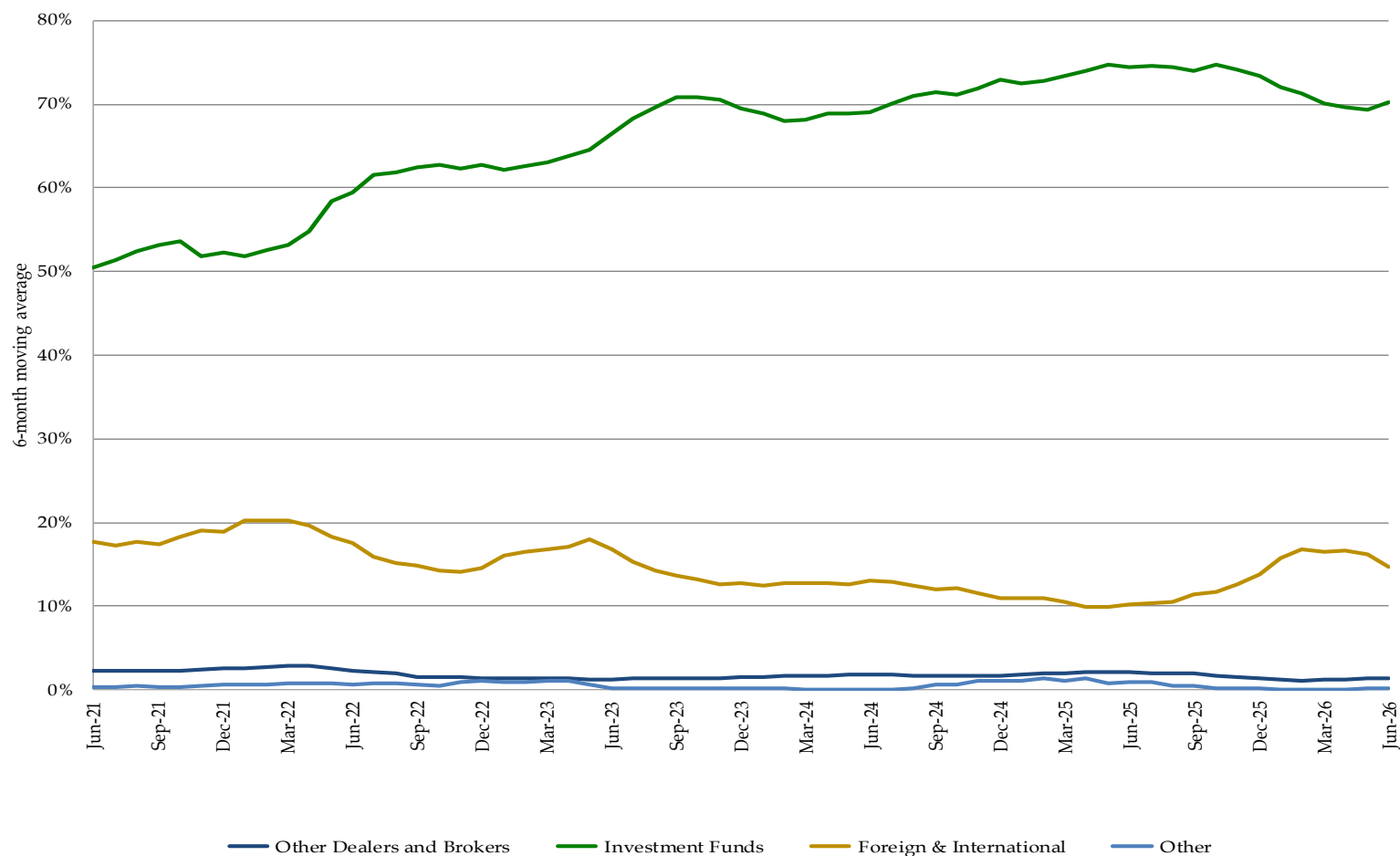


Percent Awarded in Bill Auctions by Investor Class (13-Week Moving Average)



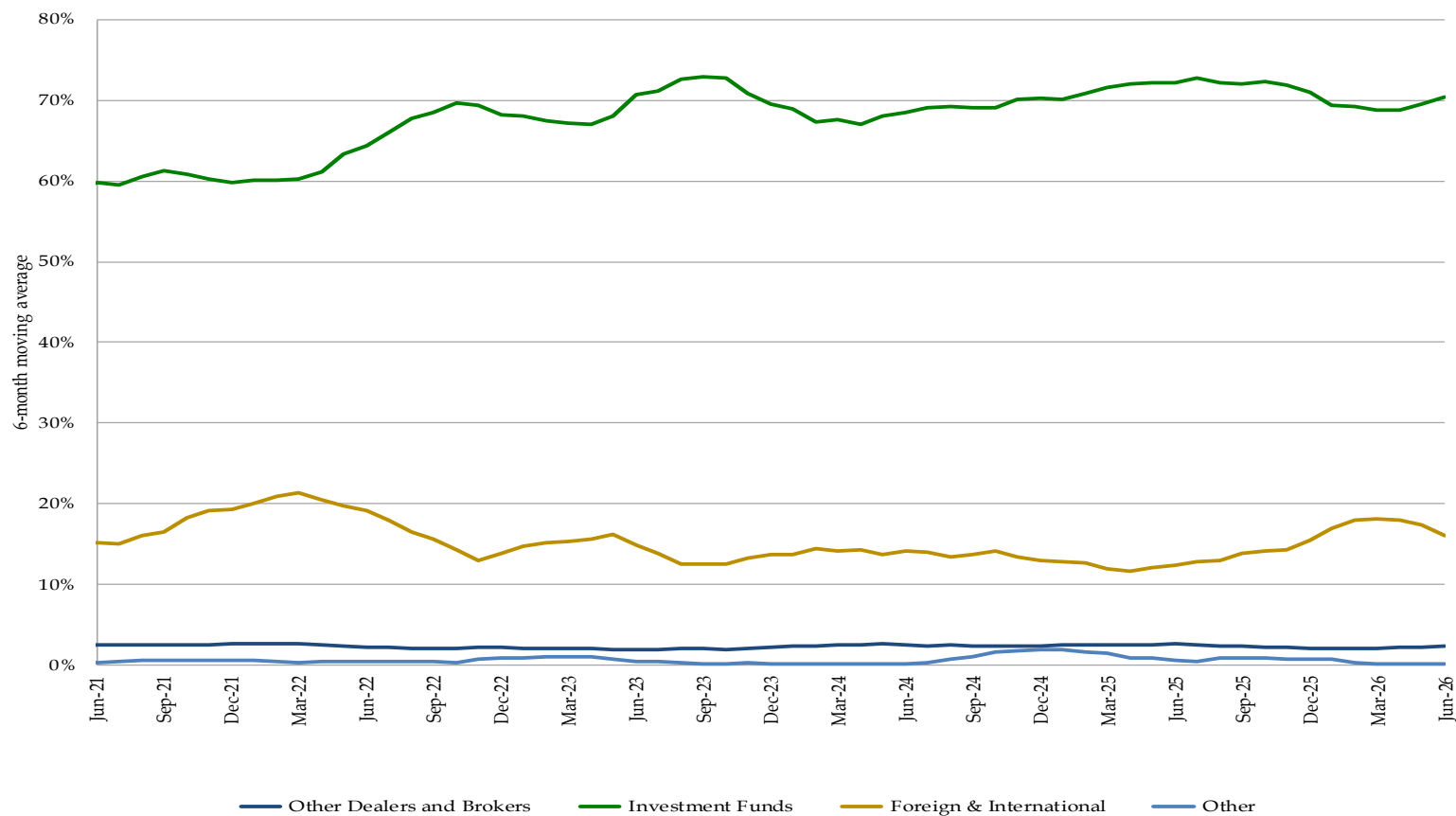
Excludes SOMA add-ons. The “Other” category includes categories that are each less than 5%, which include Depository Institutions, Individuals, Pension and Insurance.

Percent Awarded in 2-, 3-, and 5-Year Nominal Security Auctions by Investor Class (6-Month Moving Average)



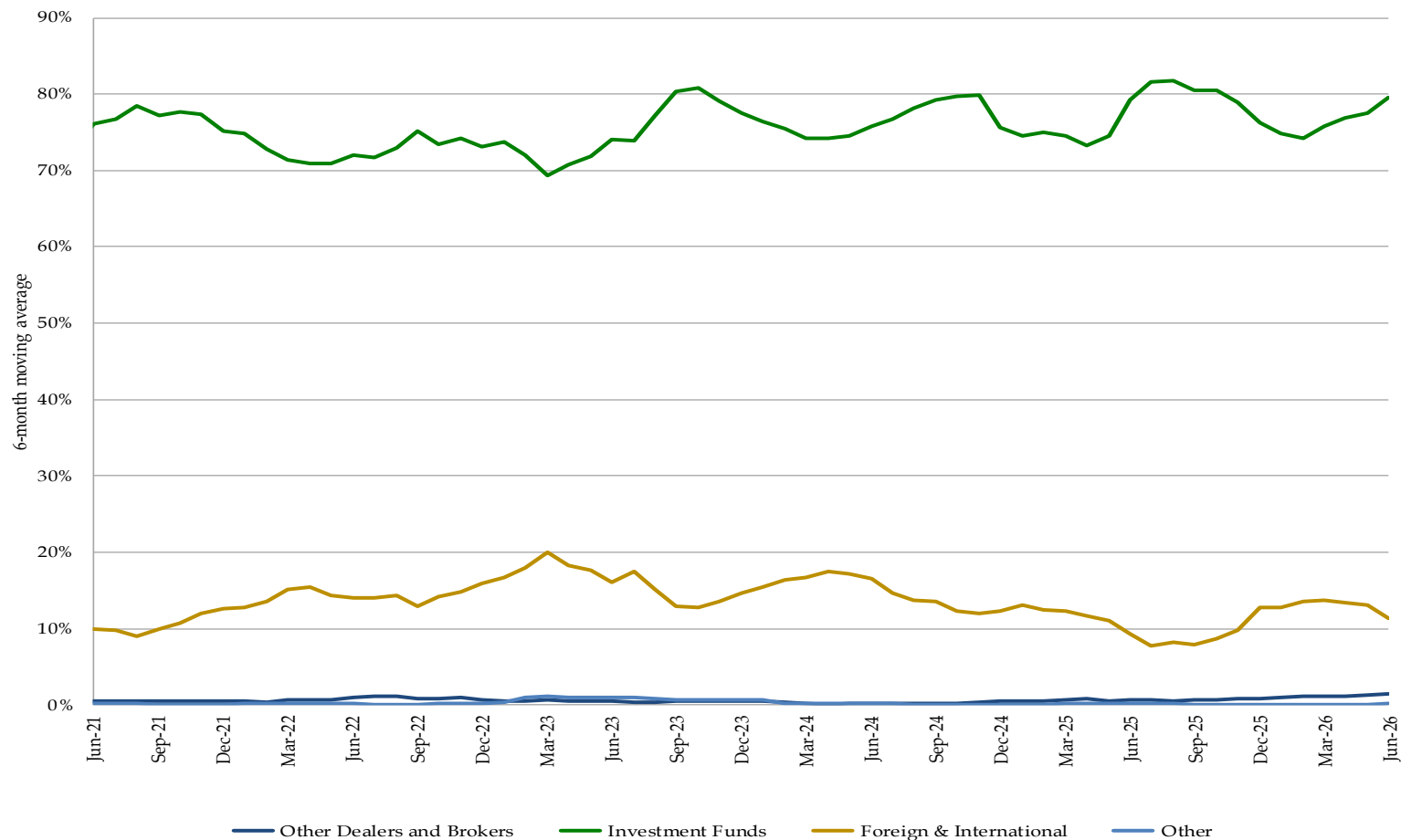
Excludes SOMA add-ons. The “Other” category includes categories that are each less than 5%, which include Depository Institutions, Individuals, Pension and Insurance.

Percent Awarded in 7-, 10-, 20-, 30-Year Nominal Security Auctions by Investor Class (6-Month Moving Average)



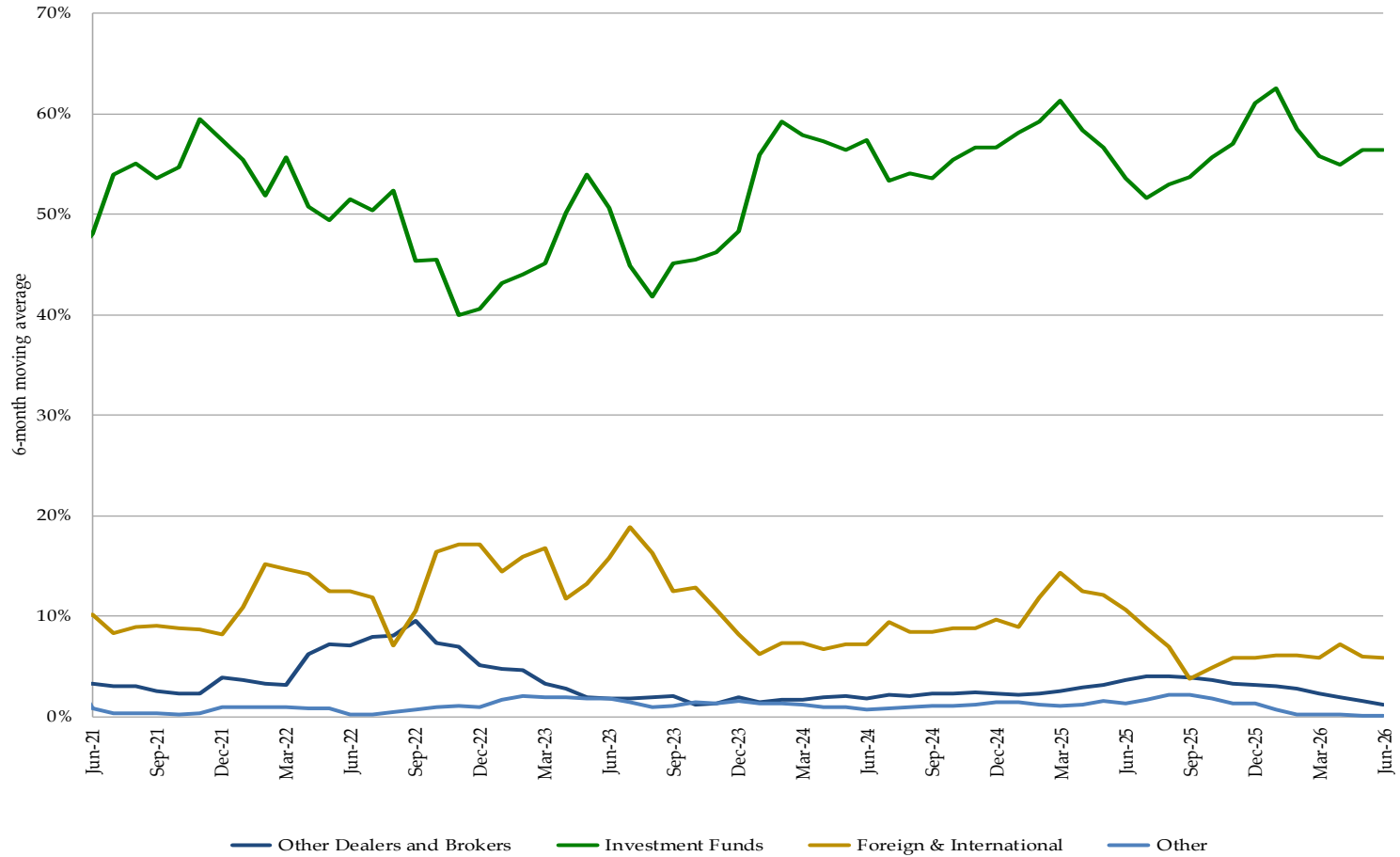
Excludes SOMA add-ons. The “Other” category includes categories that are each less than 5%, which include Depository Institutions, Individuals, Pension and Insurance.

Percent Awarded in TIPS Auctions by Investor Class (6-Month Moving Average)



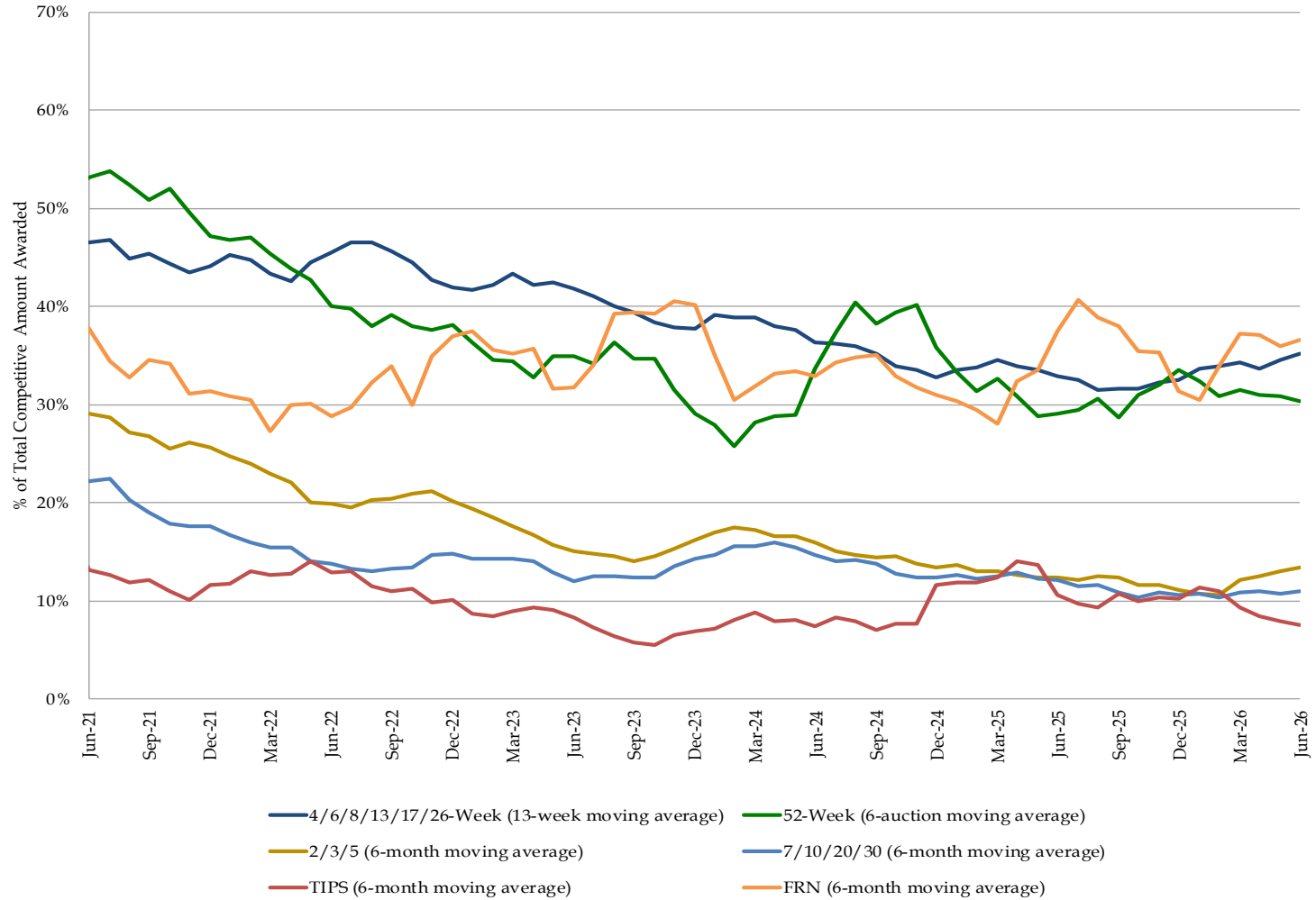
Excludes SOMA add-ons. The "Other" category includes categories that are each less than 5%, which include Depository Institutions, Individuals, Pension and Insurance.

Percent Awarded in FRN Auctions by Investor Class (6-Month Moving Average)



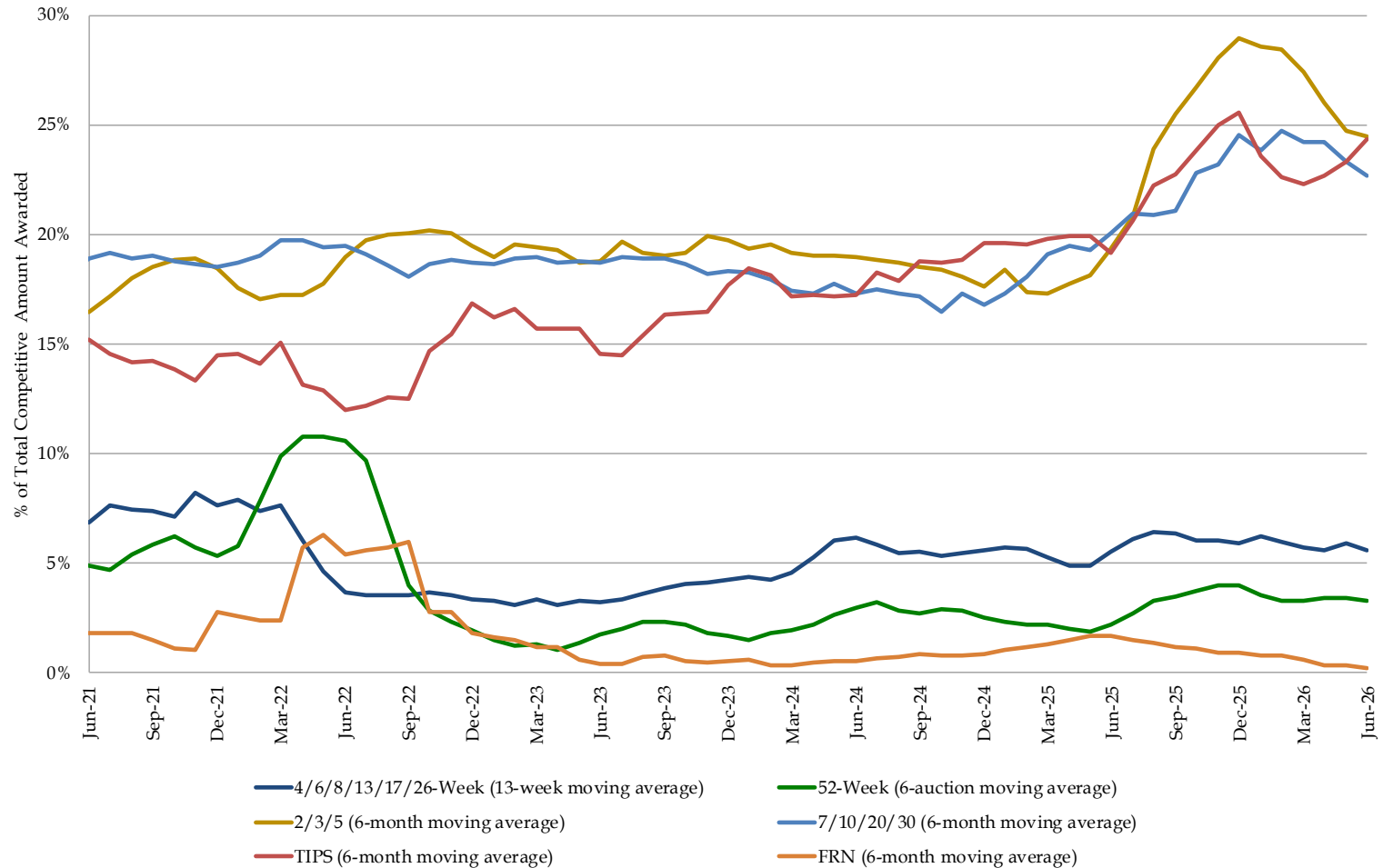
Excludes SOMA add-ons. The "Other" category includes categories that are each less than 5%, which include Depository Institutions, Individuals, Pension and Insurance.

Primary Dealer Awards at Auction



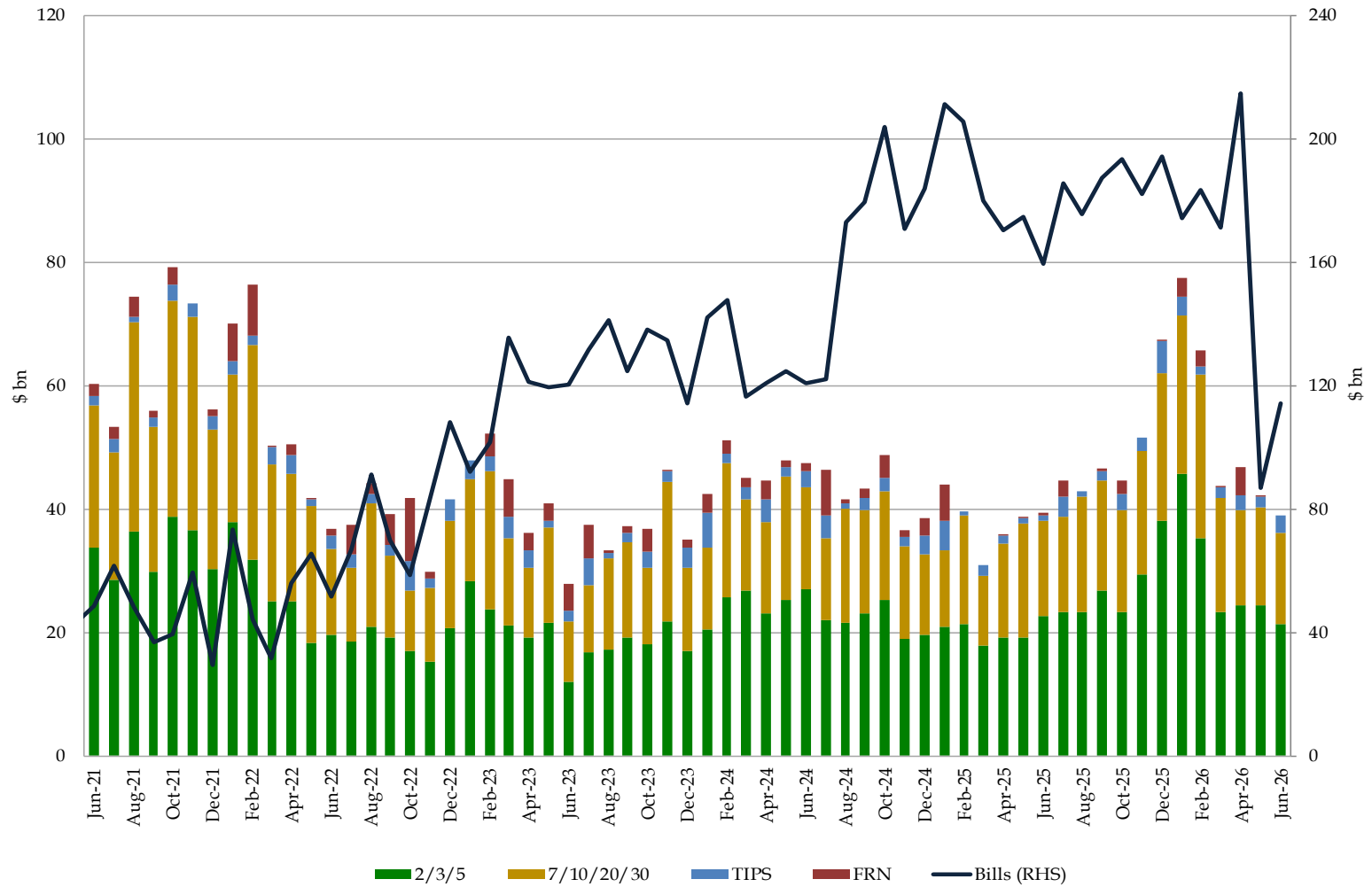
Competitive Amount Awarded excludes SOMA add-ons.

Direct Bidder Awards at Auction



Competitive Amount Awarded excludes SOMA add-ons.

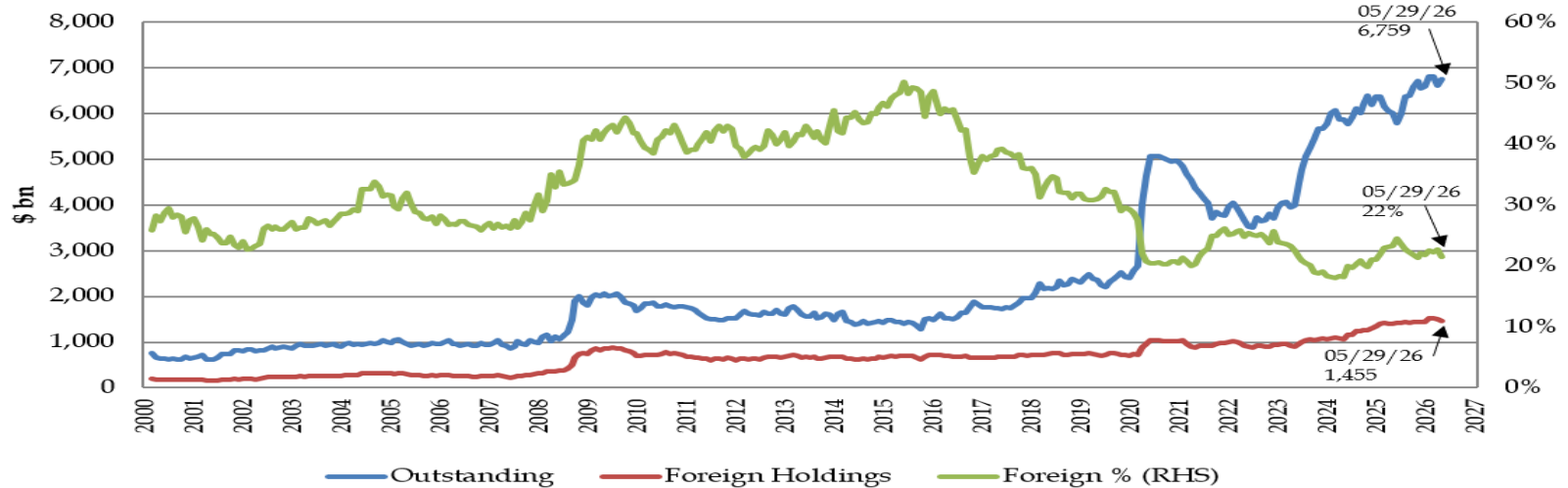
Total Foreign Awards of Treasuries at Auction, \$ billions



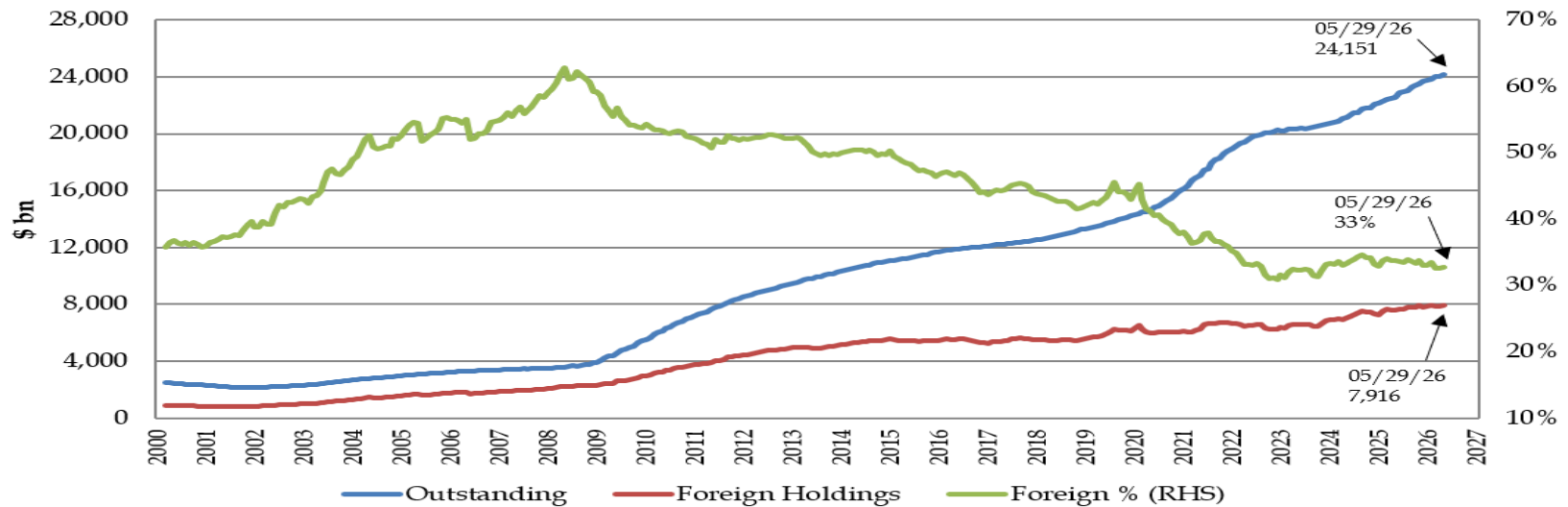
Foreign includes both private sector and official institutions.

Total Foreign Holdings

Bills



Nominal Coupons, TIPS, and FRNs



Source: Treasury International Capital (TIC) System as of May 2026.

For more information on foreign participation data, including more details about the TIC data shown here, please refer to Treasury Presentation to TBAC "Brief Overview of Key Data Sources on Foreign Participation in the U.S. Treasury Securities Market" at the Treasury February 2019 Refunding.

Section VII:

Review of Treasury Buyback Results

CUSIP Concentration, Offer to Maximum Purchase Ratio,
Buyback Amount, Buyback-Eligible and Purchased CUSIPs, etc.

The following applies to slides 47 to 55:

- The top left chart shows the total par amount purchased in each liquidity support buyback operation relative to the maximum purchase amount.
- Different colors within each bar correspond to the CUSIP-level purchase amounts.
- The top right chart shows the “offer to max” ratio for each liquidity support buyback.
- The “offer to max” ratio is the ratio of the total par amount offered (red bar) in a buyback operation to Treasury’s maximum purchase amount (blue bar).
- The bottom left chart shows the count of eligible (red) and purchased (blue) CUSIPs for each liquidity support buyback operation as well as the ratio of purchased to eligible securities.
- Prior to August 2024, Treasury limited the buyback eligible population to at most 20 CUSIPs.

Summary of Treasury Buyback Results

Treasury Buyback Results from 5/19/26 to 7/28/26 (Current Refunding Quarter) ¹								
Operation Type	Maturity Sector	Operation Size	Total Number of Operations	Total Par Amount Offered (\$BN)	Total Purchase Maximum (\$BN)	Total Par Amount Purchased (\$BN) ²	Offer to Maximum	Buyback Ratio
Formula		A	B	C	D = A * B	E	F = C / D	G = E / D
Cash Management	1Mo to 2Y	\$12.5 BN	2	\$69.6	\$25.0	\$24.6	2.78	0.98
Liquidity Support	1Mo to 2Y	\$4 BN	-	-	-	-	-	-
	2Y to 3Y		1	\$12.5	\$4.0	\$2.3	3.1	0.6
	3Y to 5Y		1	\$9.2	\$4.0	\$1.7	2.3	0.4
	5Y to 7Y		1	\$3.8	\$4.0	\$0.3	0.9	0.1
	7Y to 10Y		1	\$5.1	\$4.0	\$0.6	1.3	0.1
	10Y to 20Y	\$2 BN	3	\$50.4	\$6.0	\$6.0	8.4	1.0
	20Y to 30Y		4	\$95.1	\$8.0	\$8.0	11.9	1.0
	Short TIPS ³	\$750 MM	2	\$7.7	\$1.5	\$1.2	5.2	0.8
	Long TIPS ³	\$500 MM	1	\$0.8	\$0.5	\$0.1	1.6	0.2
Total			16	\$254.0	\$57.0	\$44.7	4.2	0.6

Treasury Buyback Results from 5/29/24 to 7/28/26 (All Buybacks)							
Operation Type	Maturity Sector	Total Number of Operations	Total Par Amount Offered (\$BN)	Total Purchase Maximum (\$BN)	Total Par Amount Purchased (\$BN)	Offer to Maximum (Min Avg Max)	Buyback Ratio (Min Avg Max)
Formula			A	B	C	D = A / B	E = C / B
Cash Management	1Mo to 2Y	25	\$673.1	\$247.0	\$236.9	1.4 2.8 5.2	0.3 1.0 1.0
Liquidity Support	1Mo to 2Y	8	\$284.4	\$30.0	\$30.0	6.9 9.4 17.3	1.0 1.0 1.0
	2Y to 3Y	9	\$77.0	\$34.0	\$19.4	1.2 2.4 4.4	0.1 0.6 1.0
	3Y to 5Y	9	\$101.2	\$34.0	\$27.6	2.3 2.9 3.7	0.4 0.8 1.0
	5Y to 7Y	9	\$56.0	\$34.0	\$14.9	0.9 1.7 3.2	0.1 0.5 0.9
	7Y to 10Y	9	\$43.9	\$34.0	\$3.7	0.8 1.3 2.6	0.0 0.1 0.3
	10Y to 20Y	24	\$474.1	\$48.0	\$48.0	3.2 9.9 18.0	1.0 1.0 1.0
	20Y to 30Y	25	\$509.3	\$50.0	\$47.0	1.9 10.2 18.2	0.1 0.9 1.0
	Short TIPS ³	17	\$56.6	\$10.5	\$9.4	1.7 5.4 8.7	0.3 0.9 1.0
	Long TIPS ³	13	\$16.4	\$6.5	\$3.6	1.5 2.5 4.1	0.1 0.5 1.0
Total		148	\$2,292.1	\$528.0	\$440.5		

- Treasury has bought back about \$20.1 BN of securities for liquidity support purposes and \$24.6 BN of securities for cash management purposes in the current refunding quarter thus far, with two more liquidity support operations scheduled in early August.
- As of the end of July 2026, the two sectors Treasury has purchased the most par amount in are the 1Mo to 2Y nominal coupons at \$266.9 billion and the long end nominal coupons at \$95.0 billion.

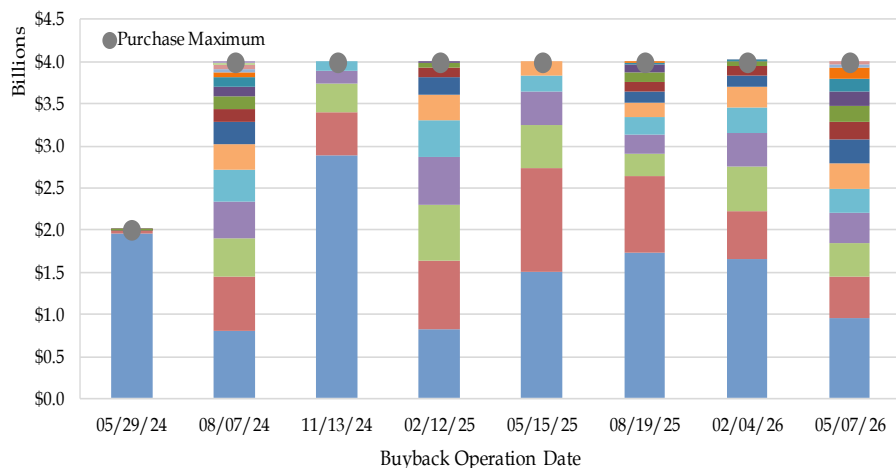
(1) Data as of 7/28/26. Liquidity support buybacks for 1Mo to 2Y and 10Y to 20Y Nominal Coupons are scheduled for 8/6/26 and 8/11/26, respectively.

(2) Original par amount.

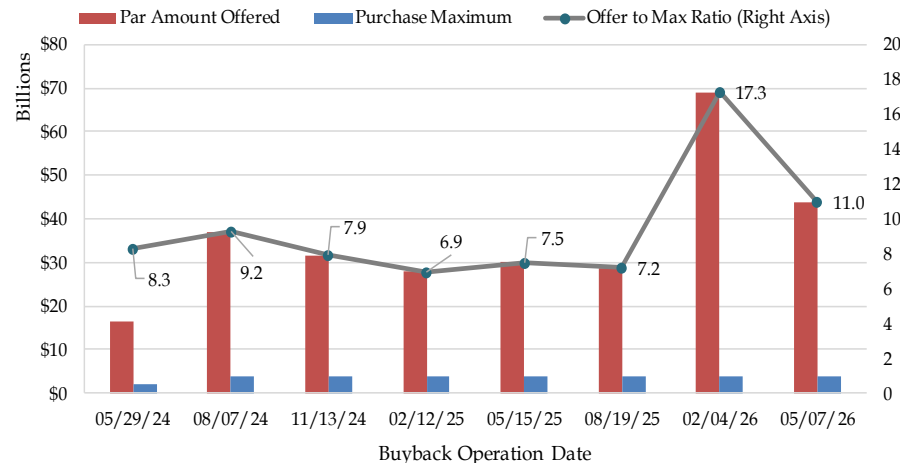
(3) The Short TIPS & Long TIPS buckets were previously 1Y-7.5Y & 7.5Y-30Y, respectively, but were changed to 1Y-10Y & 10Y-30Y in August 2025.

Liquidity Support Buybacks – Nominal Coupons 1Mo to 2Y

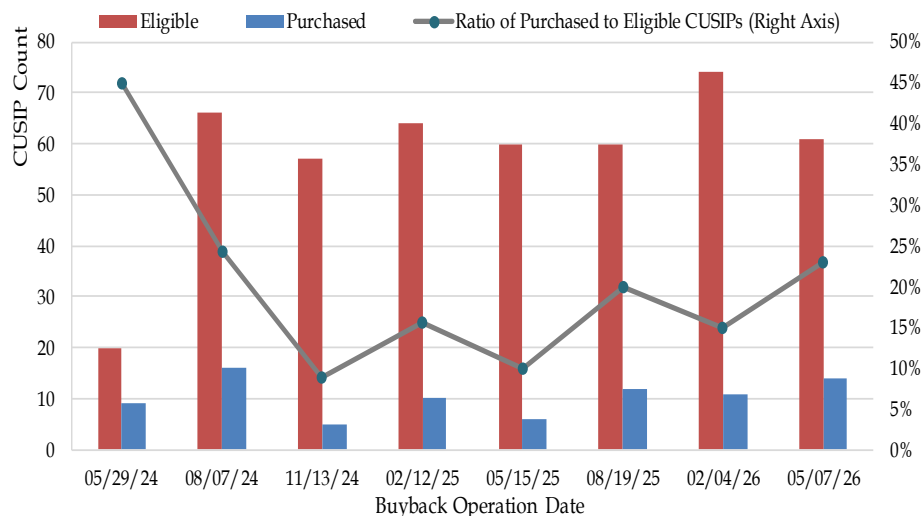
Amount Purchased by CUSIP in Liquidity Support Buybacks
- Nominal Coupons 1Mo to 2Y



Offer to Purchase Maximum Ratio for Liquidity Support Buybacks
- Nominal Coupons 1Mo to 2Y



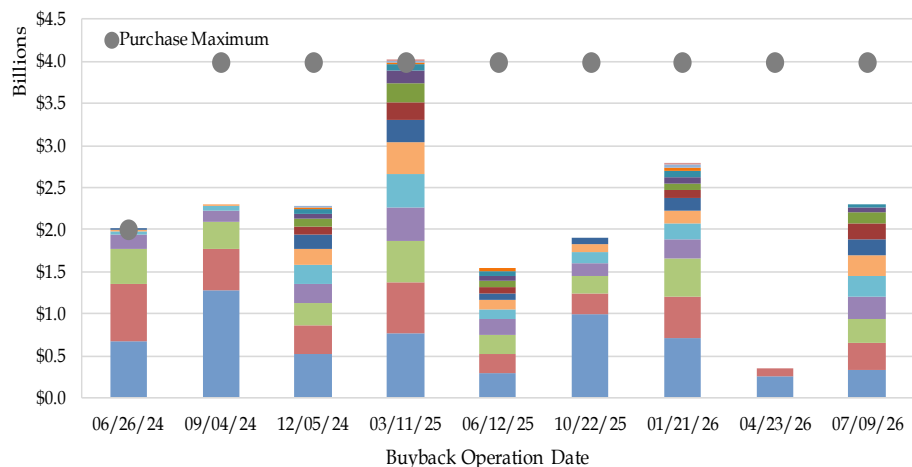
Eligible and Purchased CUSIP Counts for Liquidity Support Buybacks
- Nominal Coupons 1Mo to 2Y



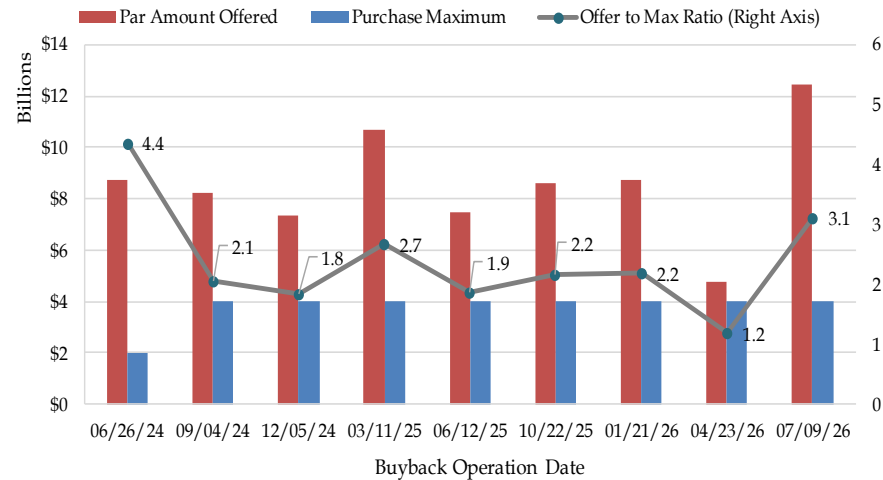
- Treasury has consistently bought back the maximum par amount in liquidity support buybacks in the 1Mo to 2Y maturity sector (top left).
- Buyback operations in this sector have been consistently oversubscribed with high offer to purchase maximum ratios (top right).

Liquidity Support Buybacks – Nominal Coupons 2Y to 3Y

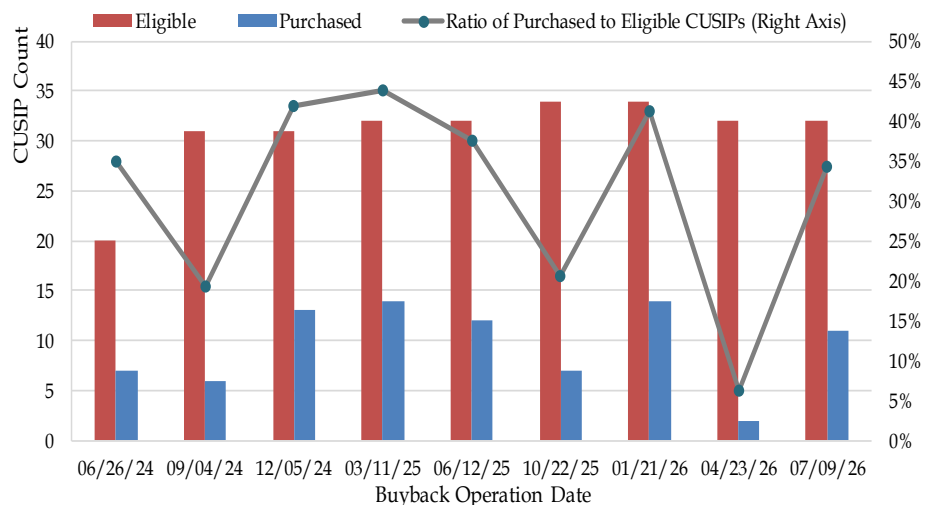
Amount Purchased by CUSIP in Liquidity Support Buybacks
- Nominal Coupons 2Y to 3Y



Offer to Purchase Maximum Ratio for Liquidity Support Buybacks
- Nominal Coupons 2Y to 3Y

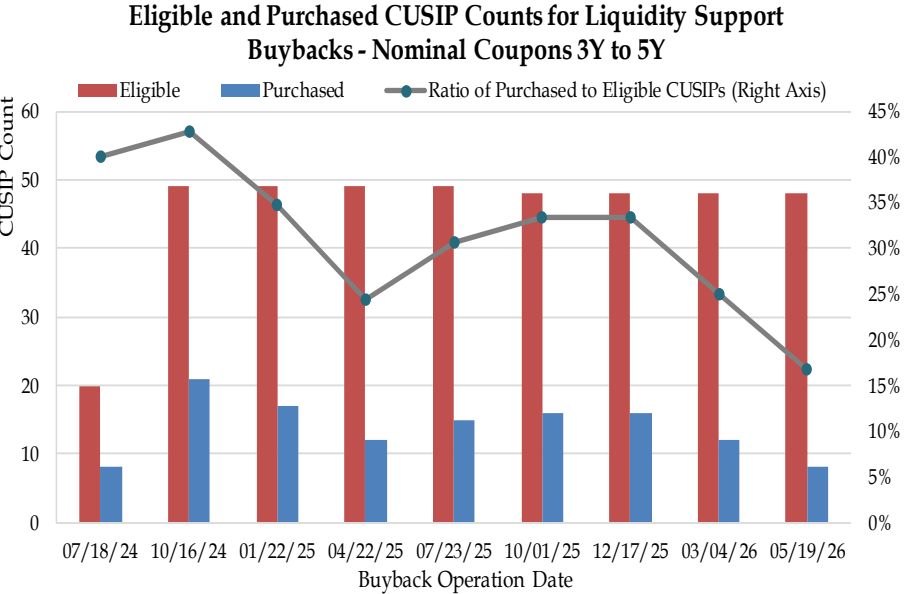
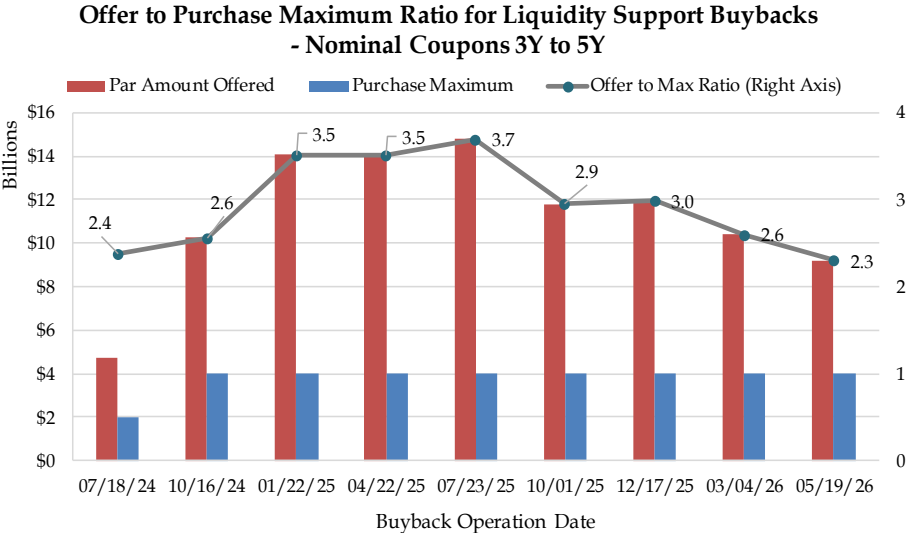
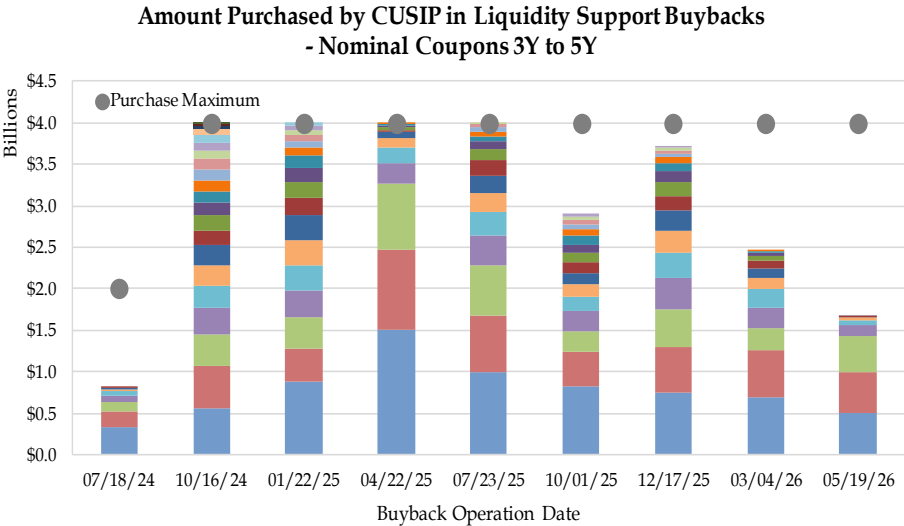


Eligible and Purchased CUSIP Counts for Liquidity Support
Buybacks - Nominal Coupons 2Y to 3Y



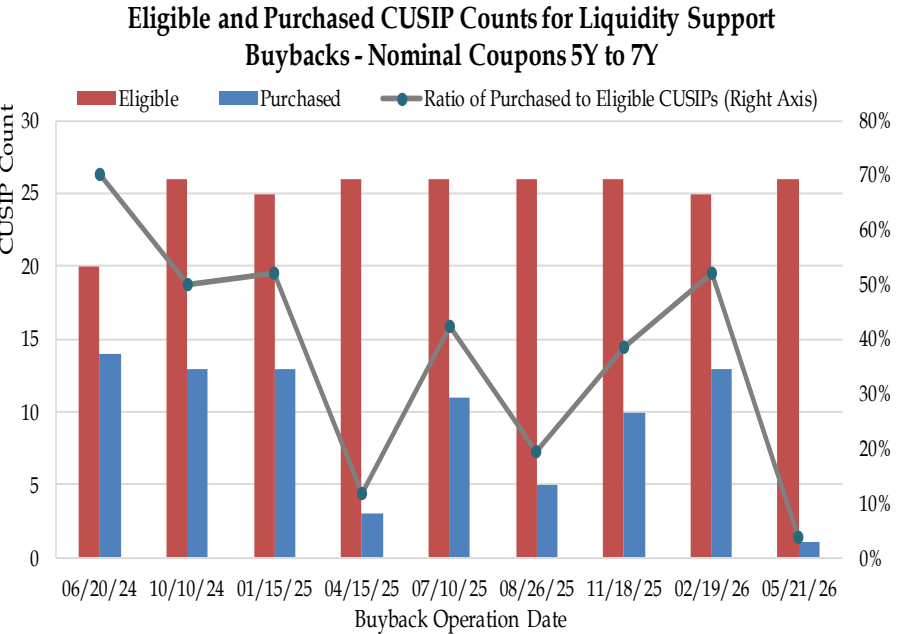
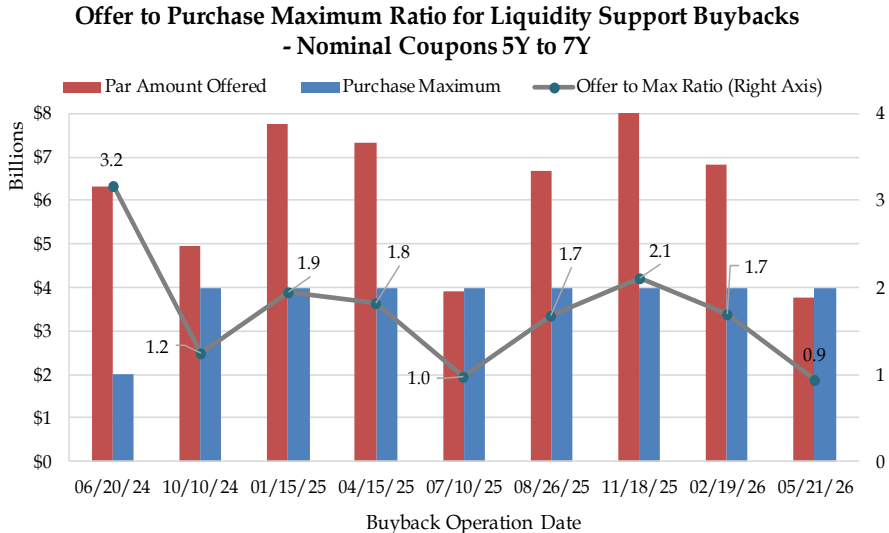
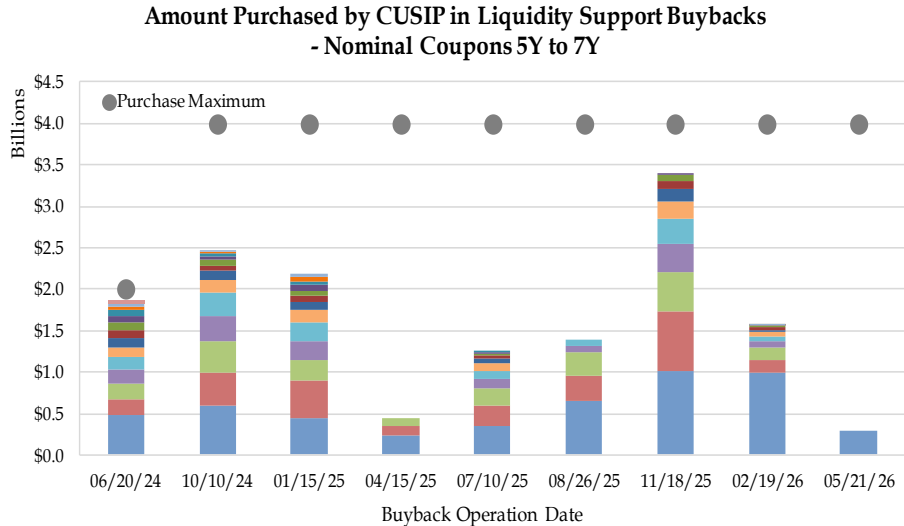
- Treasury has consistently bought back less than the maximum par amount in this maturity sector except for the operation on 3/11/25 (top left).

Liquidity Support Buybacks – Nominal Coupons 3Y to 5Y



- This quarter, Treasury continued to buy back less than the \$4 billion maximum par amount in the 3Y to 5Y sector.

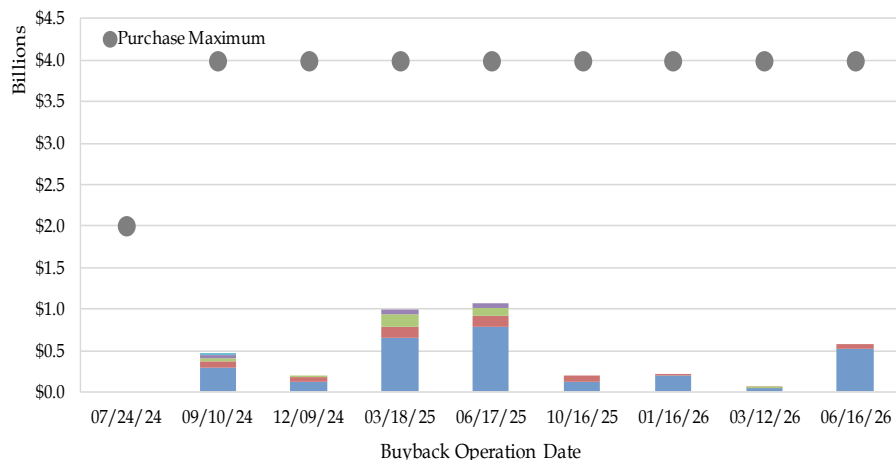
Liquidity Support Buybacks – Nominal Coupons 5Y to 7Y



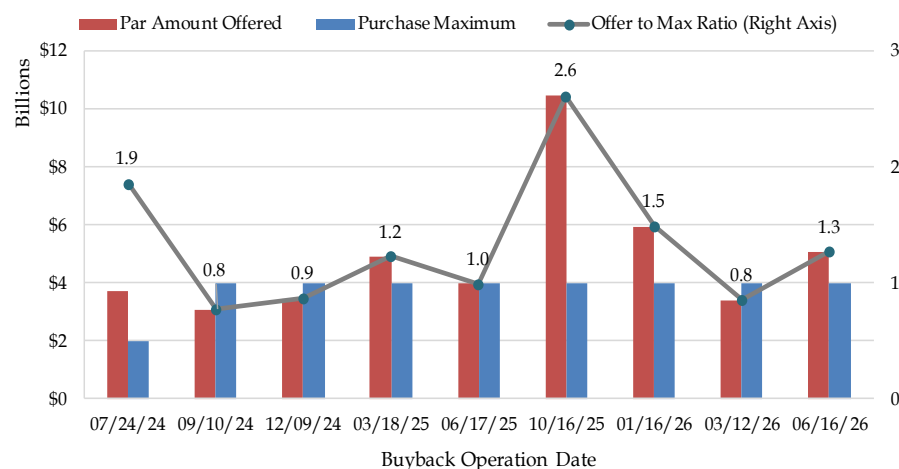
- Treasury has never purchased the maximum par amount in this sector.
- The Offer to Max Ratio was 0.9 this quarter in this sector.

Liquidity Support Buybacks – Nominal Coupons 7Y to 10Y

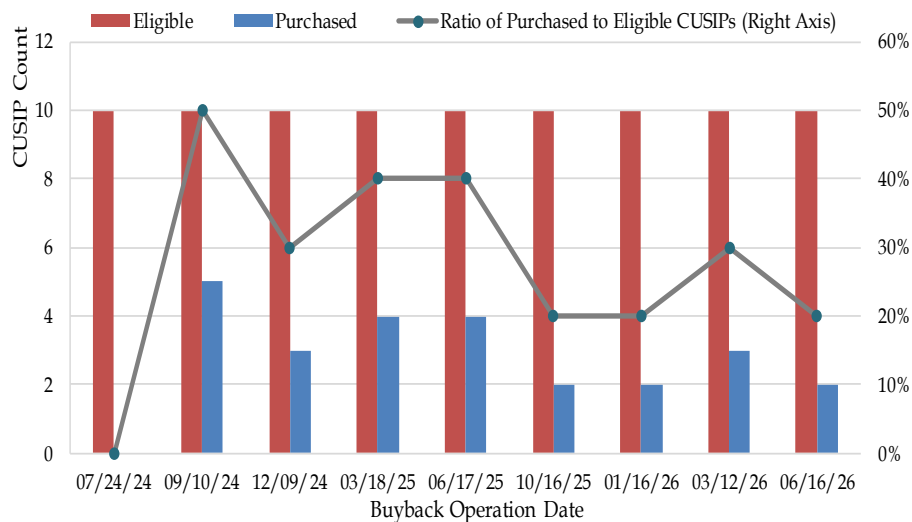
Amount Purchased by CUSIP in Liquidity Support Buybacks
- Nominal Coupons 7Y to 10Y



Offer to Purchase Maximum Ratio for Liquidity Support Buybacks
- Nominal Coupons 7Y to 10Y

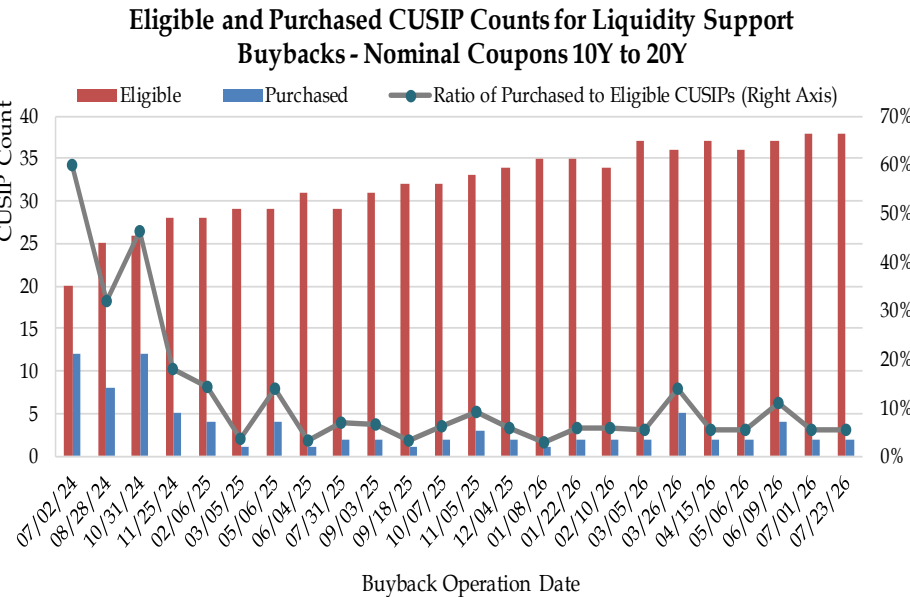
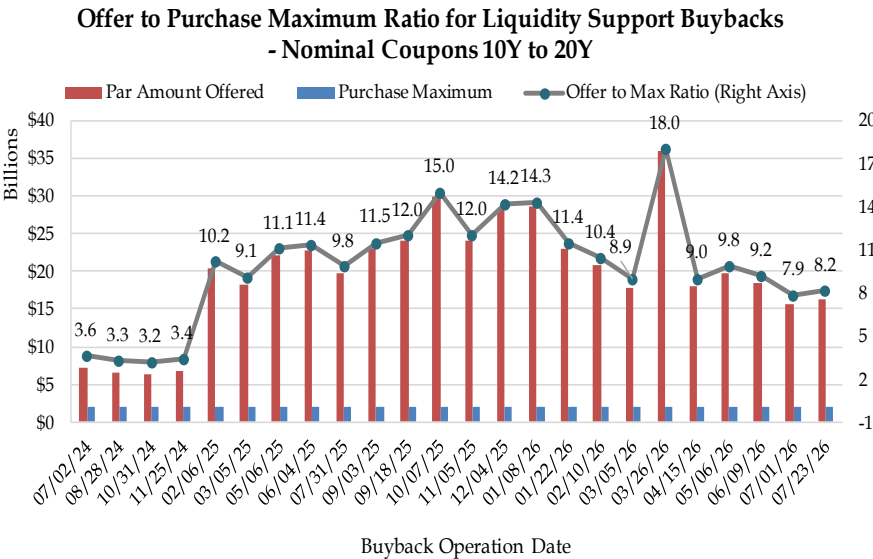
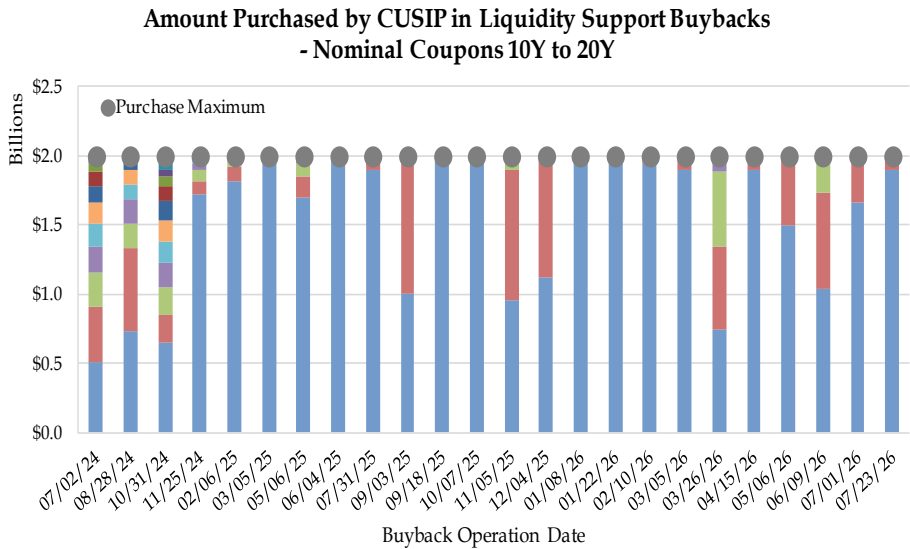


Eligible and Purchased CUSIP Counts for Liquidity Support
Buybacks - Nominal Coupons 7Y to 10Y



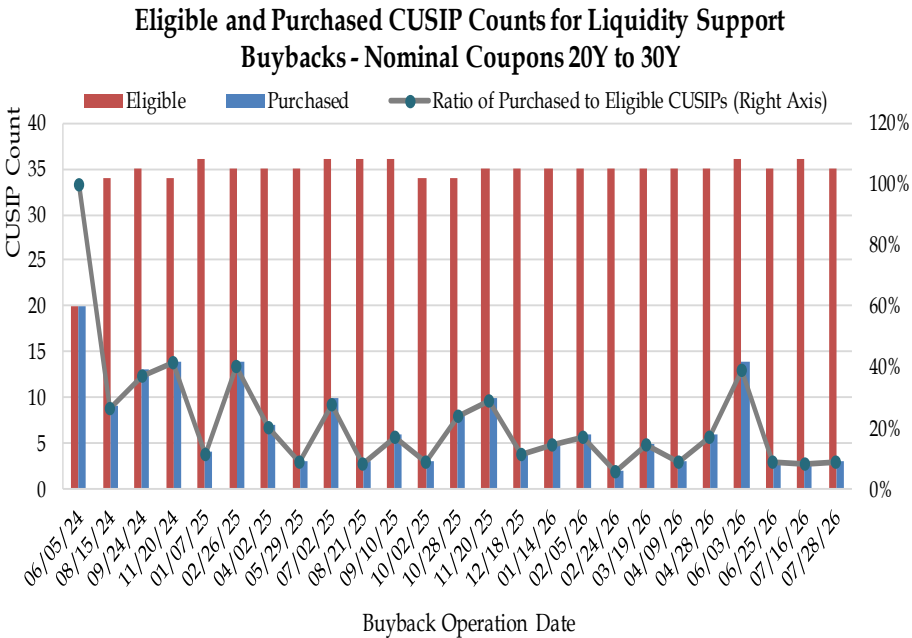
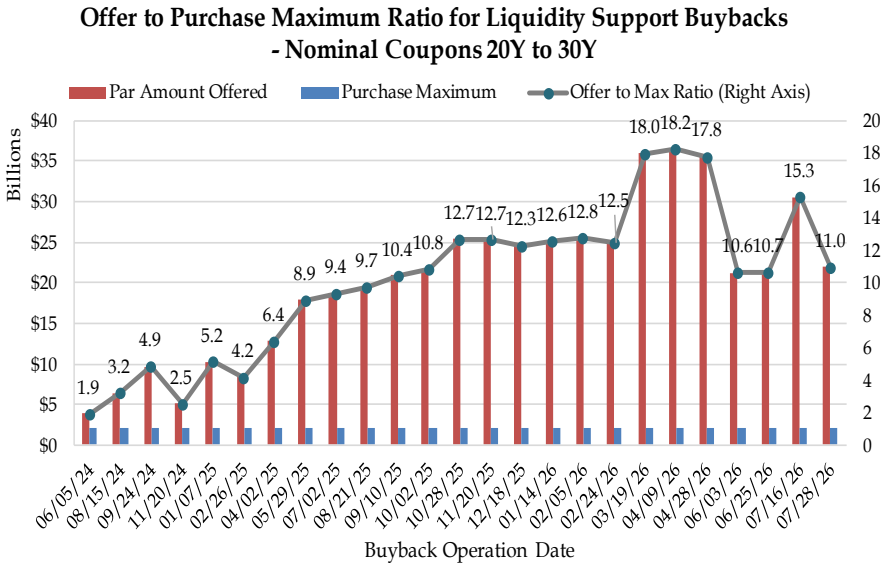
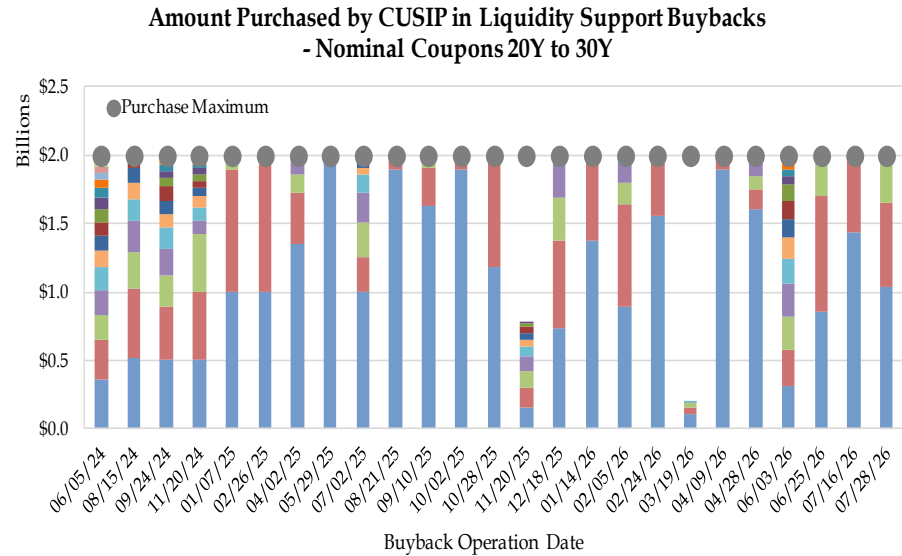
- Treasury continues to buy back significantly less than the maximum purchase amount in the 7Y to 10Y sector.

Liquidity Support Buybacks – Nominal Coupons 10Y to 20Y



- Treasury doubled the frequency of operations in the 10Y to 20Y sector at the August 2025 refunding and continues to buy back the maximum par amount in the sector.

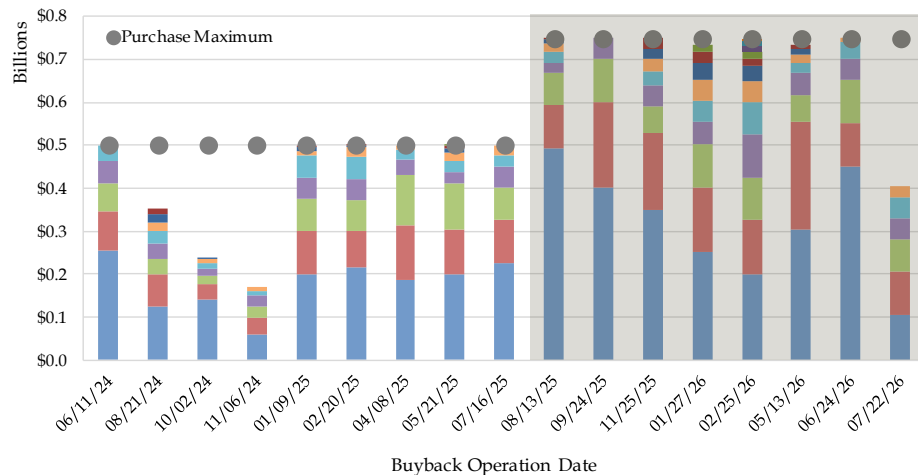
Liquidity Support Buybacks – Nominal Coupons 20Y to 30Y



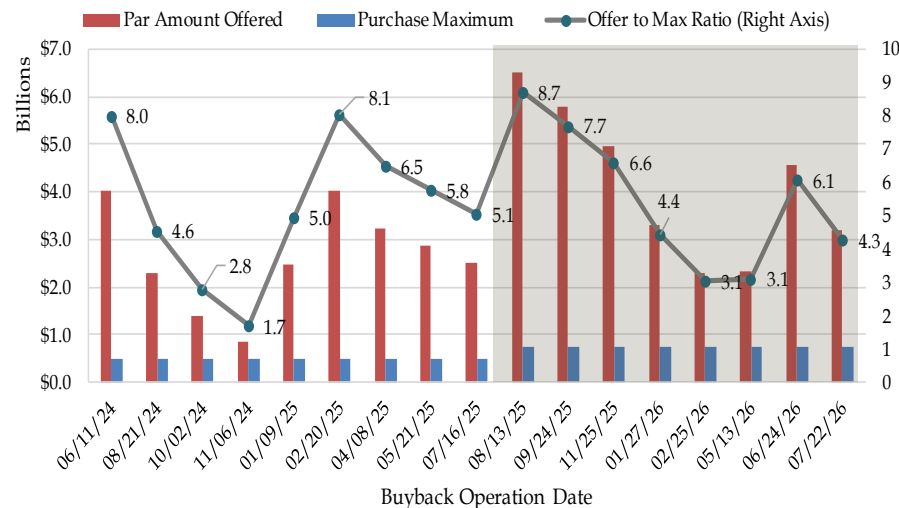
- Treasury also doubled the frequency of operations in the 20Y to 30Y sector at the August 2025 refunding and continues to generally buy back the maximum par amount in the sector.

Liquidity Support Buybacks – TIPS Short Tenors

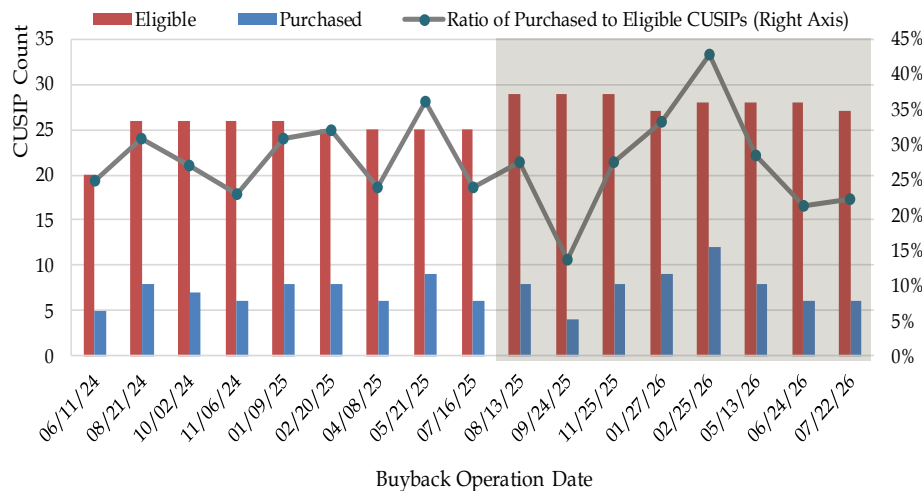
Amount Purchased by CUSIP in Liquidity Support Buybacks
- TIPS Short Tenors



Offer to Purchase Maximum Ratio for Liquidity Support Buybacks
- TIPS Short Tenors



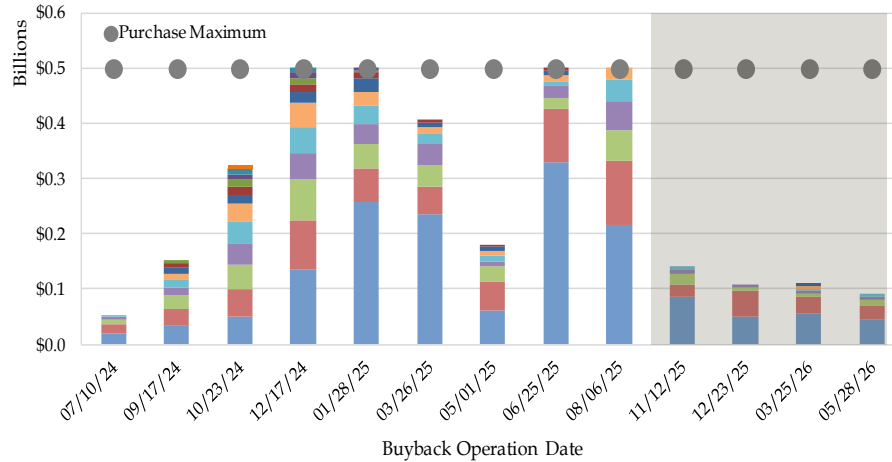
Eligible and Purchased CUSIP Counts for Liquidity Support
Buybacks - TIPS Short Tenors



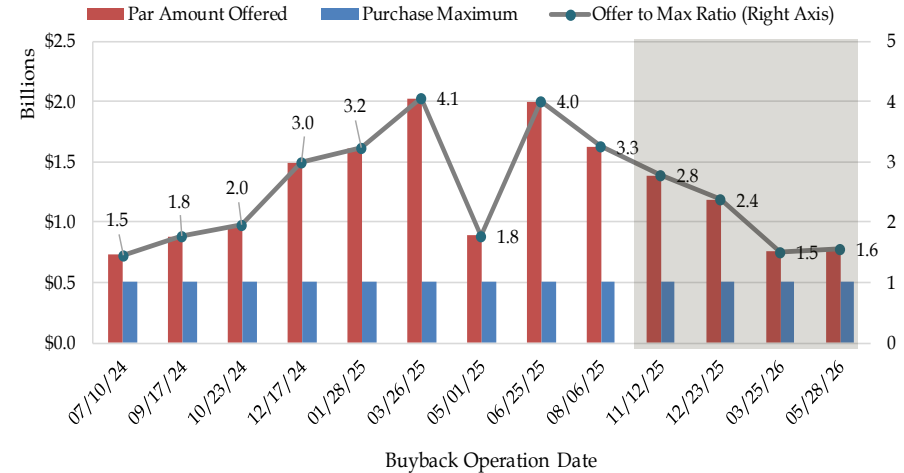
- At the August 2025 refunding, Treasury announced that it would adjust the TIPS buyback buckets by introducing a 1Y to 10Y TIPS buyback bucket to replace the existing 1Y to 7.5Y TIPS bucket. Treasury also increased the max operation size for the short-end TIPS bucket from \$500 to \$750 million. The shaded area represents the operations in the new 1Y to 10Y TIPS bucket.

Liquidity Support Buybacks –TIPS Long Tenors

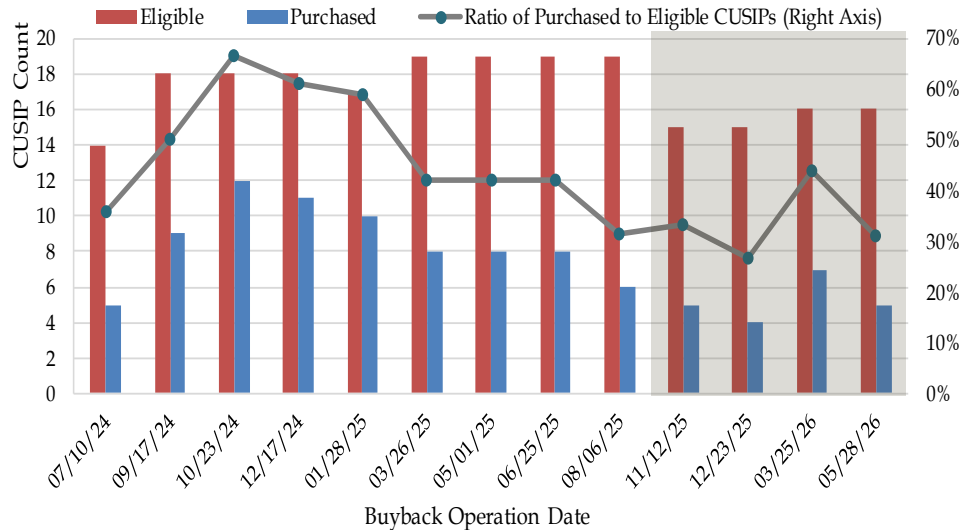
Amount Purchased by CUSIP in Liquidity Support Buybacks
- TIPS Long Tenors



Offer to Purchase Maximum Ratio for Liquidity Support Buybacks
- TIPS Long Tenors

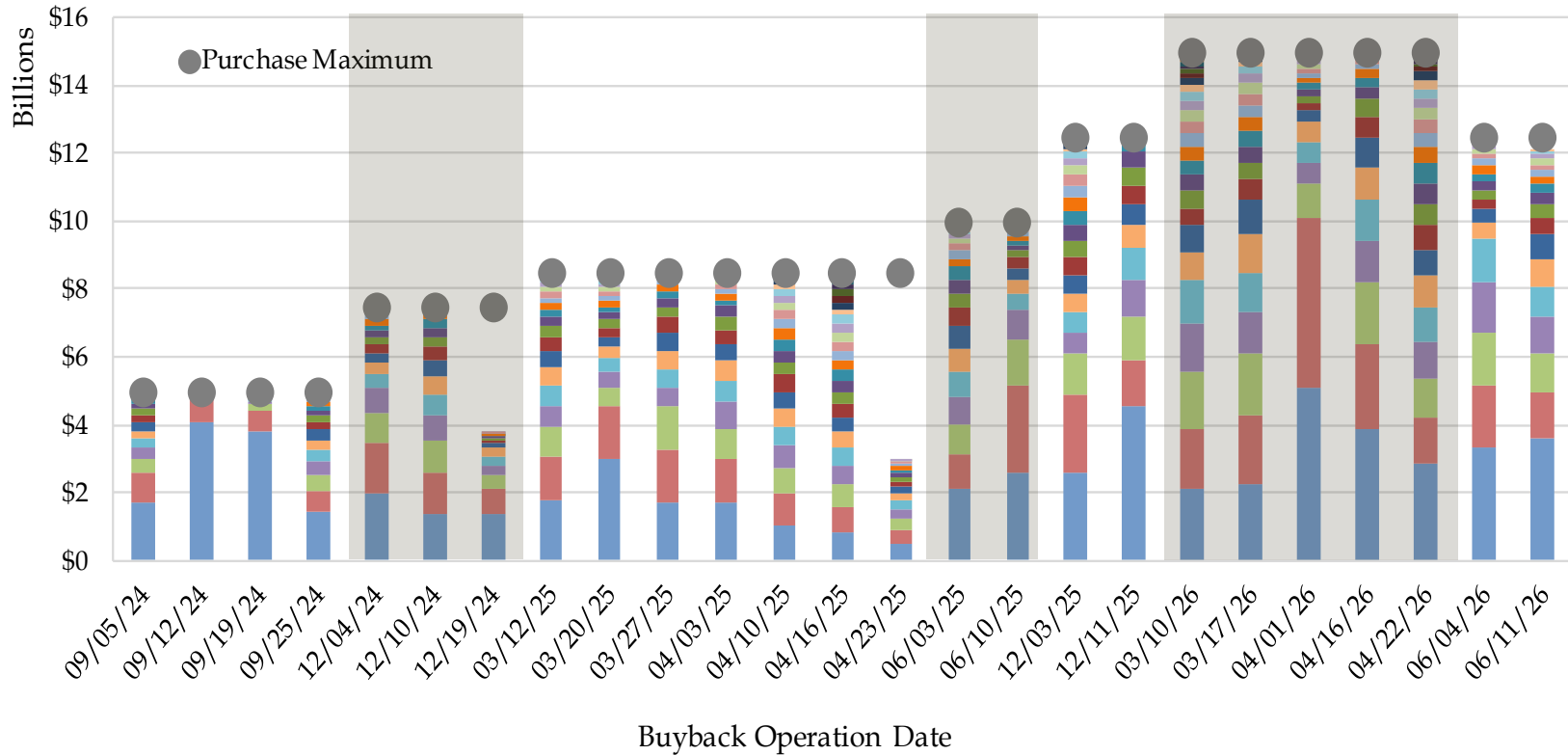


Eligible and Purchased CUSIP Counts for Liquidity Support
Buybacks - TIPS Long Tenors



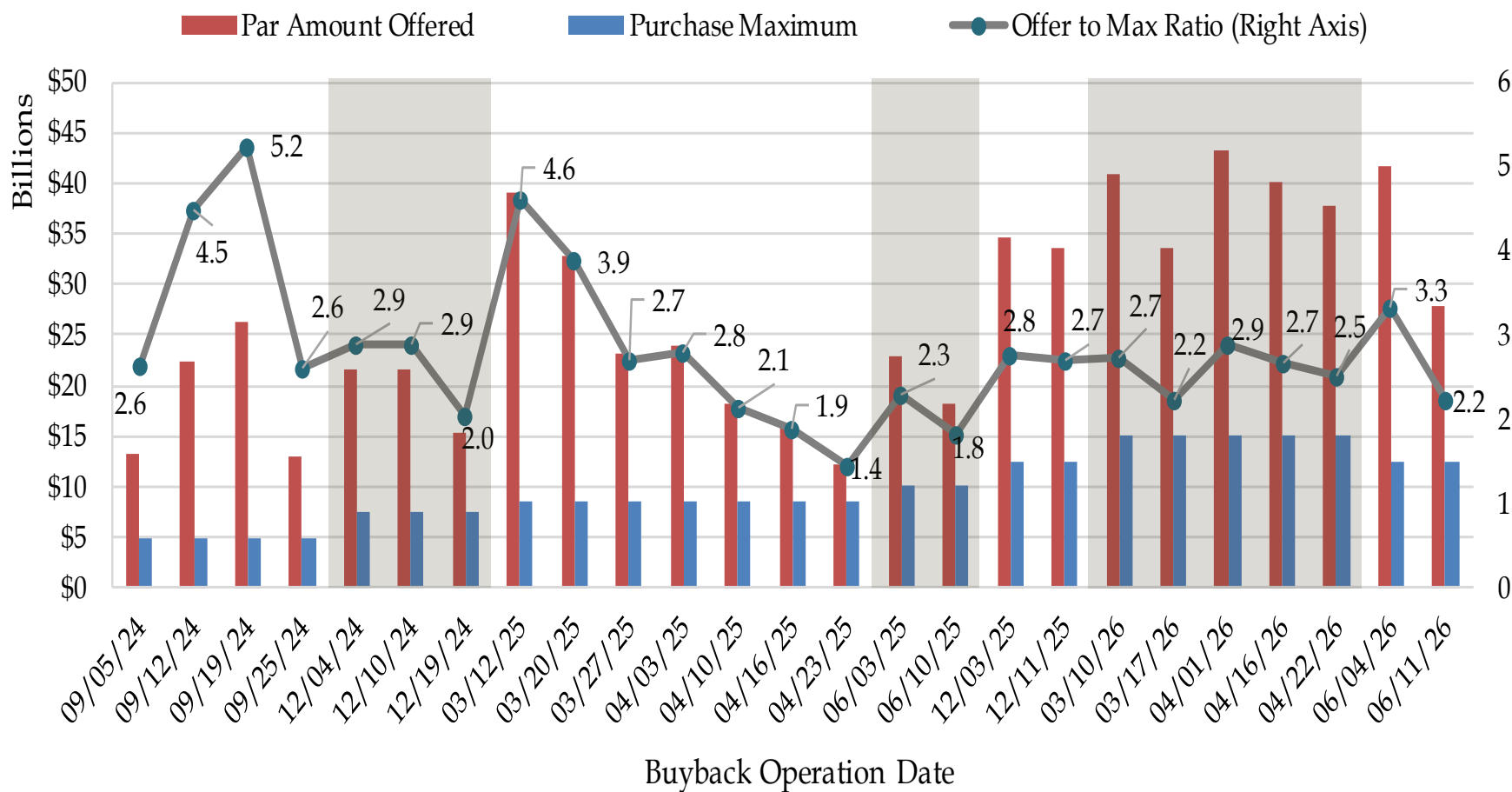
- At the August 2025 refunding, Treasury announced that it would adjust the TIPS buyback buckets by introducing a 10Y to 30Y TIPS buyback bucket to replace the existing 7.5Y to 30Y TIPS bucket. Treasury also reduced the frequency of long-end TIPS buybacks while maintaining the \$500 million per operation maximum. The shaded area represents the operations in the new 10Y to 30Y TIPS bucket.
- This quarter, Treasury continued to buy back less than the max purchase amount in this sector.

Amount Purchased by CUSIP in Cash Management Buybacks

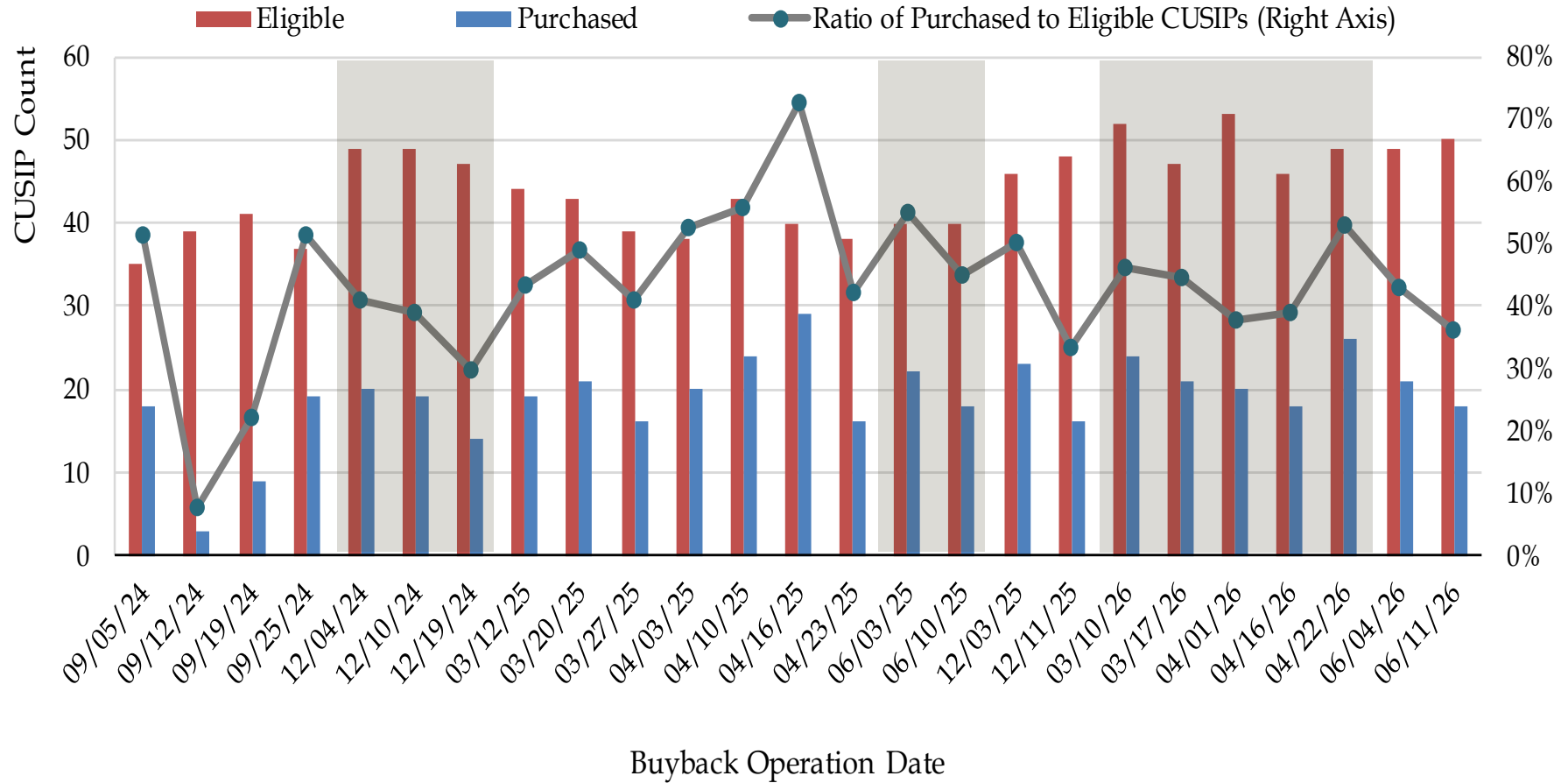


- All cash management buybacks occur in the 1Mo to 2Y maturity sector.
- In this quarter, Treasury conducted two cash management buybacks with a purchase limit at \$12.5 billion per operation.

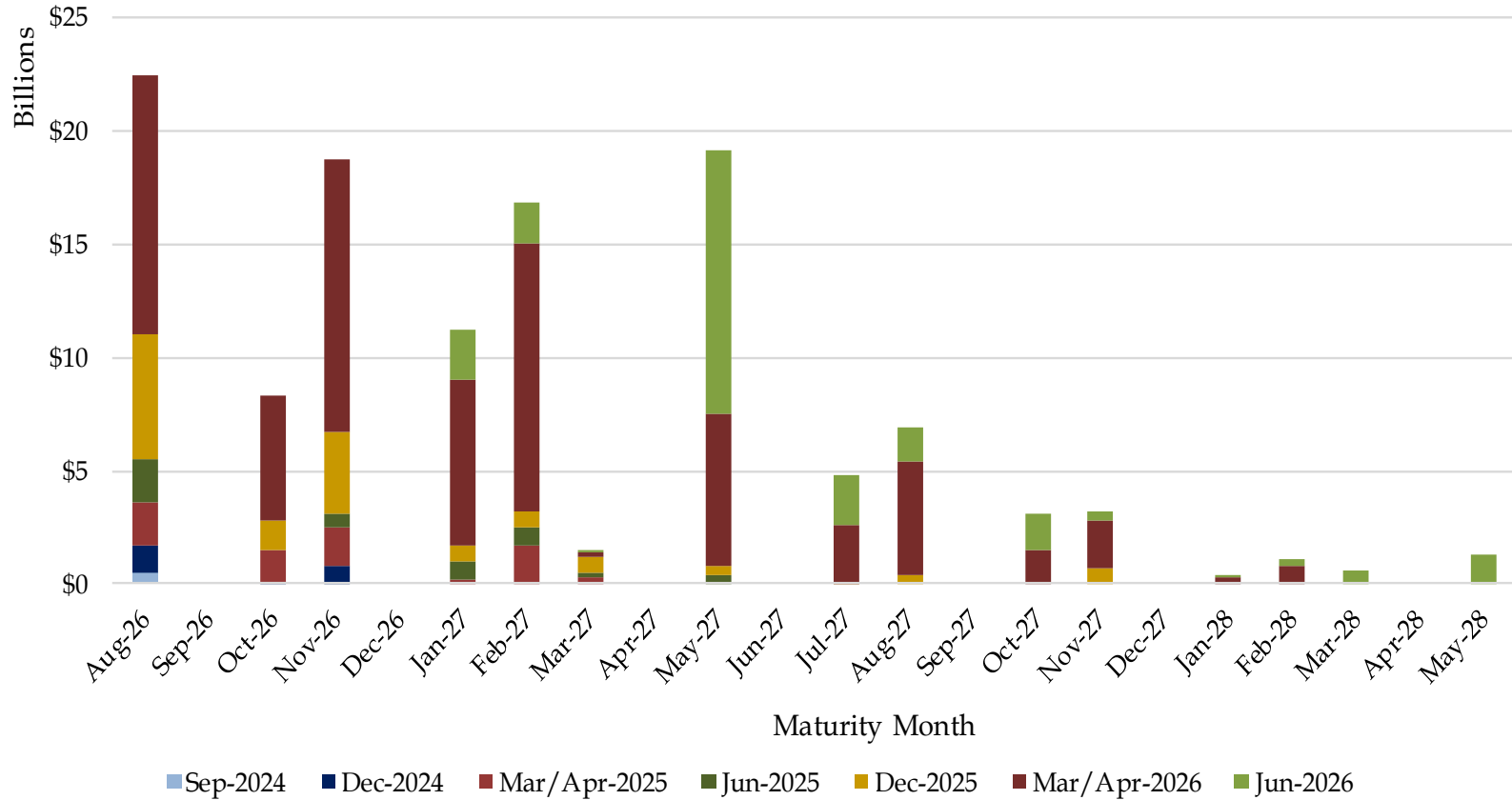
Offer to Purchase Maximum Ratio for Cash Management Buybacks



Eligible and Purchased CUSIP Counts for Cash Management Buybacks



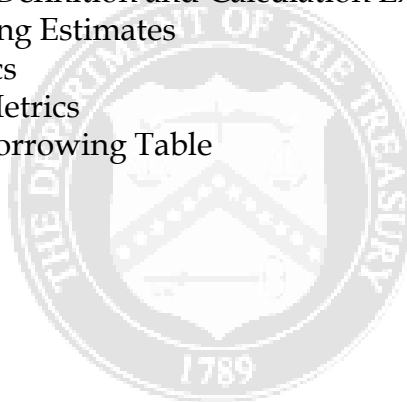
Maturity Composition of Cash Management Buybacks



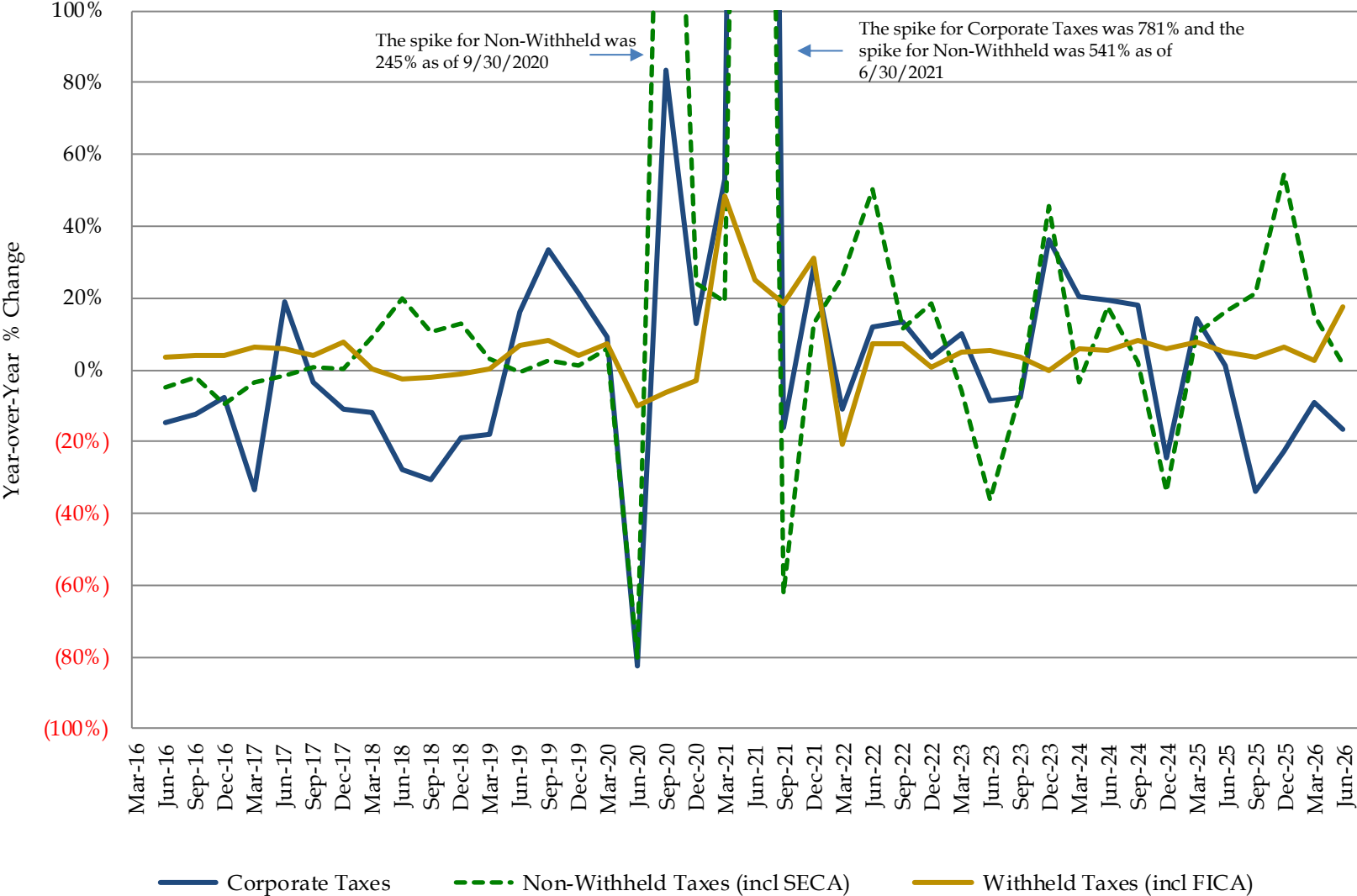
VIII. Appendix

Contents

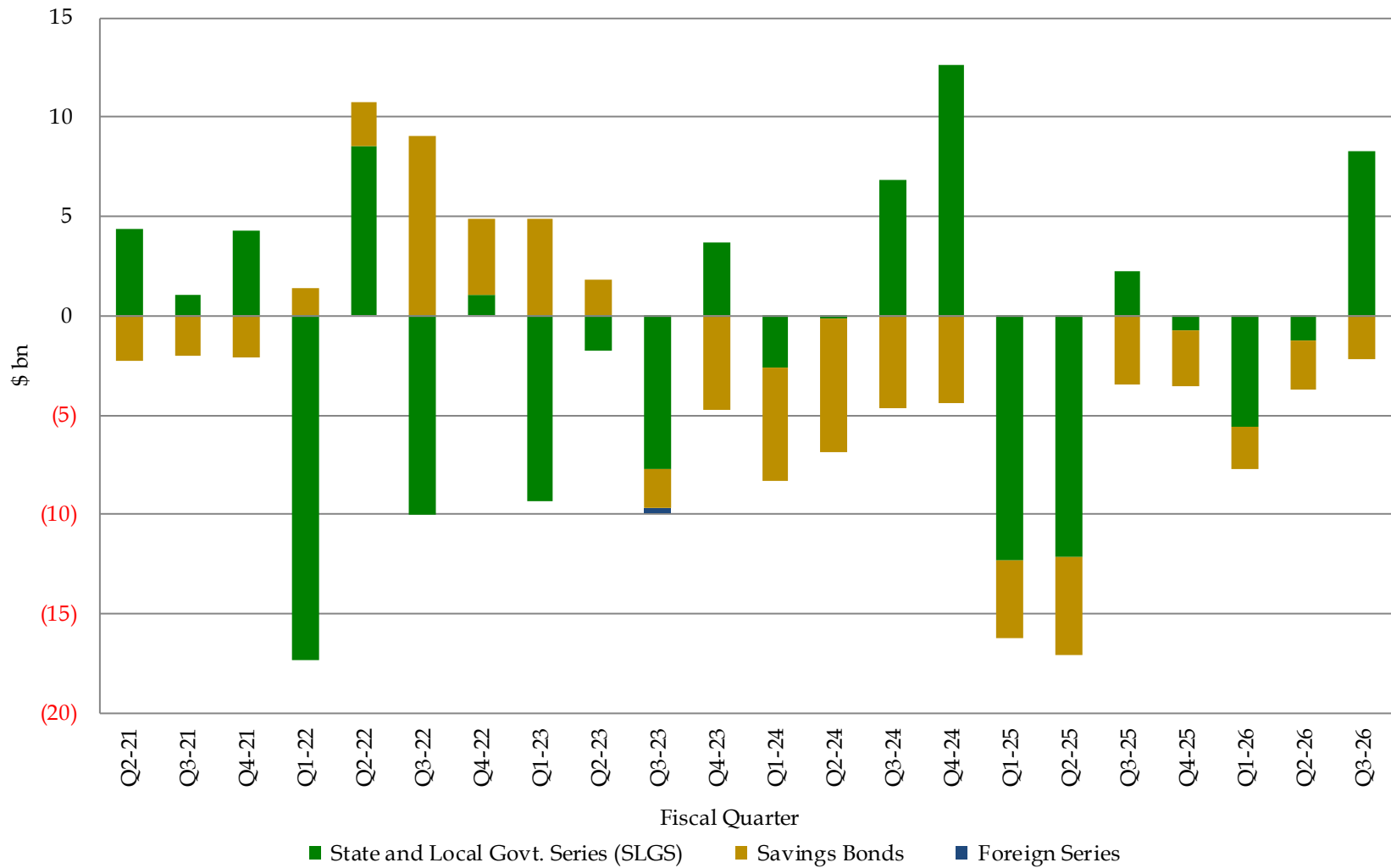
A. Quarterly Tax Receipts Chart	p. 61
B. Treasury Non-Marketable Borrowing	p. 62
C. Budget Surplus and Deficits	p. 63
D. Sources of Financing: Reconciliation of last quarter	p. 64
E. Privately-Held Net Marketable Borrowing Definition and Calculation Example	p. 65
F. Detailed Reconciliation of Various Borrowing Estimates	p. 66
G. Various Historical Debt Service Cost Metrics	p. 67
H. Various Historical Treasury Interest Rate Metrics	p. 68
I. Projected Privately-Held Net Marketable Borrowing Table	p. 69
J. Auction Statistics Tables	p. 70-73



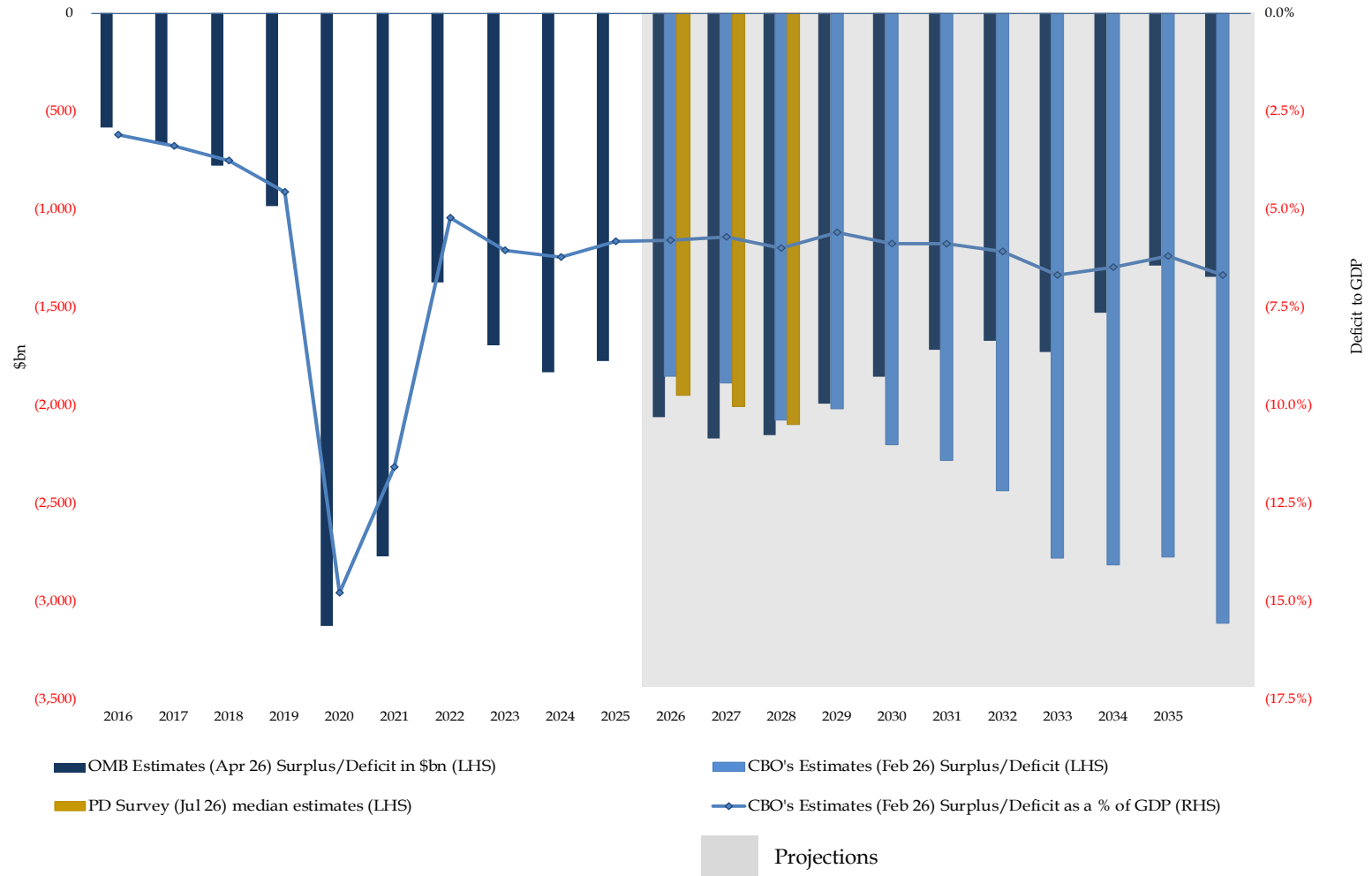
Quarterly Tax Receipts



Treasury Net Nonmarketable Borrowing



Budget Surplus/Deficit



- OMB's deficit projections are derived from Table 8-1 and Table 15-1 of "Budget of the U.S. Government Analytical Perspectives Fiscal Year 2027," April 2026. OMB's deficit as a percentage of GDP estimates are not available for this refunding.
- CBO's deficit projections are from "The Budget and Economic Outlook: 2026 to 2036," February 2026.

Sources of Privately-Held Financing in FY26 Q3

April - June 2026	
Net Bill Issuance	(129)
Net Coupon Issuance	411
Subtotal: Net Marketable Borrowing	282
Buyback	92
Ending Cash Balance	919
Beginning Cash Balance	893
Subtotal: Change in Cash Balance	26
Net Implied Funding for FY26 Q3*	164

Security	April - June 2026 Bill Issuance			Fiscal Year-to-Date Bill Issuance		
	Gross	Maturing	Net	Gross	Maturing	Net
4-Week	1,060	1,155	(95)	3,635	3,750	(115)
6-Week	950	1,035	(85)	3,185	3,255	(70)
8-Week	1,030	1,105	(75)	3,360	3,384	(24)
13-Week	1,157	1,144	13	3,417	3,311	106
17-Week	897	827	70	2,689	2,528	161
26-Week	1,001	967	34	2,997	2,793	204
52-Week	150	140	10	500	468	32
CMBs	25	25	0	25	25	0
Bill Subtotal	6,270	6,399	(129)	19,807	19,514	294

Security	April - June 2026 Coupon Issuance			Fiscal Year-to-Date Coupon Issuance		
	Gross	Maturing	Net	Gross	Maturing	Net
2-Year FRN	86	86	0	258	248	10
2-Year	207	193	14	621	521	100
3-Year	174	115	59	522	348	174
5-Year	210	159	51	630	476	154
7-Year	132	66	66	396	201	195
10-Year	120	48	72	360	155	205
20-Year	42	0	42	126	0	126
30-Year	69	0	69	207	6	201
5-Year TIPS	50	31	19	100	71	29
10-Year TIPS	19	0	19	78	38	40
**20-Year TIPS	0	0	0	0	18	(18)
30-Year TIPS	0	0	0	9	0	9
Coupon Subtotal	1,109	698	411	3,307	2,081	1,226
Buyback		92			202	

Total	7,379	7,189	190	23,114	21,797	1,317
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* By adjusting the change in cash balance, Treasury arrives at the net implied funding number.

** Treasury is currently not issuing 20-year TIPS.

Privately-Held Net Marketable Borrowing Definition and Calculation Example

FY 2022 Actual Deficits and Privately-Held Net Marketable Borrowing, in \$ billions

	FY 2022 Actual
FY 2022 Deficit	1,375
FY 2022 + Change in Cash Balance	421
FY 2022 + Other Means of Financing (e.g. Direct Loans)	-125
FY 2022 = Total Net Marketable Borrowing	1,671
FY 2022 + SOMA Redemption	150
FY 2022 = Privately-Held Net Marketable Borrowing	1,821

- Actual deficits are sourced from the Monthly Treasury Statement.
- Actual change in cash balance is sourced from the Daily Treasury Statement. Change in cash balance = cash balance of Sept 30, 2022 - cash balance of Sept 30, 2021
- Other Means of Financing include cash flows associated with federal credit programs, such as those related to student loans and loans to small businesses.
- Privately-Held Net Marketable Borrowing = Total Net Marketable Borrowing + SOMA Redemption
- SOMA redemption is the amount that the Federal Reserve redeems securities that Treasury has to replace with privately-held marketable borrowing. Actual SOMA redemptions amounts is from the Sources and Uses Reconciliation Table.
- Actual Privately-Held Net Marketable Borrowing is from the Sources and Uses Reconciliation Table.

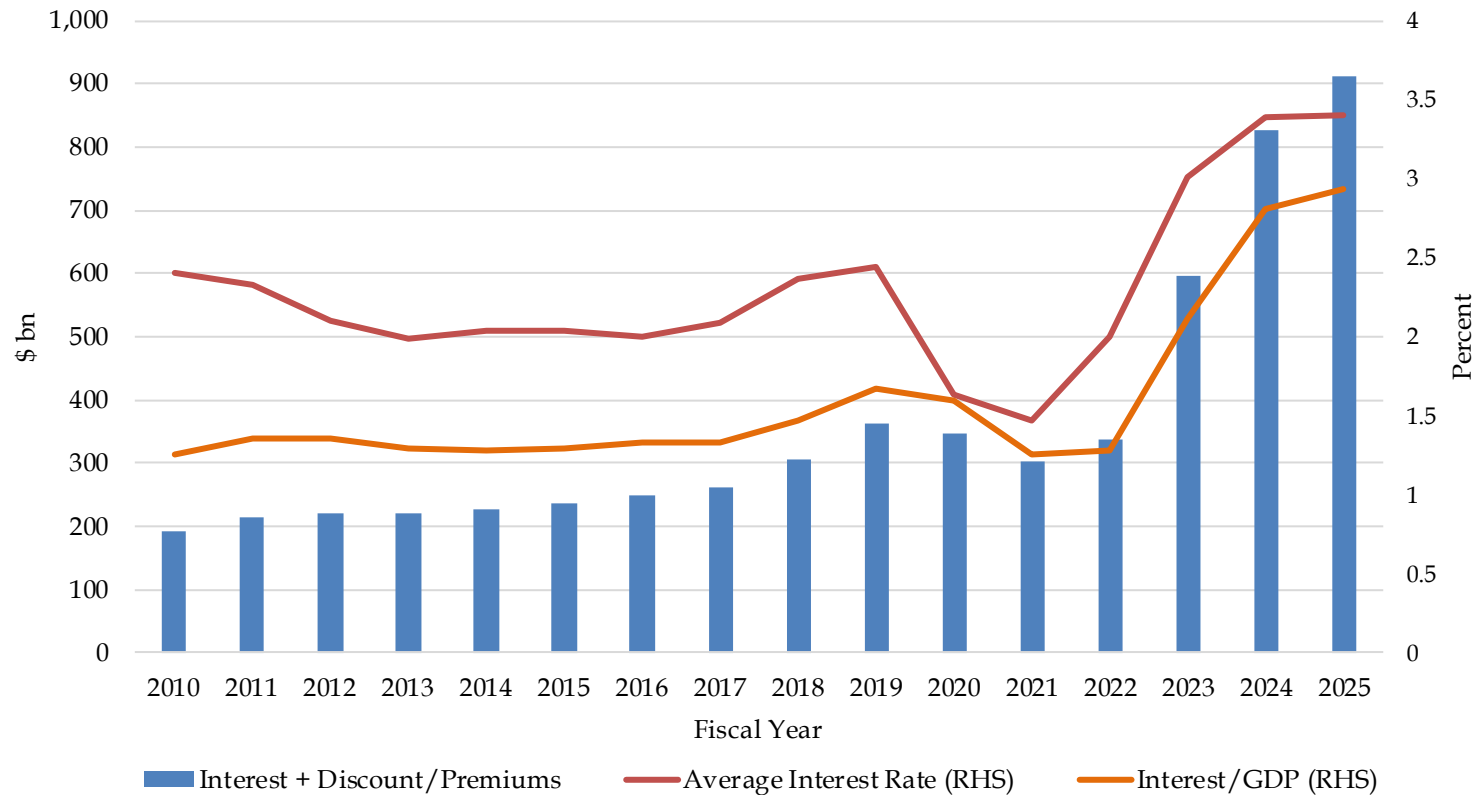
FY 2026-2028 Deficits and Privately-Held Net Marketable Borrowing Estimates, in \$ billions

	Primary Dealer			OFF	OMB	CBO
	25th	Median	75th			
FY 2026 Deficit	1,900	1,950	2,020		2,065	1,853
FY 2027 Deficit	1,960	2,008	2,114		2,172	1,887
FY 2028 Deficit	2,050	2,100	2,200		2,157	2,080
FY 2026 Change in Cash Balance	59	59	59	64		
FY 2027 Change in Cash Balance	-21	0	50			
FY 2028 Change in Cash Balance	0	0	50			
FY 2026 Total Net Marketable Borrowing						
FY 2027 Total Net Marketable Borrowing						
FY 2028 Total Net Marketable Borrowing						
FY 2026 Privately-Held Net Marketable Borrowing*	1,978	2,009	2,103	2,055		1,987
FY 2027 Privately-Held Net Marketable Borrowing*	2,003	2,105	2,159			1,910
FY 2028 Privately-Held Net Marketable Borrowing*	2,100	2,197	2,250			2,088

Estimates as of:	Jul-26	Jul-26	Apr-26	Feb-26
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- * All privately-held net marketable borrowing estimates are “normalized” using assumed Fiscal Year 2026 cash balance of \$950 billion, held constant in out years.
- OMB’s deficit projections are derived from Table 8-1 and Table 15-1 of “Budget of the U.S. Government Analytical Perspectives Fiscal Year 2027,” April 2026. OMB’s borrowing estimates are not available for this refunding.
- CBO’s projections are from Table 1-3 of “The Budget and Economic Outlook: 2026 to 2036,” February 2026.

Historical Marketable Treasury Debt Service Cost

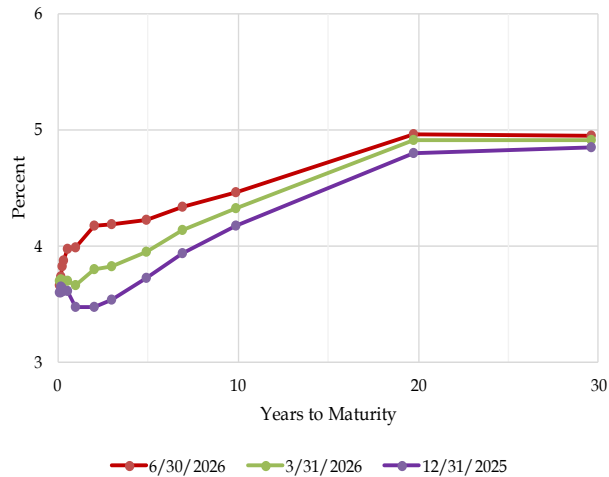


Source: <https://fiscaldata.treasury.gov/datasets>

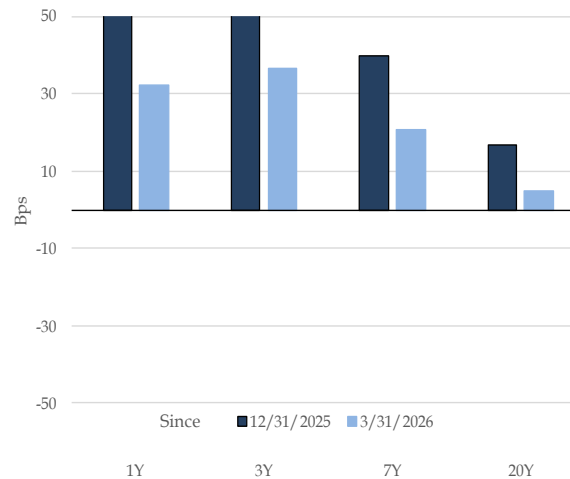
The average interest rates for total marketable debt do not include the Treasury Inflation-Indexed Securities and the Treasury Floating Rate Notes. However, they include securities from Federal Financing Bank. The average interest rates in the chart are as of corresponding fiscal year-end-dates.

Various Historical Treasury Interest Rate Metrics

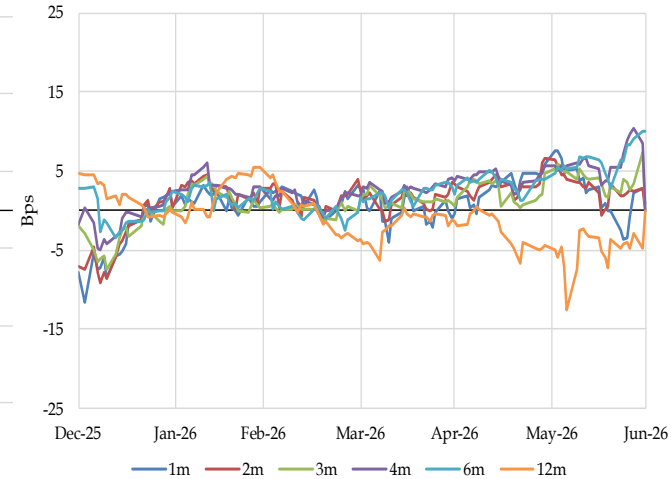
**Treasury Nominal Yield Curve
as of specified dates**



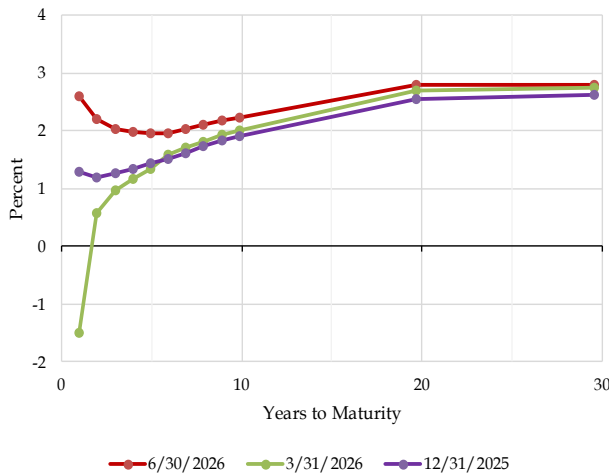
**Nominal Yield Changes in Selected Tenors
Through the end of 06/30/26**



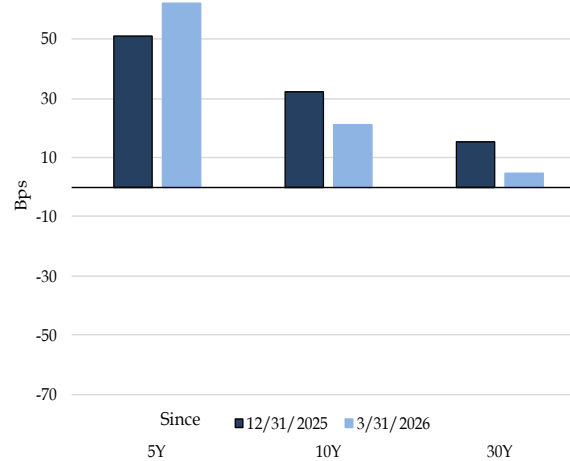
Bills-SOFR OIS spreads



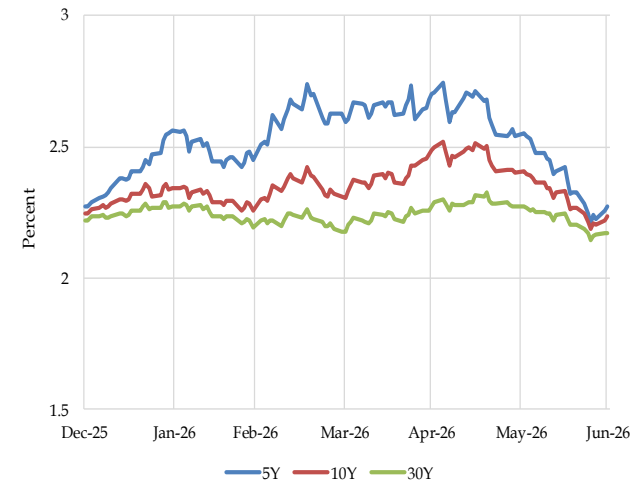
**Treasury Real Yield Curve
as of specified dates**



**Real Yield Changes in Selected Tenors
Through the end of 06/30/26**



Breakevens



**Projected Privately-Held Net Marketable Borrowing
Assuming Private Coupon Issuance & Privately-Held Bills
Outstanding Remain Constant as of 7/31/2026***

Fiscal Year	Bills*	2/3/5	7/10/20/30	TIPS	FRN	Historical/Projected Net Borrowing Capacity
2021	(1,315)	1,260	1,328	55	92	1,420
2022	(53)	744	1,027	61	42	1,821
2023	1,689	319	680	50	(38)	2,699
2024	789	713	881	85	52	2,522
2025	394	741	878	32	68	2,113
2026	742	433	882	64	10	2,131
2027	354	403	860	52	0	1,669
2028	311	306	540	30	0	1,187
2029	313	88	651	30	0	1,081
2030	312	71	693	37	0	1,113
2031	312	0	513	18	0	843
2032	312	0	510	(4)	0	818
2033	314	0	520	2	0	836
2034	317	0	451	(10)	0	758
2035	319	0	444	(25)	0	739
2036	318	0	436	(27)	0	727

*SOMA bill purchases are estimated on recent MBS principal payments and reserve management purchases.

Bills										
Issue	Settle Date	Stop Out Rate (%)	Bid-to-Cover Ratio	Competitive Awards (\$bn)	% Primary Dealer	% Direct	% Indirect	Non-Competitive Awards (\$bn)	SOMA "Add Ons" (\$bn)	10-Year Equivalent (\$bn)*
4-Week	4/7/2026	3.620	3.15	72.2	23.0	2.8	74.2	7.8	0.4	0.8
4-Week	4/14/2026	3.560	3.28	72.0	16.4	3.7	79.9	8.0	0.9	0.8
4-Week	4/21/2026	3.595	3.12	71.9	20.3	1.3	78.4	8.1	0.6	0.8
4-Week	4/28/2026	3.595	2.98	72.0	33.1	2.2	64.7	8.0	1.1	0.8
4-Week	5/5/2026	3.600	2.92	72.3	28.0	2.4	69.6	7.7	2.3	0.8
4-Week	5/12/2026	3.610	2.59	82.0	46.6	6.3	47.1	8.0	0.8	0.9
4-Week	5/19/2026	3.605	2.66	91.9	36.8	6.1	57.1	8.1	4.2	1.0
4-Week	5/26/2026	3.610	2.60	92.2	35.2	3.7	61.1	7.8	3.9	1.0
4-Week	6/2/2026	3.630	2.76	77.0	40.0	5.9	54.1	8.0	3.3	0.8
4-Week	6/9/2026	3.615	3.07	66.9	46.0	2.4	51.6	8.1	4.0	0.7
4-Week	6/16/2026	3.595	3.13	62.1	27.4	2.0	70.6	7.9	4.7	0.7
4-Week	6/23/2026	3.580	2.99	62.1	24.5	3.2	72.3	7.9	4.3	0.7
4-Week	6/30/2026	3.610	2.74	62.3	31.2	3.6	65.1	7.7	5.5	0.7
6-Week	4/9/2026	3.615	3.57	66.5	26.3	3.9	69.8	3.5	5.1	1.1
6-Week	4/16/2026	3.630	3.04	66.6	37.4	5.1	57.5	3.4	2.8	1.0
6-Week	4/23/2026	3.610	2.88	66.4	52.3	7.0	40.7	3.6	5.0	1.1
6-Week	4/30/2026	3.590	3.14	66.9	21.8	3.5	74.7	3.1	4.9	1.1
6-Week	5/7/2026	3.595	3.07	73.0	29.0	6.9	64.1	2.0	4.8	1.1
6-Week	5/14/2026	3.615	2.80	76.7	37.1	5.8	57.0	3.3	5.0	1.2
6-Week	5/21/2026	3.580	3.01	82.4	35.7	7.6	56.7	2.6	5.1	1.3
6-Week	5/28/2026	3.620	2.71	82.0	45.1	5.7	49.3	3.0	3.3	1.2
6-Week	6/4/2026	3.625	3.28	71.7	32.8	3.6	63.6	3.3	4.7	1.1
6-Week	6/11/2026	3.600	3.25	61.7	35.8	5.5	58.7	3.3	4.2	1.0
6-Week	6/18/2026	3.600	3.12	61.6	28.8	2.2	69.1	3.4	5.4	1.0
6-Week	6/25/2026	3.620	2.91	61.7	32.0	2.3	65.7	3.3	4.5	1.0
6-Week	7/2/2026	3.655	2.71	76.7	26.0	5.0	69.0	3.3	5.2	1.2

*Approximated using prices at settlement and includes both competitive and non-competitive awards.

Bills (cont.)										
Issue	Settle Date	Stop Out Rate (%)	Bid-to-Cover Ratio	Competitive Awards (\$bn)	% Primary Dealer	% Direct	% Indirect	Non-Competitive Awards (\$bn)	SOMA "Add Ons" (\$bn)	10-Year Equivalent (\$bn)*
8-Week	4/7/2026	3.620	3.26	71.7	34.7	5.9	59.4	3.3	0.4	1.4
8-Week	4/14/2026	3.575	3.16	71.6	24.2	5.2	70.6	3.4	0.8	1.4
8-Week	4/21/2026	3.615	3.22	71.6	35.0	2.5	62.5	3.4	0.5	1.4
8-Week	4/28/2026	3.605	2.91	72.2	35.1	4.0	60.9	2.8	1.0	1.4
8-Week	5/5/2026	3.620	2.79	72.0	38.1	2.1	59.8	3.0	2.1	1.5
8-Week	5/12/2026	3.595	2.91	83.6	29.2	6.6	64.2	1.4	0.8	1.6
8-Week	5/19/2026	3.610	2.72	91.7	40.2	5.4	54.4	3.3	4.0	1.9
8-Week	5/26/2026	3.600	2.77	92.7	27.8	3.8	68.4	2.3	3.7	1.9
8-Week	6/2/2026	3.615	3.08	78.8	32.2	3.1	64.7	1.2	3.1	1.6
8-Week	6/9/2026	3.610	3.20	73.4	31.9	3.0	65.1	1.6	4.0	1.5
8-Week	6/16/2026	3.610	2.94	73.3	28.1	2.3	69.6	1.7	5.0	1.5
8-Week	6/23/2026	3.640	2.57	72.8	44.6	4.0	51.5	2.3	4.6	1.5
8-Week	6/30/2026	3.660	2.79	72.8	27.9	2.6	69.5	2.2	5.9	1.5
13-Week	4/9/2026	3.635	2.58	85.3	45.5	7.6	46.8	3.7	6.5	2.9
13-Week	4/16/2026	3.620	2.77	85.1	35.6	7.7	56.7	3.9	3.5	2.8
13-Week	4/23/2026	3.610	2.94	85.8	34.6	7.0	58.5	3.2	6.4	2.9
13-Week	4/30/2026	3.590	3.09	86.4	28.1	6.7	65.2	2.6	6.2	2.9
13-Week	5/7/2026	3.610	2.76	87.1	42.8	8.0	49.3	1.9	5.6	2.9
13-Week	5/14/2026	3.610	2.86	86.0	34.2	7.0	58.8	3.0	5.6	2.9
13-Week	5/21/2026	3.600	3.17	85.3	30.4	6.4	63.2	3.7	5.4	2.9
13-Week	5/28/2026	3.595	3.08	87.1	32.8	7.0	60.3	1.9	3.4	2.8
13-Week	6/4/2026	3.630	2.69	87.3	42.0	7.0	51.0	1.7	5.6	2.9
13-Week	6/11/2026	3.640	2.79	87.2	37.9	5.9	56.2	1.8	5.7	2.9
13-Week	6/18/2026	3.640	2.47	87.0	45.4	4.8	49.8	2.0	7.5	3.0
13-Week	6/25/2026	3.695	2.68	87.2	35.4	4.9	59.8	1.8	6.1	2.9
13-Week	7/2/2026	3.740	2.32	88.6	51.9	7.1	41.0	3.4	6.0	3.0

*Approximated using prices at settlement and includes both competitive and non-competitive awards.

Bills (cont.)										
Issue	Settle Date	Stop Out Rate (%)	Bid-to-Cover Ratio	Competitive Awards (\$bn)	% Primary Dealer	% Direct	% Indirect	Non-Competitive Awards (\$bn)	SOMA "Add Ons" (\$bn)	10-Year Equivalent (\$bn)*
17-Week	4/7/2026	3.615	2.95	67.6	44.7	7.8	47.5	1.4	0.4	2.8
17-Week	4/14/2026	3.600	3.34	66.5	32.7	6.4	60.9	2.5	0.8	2.8
17-Week	4/21/2026	3.625	2.93	66.5	42.1	5.2	52.7	2.5	0.5	2.8
17-Week	4/28/2026	3.610	3.02	67.8	41.1	6.1	52.8	1.2	0.9	2.8
17-Week	5/5/2026	3.620	2.78	68.5	50.2	5.8	44.1	0.5	2.0	2.8
17-Week	5/12/2026	3.605	3.13	68.5	44.2	5.5	50.3	0.5	0.6	2.8
17-Week	5/19/2026	3.615	3.20	68.0	34.1	6.0	59.9	1.0	2.9	2.9
17-Week	5/26/2026	3.590	3.34	68.5	33.8	7.1	59.1	0.5	2.7	2.9
17-Week	6/2/2026	3.630	3.01	68.5	39.1	4.7	56.3	0.5	2.7	2.9
17-Week	6/9/2026	3.635	3.15	68.4	34.6	4.1	61.2	0.6	3.7	2.9
17-Week	6/16/2026	3.665	2.88	68.5	37.3	4.7	58.0	0.5	4.6	3.0
17-Week	6/23/2026	3.670	2.87	68.5	41.9	5.1	53.0	0.5	4.3	2.9
17-Week	6/30/2026	3.770	2.55	68.5	41.6	3.8	54.6	0.5	5.4	3.0
26-Week	4/9/2026	3.615	3.06	73.6	30.4	10.0	59.6	3.4	5.6	5.0
26-Week	4/16/2026	3.610	2.84	74.0	29.7	9.2	61.1	3.0	3.0	4.9
26-Week	4/23/2026	3.590	2.89	74.6	32.7	10.8	56.5	2.4	5.5	5.0
26-Week	4/30/2026	3.590	2.95	75.5	25.7	9.8	64.6	1.5	5.3	5.1
26-Week	5/7/2026	3.610	2.79	75.3	35.8	10.3	53.9	1.7	4.9	5.0
26-Week	5/14/2026	3.615	2.91	74.9	35.3	8.8	56.0	2.1	4.8	5.0
26-Week	5/21/2026	3.615	3.07	74.5	27.6	9.2	63.2	2.5	4.6	5.0
26-Week	5/28/2026	3.650	2.77	75.4	34.2	8.4	57.4	1.6	3.0	4.9
26-Week	6/4/2026	3.665	2.84	75.3	34.0	9.6	56.4	1.7	4.9	5.0
26-Week	6/11/2026	3.690	2.75	75.4	40.6	5.5	53.9	1.6	5.0	5.0
26-Week	6/18/2026	3.680	2.76	75.0	23.3	6.6	70.1	2.0	6.5	5.1
26-Week	6/25/2026	3.840	2.51	75.6	43.0	4.0	53.0	1.4	5.3	5.1
26-Week	7/2/2026	3.840	2.58	76.5	36.4	7.2	56.4	2.5	5.1	5.2
52-Week	4/16/2026	3.560	3.21	49.0	39.0	5.2	55.8	1.0	2.0	6.4
52-Week	5/14/2026	3.650	3.41	48.7	27.5	3.5	69.1	1.3	3.1	6.5
52-Week	6/11/2026	3.750	3.34	48.9	29.6	2.2	68.2	1.1	3.2	6.5
CMB	5/22/2026	3.605	4.60	24.9	71.6	12.9	15.5	0.1	0.0	0.2

*Approximated using prices at settlement and includes both competitive and non-competitive awards.

Nominal Coupons & FRNs										
Issue	Settle Date	Stop Out Rate (%)*	Bid-to-Cover Ratio	Competitive Awards (\$bn)	% Primary Dealer	% Direct	% Indirect	Non-Competitive Awards (\$bn)	SOMA "Add Ons" (\$bn)	10-Year Equivalent (\$bn)**
2-Year	4/30/2026	3.812	2.65	68.3	11.9	31.6	56.5	0.7	8.7	18.6
2-Year	6/1/2026	4.071	2.64	68.3	12.3	30.1	57.6	0.7	10.2	18.8
2-Year	6/30/2026	4.189	2.64	68.0	10.2	34.3	55.5	1.0	10.3	19.0
3-Year	4/15/2026	3.897	2.68	57.8	13.3	11.9	74.8	0.2	10.3	24.0
3-Year	5/15/2026	3.965	2.54	57.6	16.9	20.1	63.0	0.4	13.8	25.4
3-Year	6/15/2026	4.192	2.64	57.7	15.3	21.0	63.7	0.3	0.0	20.3
5-Year	4/30/2026	3.955	2.33	69.9	12.7	15.0	72.3	0.1	8.8	44.5
5-Year	6/1/2026	4.182	2.34	69.7	12.8	12.3	74.9	0.3	10.3	45.0
5-Year	6/30/2026	4.200	2.35	69.9	12.9	25.5	61.6	0.1	10.5	45.3
7-Year	4/30/2026	4.175	2.51	43.9	11.6	30.0	58.4	0.1	5.5	37.5
7-Year	6/1/2026	4.290	2.52	43.9	10.4	11.2	78.4	0.1	6.5	37.9
7-Year	6/30/2026	4.260	2.50	43.9	12.8	29.7	57.6	0.1	6.6	38.2
10-Year	4/15/2026	4.282	2.43	38.9	10.8	23.9	65.3	0.1	6.9	45.8
10-Year	5/15/2026	4.468	2.40	41.9	12.0	24.1	64.0	0.1	10.0	52.5
10-Year	6/15/2026	4.538	2.57	38.9	9.5	12.3	78.2	0.1	0.0	39.0
20-Year	4/30/2026	4.883	2.68	12.9	9.7	22.9	67.4	0.1	1.6	23.0
20-Year	6/1/2026	5.122	2.55	15.8	9.4	22.9	67.7	0.2	2.4	28.5
20-Year	6/22/2026	4.927	2.75	12.9	8.5	19.9	71.6	0.1	0.0	20.3
30-Year	4/15/2026	4.876	2.39	22.0	11.6	24.2	64.1	0.0	3.9	49.8
30-Year	5/15/2026	5.046	2.30	24.9	11.7	21.7	66.6	0.1	5.9	58.8
30-Year	6/15/2026	5.020	2.33	22.0	14.7	25.3	60.0	0.0	0.0	42.0
2-Year FRN	4/30/2026	0.103	3.52	30.0	34.3	0.0	65.7	0.0	3.8	0.1
2-Year FRN	5/29/2026	0.089	3.49	28.0	26.8	0.7	72.4	0.0	0.0	0.0
2-Year FRN	6/26/2026	0.079	2.99	28.0	33.3	0.0	66.7	0.0	0.0	0.0

TIPS										
Issue	Settle Date	Stop Out Rate (%)	Bid-to-Cover Ratio	Competitive Awards (\$bn)	% Primary Dealer	% Direct	% Indirect	Non-Competitive Awards (\$bn)	SOMA "Add Ons" (\$bn)	10-Year Equivalent (\$bn)**
5-Year TIPS	4/30/2026	1.367	2.57	25.8	8.5	26.9	64.6	0.2	3.3	17.4
5-Year TIPS	6/30/2026	1.955	2.61	23.9	3.4	28.0	68.6	0.1	3.6	15.8
10-Year TIPS	5/29/2026	2.169	2.52	18.9	11.1	27.5	61.4	0.1	0.0	20.6

*FRNs are reported on discount margin basis.

**Approximated using prices at settlement and includes both competitive and non-competitive awards.
For TIPS 10-Year equivalent, a constant auction BEI is used as the inflation assumption.

What incremental steps should the Treasury consider towards additional transparency of secondary market transactions?

August 2026

Transparency: Since 2020, the Interagency Working Group on Treasury Market Surveillance has worked with FINRA to provide greater transparency in the secondary market as a means of enhancing the overall resilience of the Treasury market. What additional incremental steps should Treasury consider towards additional transparency of secondary market transactions?

FINRA began publishing Weekly Aggregate Statistics on Treasury market activity in 2020, which were converted to Daily Aggregate Statistics in 2023. Should the Daily Aggregate Statistics provide additional granularity about transaction volumes? For example, would it be beneficial for the Daily Aggregate Statistics to include additional breakdowns of activity within the current “Bills” category or on additional categories of off-the-run transactions for nominal coupons (not at the individual CUSIP level, but instead broad categories of near off-the-run vs. far off-the-run)?

FINRA began disseminating transaction-level data on transactions in on-the-run Treasury securities in 2024. How, if at all, has such publication affected Treasury market liquidity? Should the publication of transaction-level data be expanded or enhanced? For example, would it be beneficial to disseminate transaction-level data for bills or near off-the-runs? Would disseminating data one hour after a trade be of greater benefit than the current end-of-day publication of data?

How would such changes balance the generally accepted benefits of market transparency with potential concerns about the effects on liquidity provision? Are there other ways to further enhance transparency or address such concerns? Please elaborate.

Executive summary

What's changed:

- The Financial Industry Regulatory Authority (FINRA), through its Trade Reporting and Compliance Engine (TRACE), has gradually adopted several reporting and dissemination initiatives that have increased the transparency of transactions in the Treasury markets

What we found:

- Together with other factors, including the greater degree of electronification of Treasuries trading and the Treasury buyback program, this incremental transparency has contributed to a reduction in average transaction costs and greater market resilience
- While this improvement has occurred for both on-the-run (OTR) and off-the-run (OFR) Treasury securities, key differences remain across these markets, creating nuance in the impact of additional transparency initiatives

Suggested framework for evaluating additional enhancements:

- We lay out a framework for evaluating enhanced transparency proposals, with the following design principles:
 - Proposals should maintain market functioning, preserve anonymity, increase coverage and widen market participation
 - Implementation on this framework should consider:
 - If there are potential mitigants - such as delayed dissemination and broader bucketing,
 - Whether the preferred policy choices have broad market participant support, and
 - Whether changes can be implemented in a phased manner

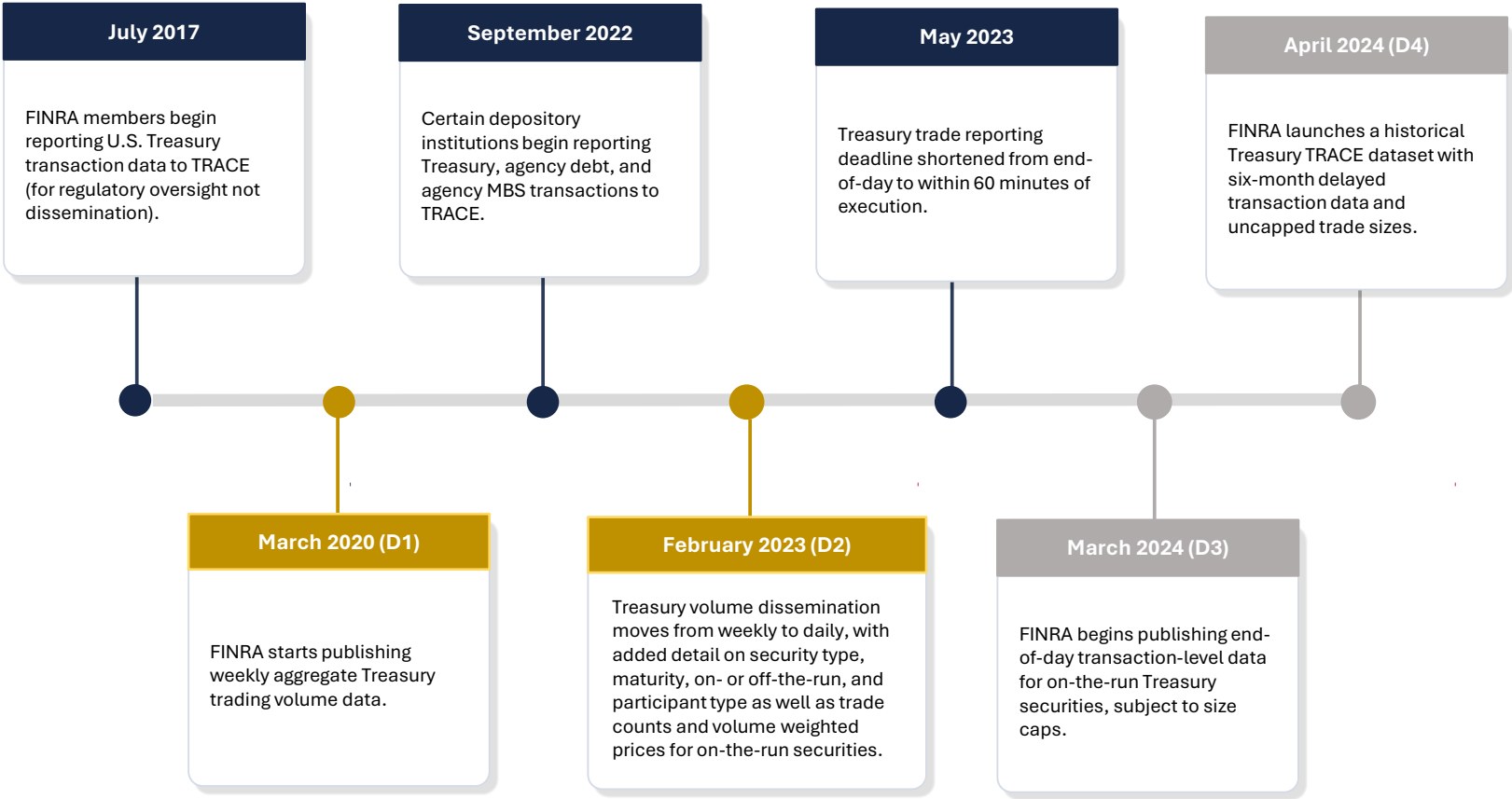
Potential next steps for consideration:

- Future transparency enhancements can be broadly bucketed as below:
 - Opportune next steps
 - **Enhanced dissemination for T- bills** - T-bills trading is less clustered around key events, CUSIPS are more fungible helping with dealer intermediation, and the transactions are more concentrated to primary markets
 - **Near real time disclosure for OTRs** – Potentially feasible due to sufficiently high trading volumes
 - Areas that warrant additional consideration
 - **Cheapest to deliver (CTD)** - Greater CTD transparency could provide insights into the large basis trade. Operational challenges need to be studied in greater detail and industry feedback established
 - Initiatives that may pose greater risk to market participant anonymity and/or dealer intermediation
 - **OFRs** - Due to their significantly lower turnover, more clustered trading patterns, higher costs to trade, and greater reliance on dealer intermediation, the impact of enhanced transparency can be materially different for OFRs than OTRs
 - **TIPS** - Holding of less than 2y maturity TIPS securities on dealer balance sheets has grown significantly and argues against increasing the granularity of maturity buckets for aggregate dissemination

Developments in improving Treasury transparency

Transparency-enhancing initiatives have gradually widened, moving from regulatory reporting toward broader public dissemination and more granular data

Blue denotes reporting initiatives; **gold** denotes aggregate dissemination initiatives; **gray** denotes transaction level dissemination initiative

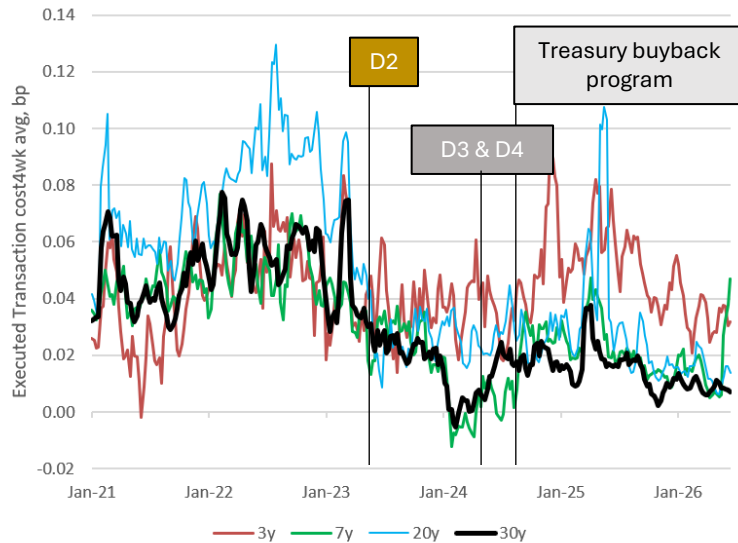


Key implication: Expanded transparency improves visibility into Treasury activity, but policy choices still need to balance transparency benefits against liquidity-provision concerns.

OTR executed average transaction costs have improved

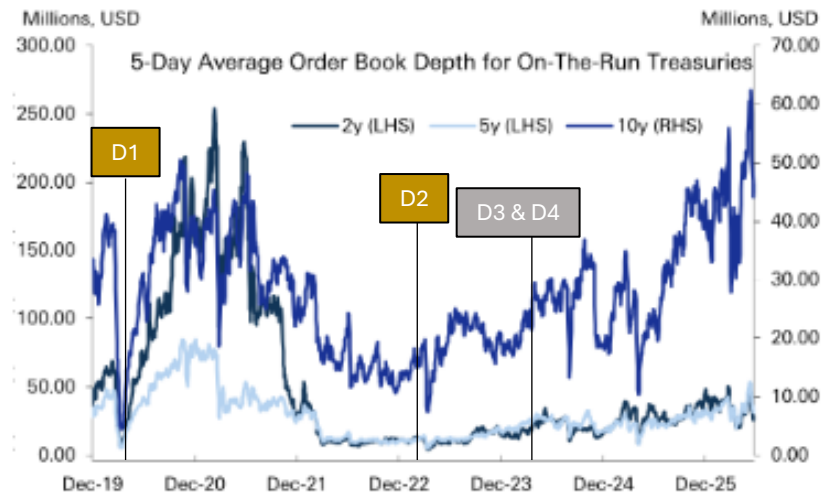
Transparency initiatives appear to have been absorbed without adversely affecting secondary market liquidity

OTR transaction costs have declined



Transaction cost calculated as the dv01 weighted average cost of executed transactions vs platform-wide Tradeweb mid in NY hours
Source: Tradeweb

Order depth for OTRs has increased



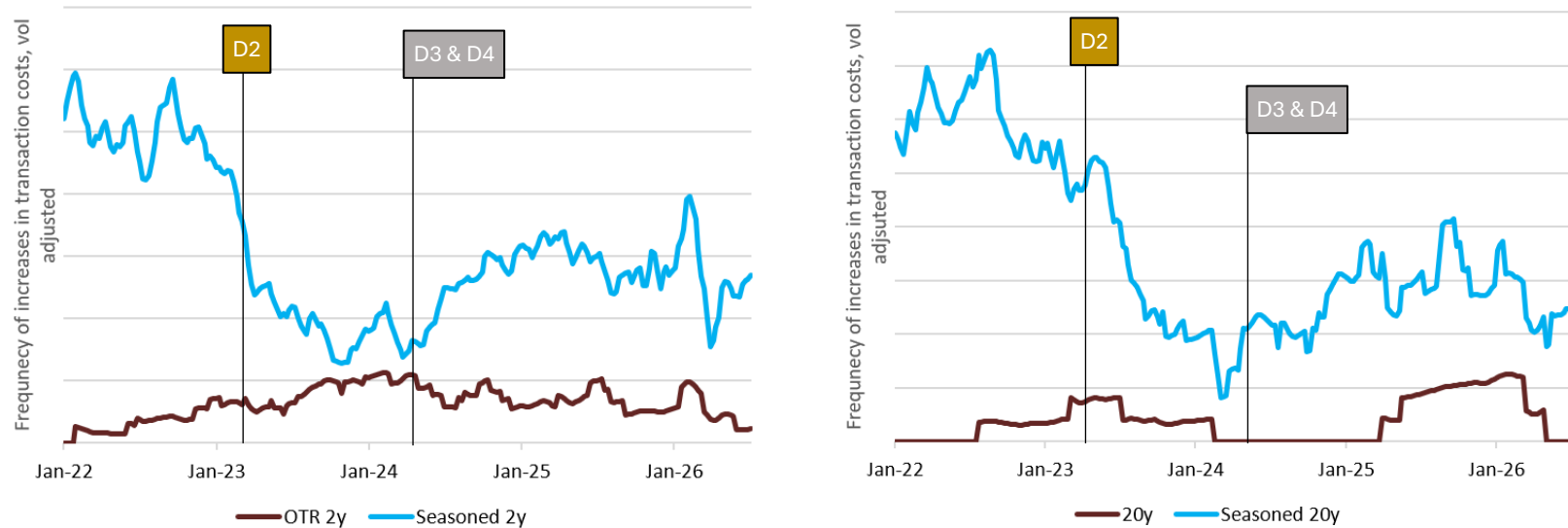
Order depth shown is 5day average of sum of bid and offer book sizes. Source: Deutsche Bank

- Transaction costs for OTR Treasuries have declined since 2022. This improvement has occurred in both average bid-offer spreads as well as consistency of those spreads (e.g., declining frequency of illiquidity episodes)
- Order book depth has strengthened over the past five years. Higher depth supports the ability to trade larger OTR sizes with less market impact
- Higher electronic trading and the Treasury buyback program have likely contributed

Reduced frequency of spikes in execution costs points to greater resilience

Even with the decline, this frequency remains 4x higher for OFR Treasuries than OTRs

For OTRs, weekly dv01 weighted executed transaction cost is higher than previous 3m average less frequently. While it has declined, this frequency remains significantly higher for OFRs than OTRs



Calculated as % of weeks, over a rolling 1y window, where T-costs are greater than previous 3m average by a threshold amount, normalized by 3m implied vol
Source: Presenter's calculations

- Transaction cost averages do not capture adequately the improvement in market resiliency
 - Resilience can be defined in terms of how frequently market participants face a rise in executed transaction costs during periods of increased volatility or market stress
- The frequency of “spikes” in OTRs execution costs has declined sharply over the past two years
- OTRs trade materially differently than OFRs
 - The frequency of OFR spikes has also reduced meaningfully over this period but still is 4x higher than OTRs

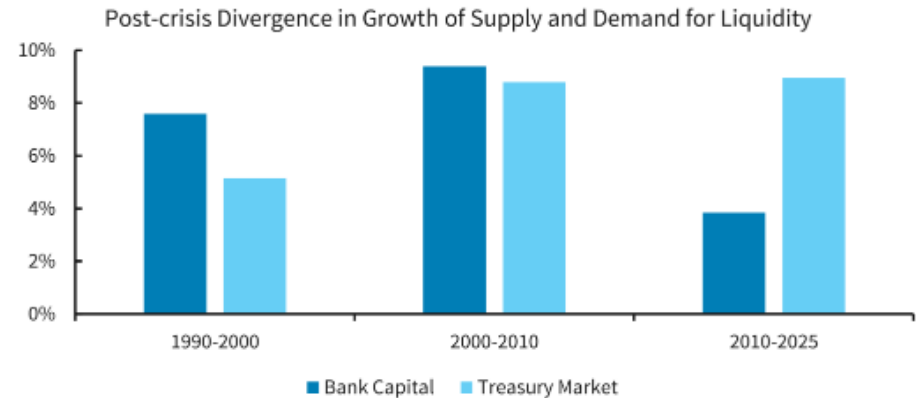
Changes to marketplace since the last proposal

Changes to key participant types, growth of the market, and policy are important factors to consider

Recent developments in the Treasury markets

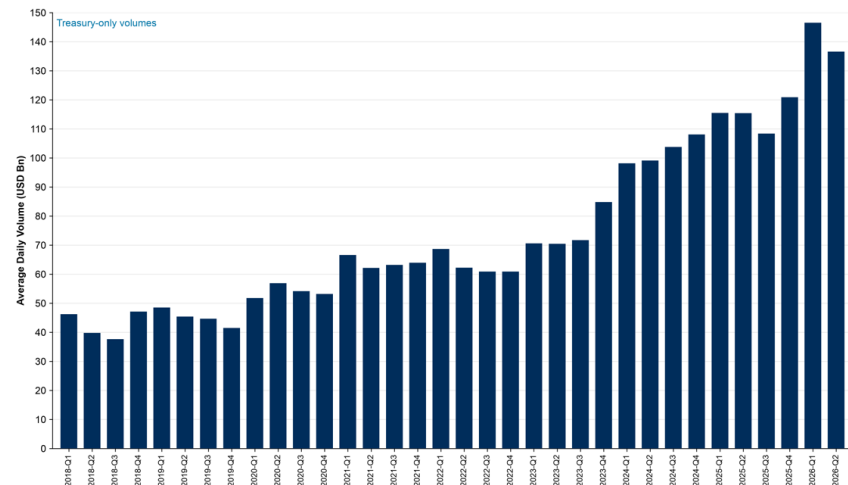
- **The market has grown meaningfully** - Growth of outstanding Treasuries has outpaced growth in bank capital
Impact: *The durability of dealer intervention during times of stress bears closer watching at sector level*
- **Central clearing to be implemented** - Expanded repo clearing to improve dealer balance sheet capacity
Impact: *Intermediation is expected to be positively impacted*
- **Treasury buyback program** – has improved the trading environment in seasoned securities
Impact: *Helped improve OFR liquidity on the margin*
- **Continued rise in electronic trading** – Significant acceleration in electronic trading volumes (~40% growth from 2018-2022 and ~100% from 2022-2026)
Impact: *Helped to increase transparency and create greater competition in RFQs*

Treasury supply has outpaced bank capital growth



Source: Barclays

Average daily US Treasuries volume transacted on Tradeweb



Source: Tradeweb

Framework for evaluating enhanced transparency proposals

Design Principles

Proposals for enhanced transparency could be evaluated along the following dimensions:

1. **Maintain market functioning:** Specifically, maintain intermediation for securities that rely heavily on dealer balance sheets for liquidity
2. **Preserve anonymity:** Dissemination of trading information should not allow for deduction of
 - Individual market participant identities, or
 - Their trading patterns, seasonality or sizes
3. **Increase coverage:** Make the set of Treasuries transactions in scope more comprehensive for reporting and/or dissemination
4. **Widen market participation:** Potentially expand market making/liquidity providers in specific market segments through reduced barriers to entry. For example, greater principal trading firm (PTF) participation in OFR sectors

Evaluation and Implementation Considerations

Evaluation and implementation on this rubric should consider:

- If risk-reward balance can be improved through potential mitigants, such as:
 - **Delayed dissemination:** Can this improve both intermediation and anonymity?
 - **Broader bucketing:** Near OFR/far OFR, or CTD identifiers
 - **Detail level:** Use of aggregate versus transaction-level data
- If the preferred policy choices have broad support among different market participants
- If it can be implemented in a phased manner, recognizing that initiatives may be difficult to unwind

Current FINRA TRACE dissemination

Past dissemination efforts have resulted in broadest availability of statistics for OTR securities

Level	End of Day details	Treasury Bills (T-bills) and FRNs	On-the-run Treasury Notes/Bonds (OTRs)	Off-the-run Treasury Notes/Bonds (OFRs)	TIPS
Aggregate Level	ATS & Interdealer trade count and volume	✓	✓	✓	✓
	Dealer to customer trade count and volume	✓	✓	✓	✓
	Total trade count and volume	✓	✓	✓	✓
	Weighted average price	✗	✓	✗	✗
	Sector detail	✗	✓	✓	✓
	OTR/OFR detail	✗			✓
Transaction Level	End of day released with capped size*	✗	✓	✗	✗
	6-month lagged with uncapped size*	✗	✓	✗	✗

Note: Data does not include certain transactions categories (e.g., foreign investor trades between non-FINRA counterparties)

* Data includes price, volume, time, buy/sell, counterparty type

Potential next areas for enhancement

Enhanced dissemination for T-bills and near real-time OTRs are the opportune next steps. Additional analysis warranted on operational feasibility and benefit for enhancement to CTDs

Potential “Next-step” Enhancement		Maintains Market Functioning	Preserves Anonymity	Increases Data Coverage	Widens Participation	Notes
Aggregate Level Dissemination						
T-bills	Increase granularity (maturity and OTR/OFR status) on EOD basis	●	●	●	●	Participants likely less sensitive to greater disclosure. Beneficial on balance
Off-the-runs	Separate near-OFR (1OFR and 2OFR) and far-OFR (>2OFR)	●	●	●	●	May impair anonymity due to concentrated trading profile. Dealer intermediation risks
TIPS	Increase granularity by maturity (<=2y and 2-5y segments)	○	○	●	○	High risk due to concentrated trading and dealer balance sheet dependence

Transaction Level Dissemination						
T-bills	Bring in line with current OTRs	●	●	●	●	Participants likely less sensitive to greater disclosure. Beneficial on balance
On-the-runs	Near real-time (e.g., 1 hour)	●	●	●	●	Lower risk due to sufficiently high trading volumes
Off-the-runs	Near OFRs	●	●	●	●	May impair anonymity. Dealer intermediation risks.
	Separate CTDs	●	●	●	●	Could provide meaningful information on basis trade, however operational complications due to changing CUSIPs

 Beneficial effect
  Adverse effect
  Neutral or uncertain effect

Market participants have range of perspectives on impact of transparency

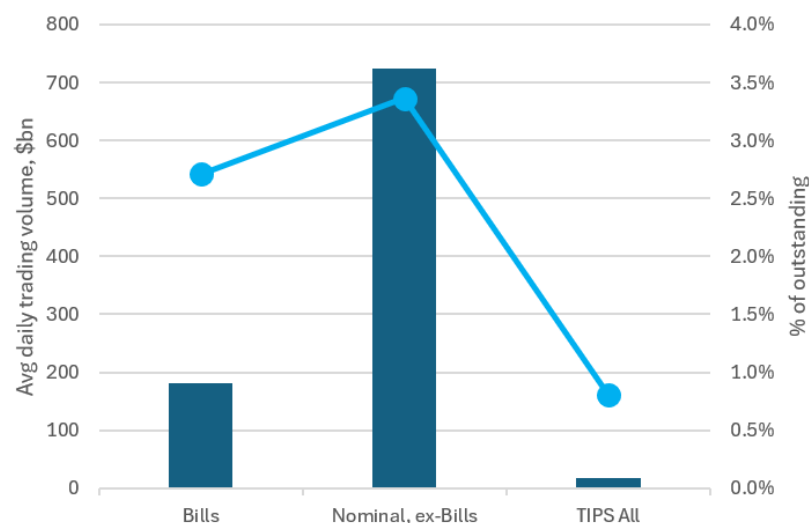
Summary of comments on Treasury's additional post-trade transparency RFI (2022)¹

Issue	Principal Trading Firms	Buy-Side Firms	Sell-Side Firms
View on Transparency	Strongly supportive of transaction-level public reporting. Transparency improves competition, execution quality, and liquidity.	Support transparency as long as it protects anonymity, doesn't harm market functioning, and is consistently applied.	Generally skeptical of broad public dissemination and focused on liquidity risks.
Would Transparency Improve Liquidity?	Yes. Strong view that transparency broadens liquidity provision and reduces information asymmetries.	Yes, as long as it does not remove trading anonymity or disrupt dealer business models	Generally, no. Believe transparency could reduce market depth and dealer intermediation.
Treatment of Large Trades	Support block thresholds and delayed dissemination for very large trades.	Broad support for block thresholds, delays, and caps.	Strong support for robust block-trade protections and longer delays.
On-the-Run vs. Off-the-Run Treatment	Generally, support special treatment for less-liquid securities but favor eventual broad transparency.	Strong support for differentiated treatment by market segment.	Very strong support for differentiated treatment; view off-the-run market as particularly sensitive.
Phased Implementation	Generally, support phased rollout toward eventual comprehensive transparency.	Broad support for gradual implementation and reassessment.	Strong support for pilots, phased implementation, and extensive study before expansion.
Role of Regulatory Reporting	Support comprehensive reporting and public dissemination.	Strong support for comprehensive regulator access to transaction data.	Strong support for regulator access even where public dissemination is opposed.

Source: <https://www.federalregister.gov/documents/2022/06/27/2022-13540/notice-seeking-public-comment-on-additional-transparency-for-secondary-market-transactions-of>

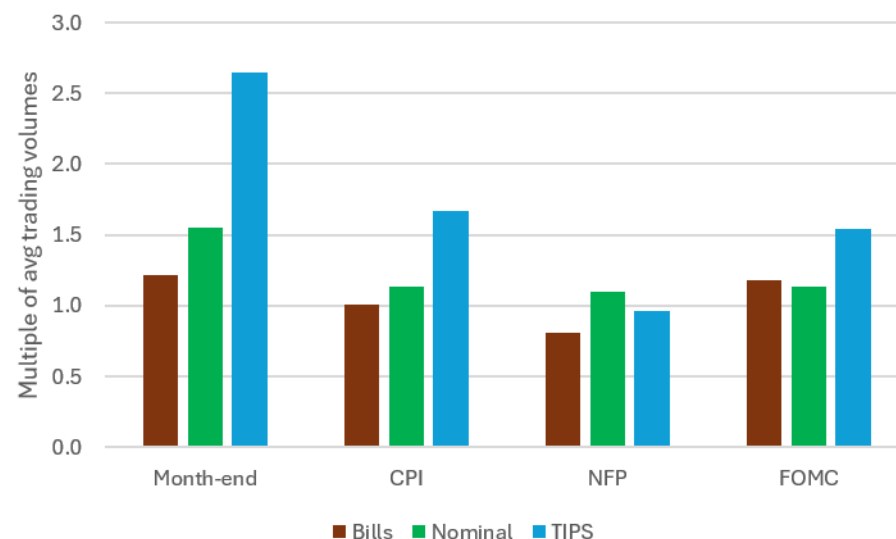
Nominals, T-bills and TIPS have materially different turnover and trading profile concentrations, making nuanced transparency rules necessary

Daily turnover is larger for nominals than TIPS (likely driven by OTRs)...



Source: FINRA, Bloomberg

...in addition, trading volumes at month ends are multiples higher (especially for TIPS)

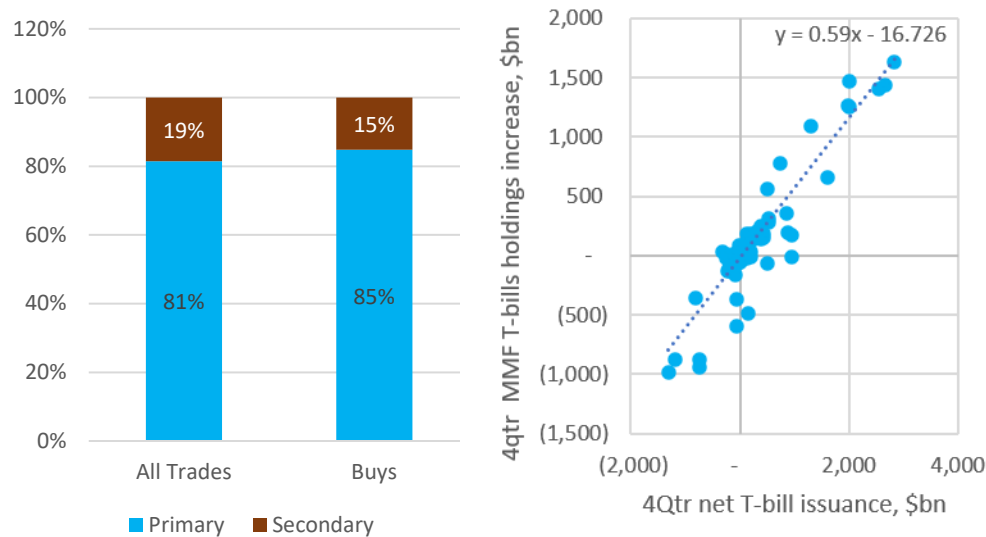


Treasury Sectors Exhibit Distinct Trading and Liquidity Profiles

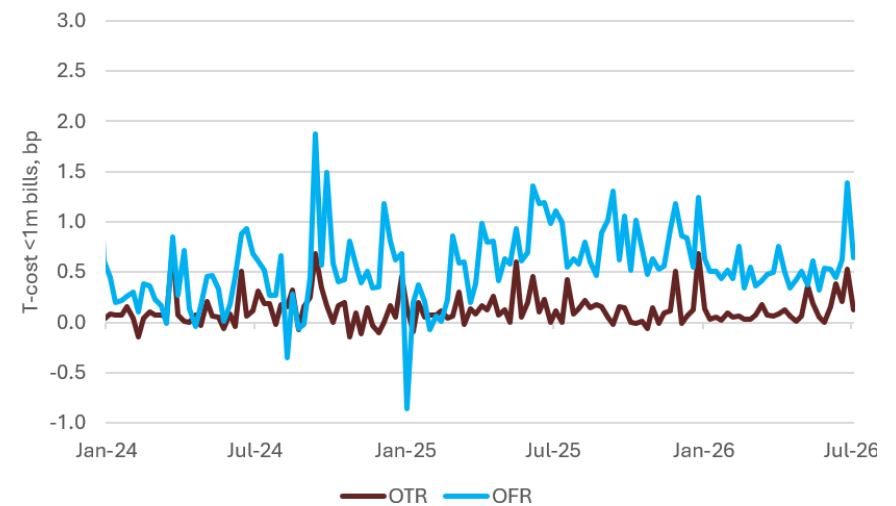
- Nominal Treasuries trade significantly more actively than other Treasury sectors, with daily turnover roughly 1.25x that of T-bills and 4x that of TIPS, as a share of amount outstanding
- Trading activity is distributed differently across Treasury sectors, both through the month and around key market events
- TIPS trading is heavily concentrated around month-end rebalances, with volumes averaging 2.7x normal daily levels, compared with 1.6x for nominal Treasuries and 1.2x for T-bills
- The greater concentration of TIPS trading around month end reflects the higher ownership by indexed portfolios
- TIPS trading is also more concentrated around major macro events, particularly CPI releases and FOMC meetings
- By contrast, T-bill trading volumes remain relatively stable throughout the month

Enhanced transparency on T-bill transactions likely to be beneficial on balance

Majority of money market funds' (MMF) T-bills purchases are in the primary market. MMFs have historically absorbed 60% of net supply.



Transaction cost differences between OTR/OFR T-bills are better behaved than for seasoned coupon Treasuries or TIPS



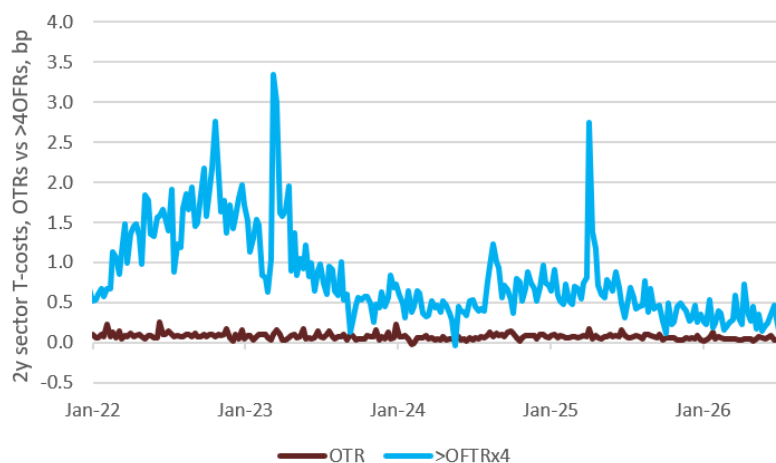
Source: Presenter's calculations, Federal Reserve, Tradeweb

- As Treasury issuance of T-bills increases, expanded transparency may benefit this market through increased coverage
- T-bills trading volumes average ~\$200-250bn a day, with turnover near the levels for nominal Treasuries
- T-bills trading activity is more evenly distributed over time and less concentrated around market events
 - Reducing concerns about anonymity or intermediation
- MMFs, which absorb ~60% of net T-bill issuance, execute ~80% of their activity in the primary market
- The short duration of T-bills reduces dealer warehousing risk
- High substitutability across T-bills CUSIPs enables greater flexibility in intermediation
- Trading costs for OFR T-bills appear more resilient than for seasoned coupon Treasuries or TIPS
- Through the monthly N-MFP process, MMF holdings are disclosed on at least a monthly basis, but some funds choose to disclose at a greater frequency
 - Likely indicative of lower sensitivity to greater incremental transaction dissemination

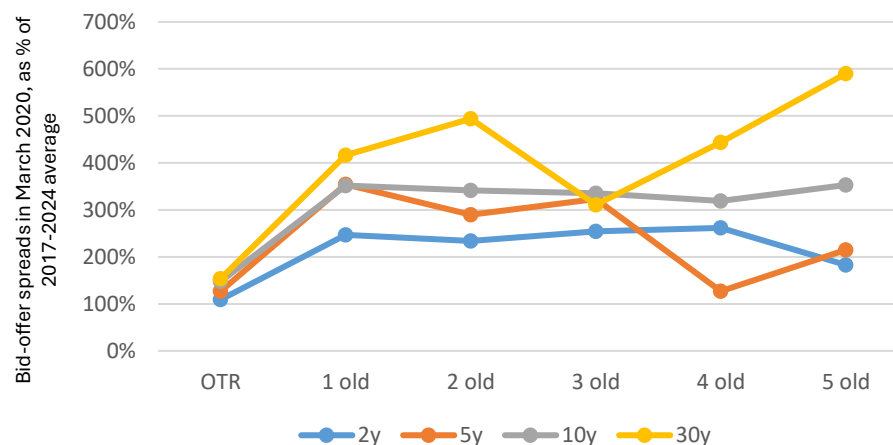
Dealer balance sheet constraints are visible in OFR trading costs

While these constraints have improved, and could further improve with more deregulation, fragility remains

OFR trading costs for seasoned Treasuries have improved but remains materially higher than OTRs



Transaction costs for OFR Treasuries increased significantly more than OTRs during the March 2020 episode



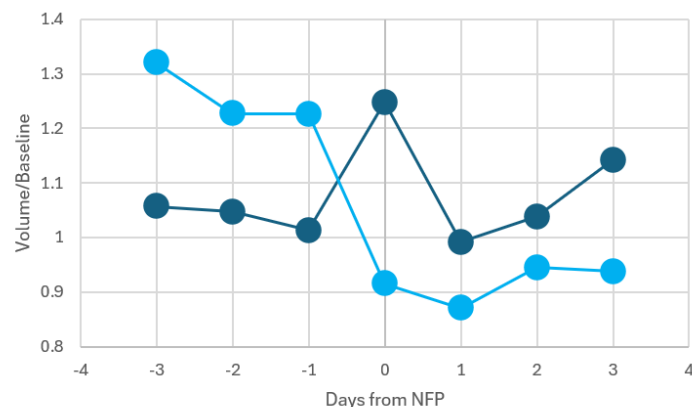
Source: FINRA, Tradeweb, Federal Reserve [Alain Chaboud et al]

Higher transaction cost for seasoned securities

- Based on dv01 weighted executed trades, cost to trade seasoned securities has improved materially since 2023
- However, it remains significantly higher than OTRs
- Likewise, the frequency of illiquidity episodes is also higher for seasoned securities
- Evidence that suggests that seasoned securities played an outsized role during illiquidity episode of March 2020

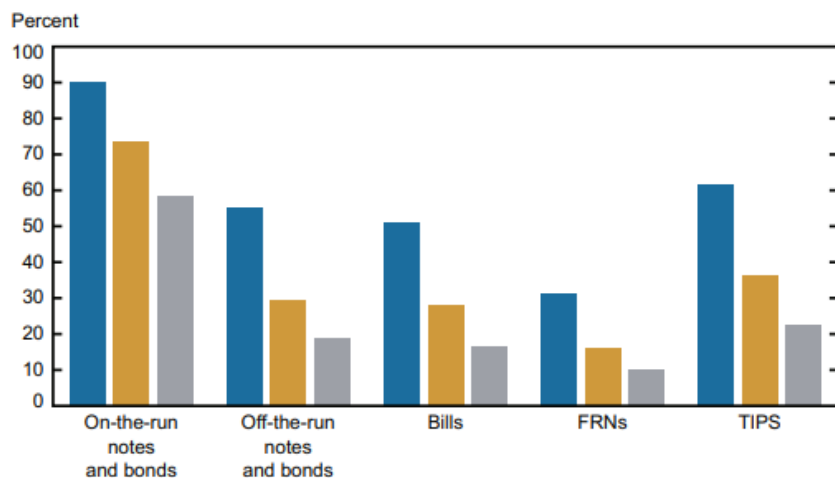
Longer dealer risk hedging timeline requires careful evaluation of increased disclosure proposals

OTR trading volume increases sharply on NFP days (relative to its average), while OFR volume declines marginally



Source: Presenter's calculation

% of dealer to customer flows that are offset by other customer flow within 15min, 1hr and daily



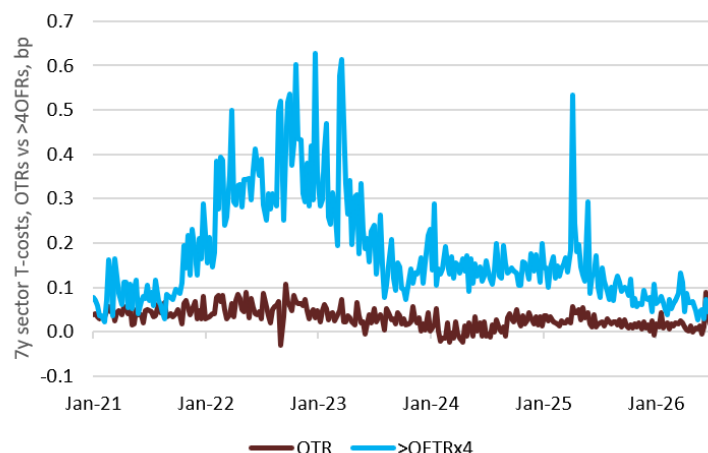
Source: https://www.newyorkfed.org/medialibrary/media/research/epr/2025/epr_2025_all-to-all_chaboud.pdf
[Alain Chaboud et al]

OTR and OFR have potential roles in buy side portfolio construction

- Off-the-run Treasuries are 98% of marketable Treasury debt outstanding. However, spike in volumes on key market dates such as Non-Farm Payroll (NFP) suggests that large risk transfer happens using OTRs on these days
- Buyers of off-the-run securities tend to be more “buy and hold” and use it for duration and key rate duration (KRD) management purposes
- Off-the-run trading tends to rely more heavily on dealer intermediation as there is less two-way order flow that allows for matching of buyers and sellers without dealers taking on inventory
- FINRA TRACE data suggests that purchases and sales of less liquid Treasuries at around the same time are relatively uncommon
 - Only ~20% of customer trading activity in off-the-run notes and bonds has offsetting activity in the same security within the same 15-minute interval, while this is 60% for OTRs

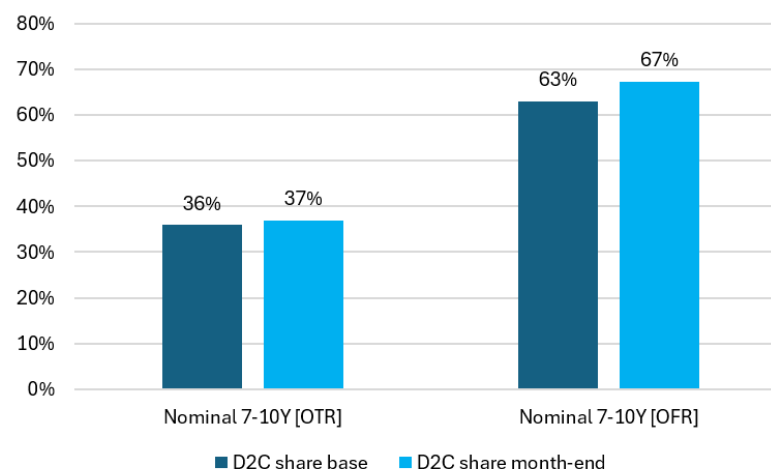
Greater dealer to customer (DTC) flow share for OFRs could cause greater transparency to adversely affect dealer intermediation

Transaction costs for >4old 7y sector Treasuries are materially higher than OTRs



Source: FINRA, Tradeweb

Two-thirds of OFR nominal transactions are DTC



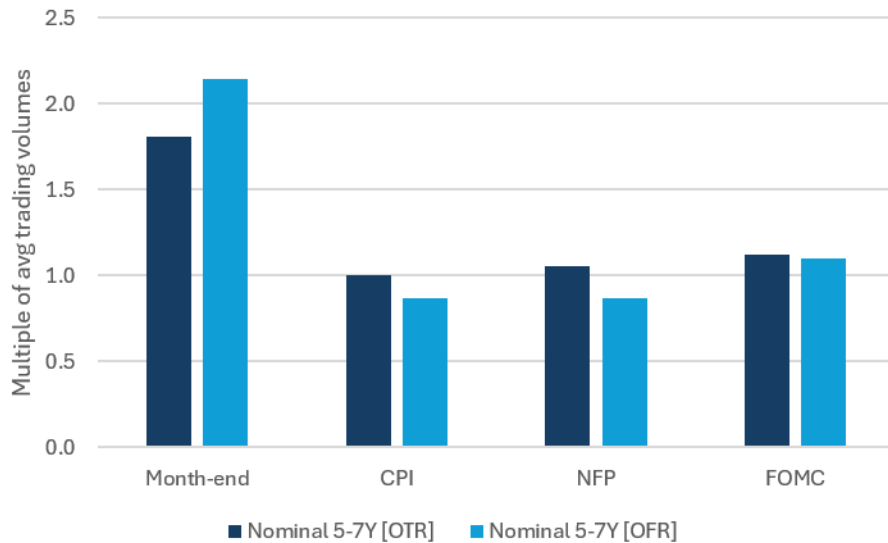
Source: FINRA

- Off-the-run (OFR) Treasuries, which rely on dealer intermediation to a greater degree, play an important role in month-end index rebalances
- While near OFRs (1 old or 2 old) have a lower cost than far OFRs, more granular disclosure, even with a delay, might present challenges for market participant anonymity:
 - Since the number of CUSIPs qualifying as near OFR would be small, aggregate disclosure could still be driven by large trades in select few names
 - Disclosure of near OFR securities could also, by default, make the reported statistics of far OFRs even more siloed
 - While delayed disclosure could mitigate some dealer-intermediation risks, OFR trading strategies are longer-lived and are often repeated systematically. This makes them vulnerable to reverse-engineering with delayed data

Key implication: Increased aggregate reporting that separates near-OFR from far-OFR creates challenges for participant anonymity. Delayed disclosure does not eliminate this risk.

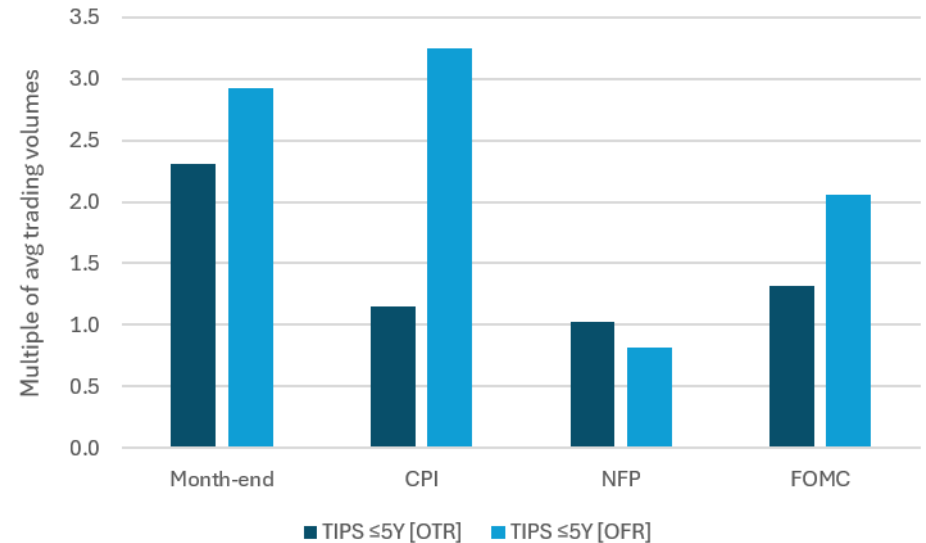
OFR trading coincides with predictable, periodic events, creating identifiable trading data, even with delayed release

OFR trading volumes are significantly higher on month ends but lower on data announcements



Source: FINRA

Increase in OFR TIPS volumes on month-end, CPI and FOMC days far outpaces that for OTR TIPS



Broad sector level data doesn't capture the full extent of concentration in off-the-run trading profiles

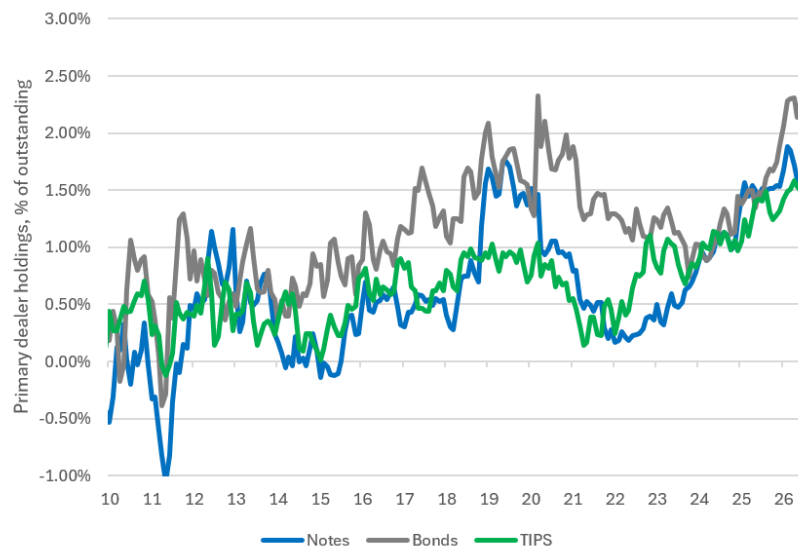
- While OTR trading volumes are 35% higher than their daily average on month end, OFR volumes are 145% higher in the <2y sector. Similar patterns occur across maturity profiles.
- OFR TIPS volumes are 2.9x on month-ends than their average and 3.25x higher on CPI days. These figures for OTR TIPS are 2.3x and 1.2x respectively
- This has implications for transparency disclosure requirements. A more concentrated OFR trading profile necessitates a careful evaluation of intermediation details

Source: FINRA

Primary dealers' holdings of Treasuries have increased

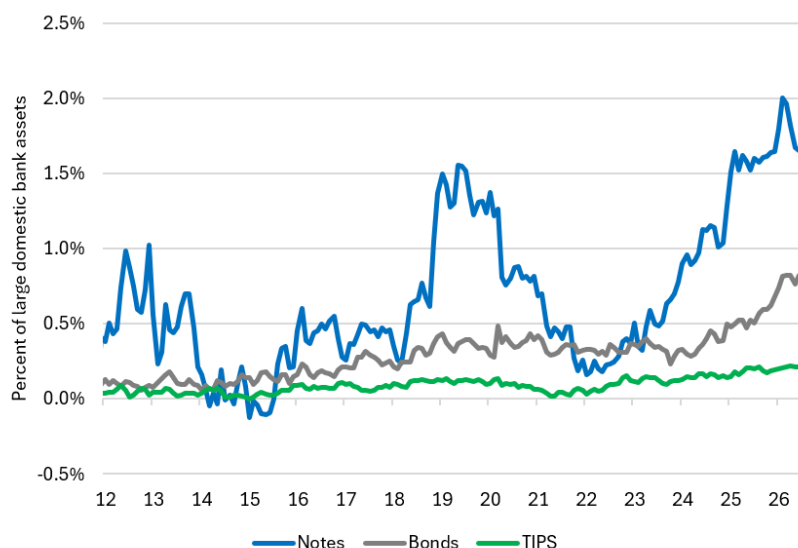
This increases the importance of dealer intermediation capacity, particularly for TIPS and nominal OFRs

Primary dealers' holdings of Treasuries have increased substantially, even as a percentage of outstanding ...



- With increased Treasury gross issuance, primary dealer holdings of Treasuries has increased markedly, more so for TIPS than nominals.
- This increase is not just outright, but is also as a percentage of outstanding
 - Nominal notes and bonds are back to their pre-pandemic peaks, having risen materially over the past 5 years
 - TIPS are about 50% higher than their pre-pandemic peak
- Nominals and TIPS OFRs are more heavily reliant on dealer intermediation, particularly during key market events such as month-ends

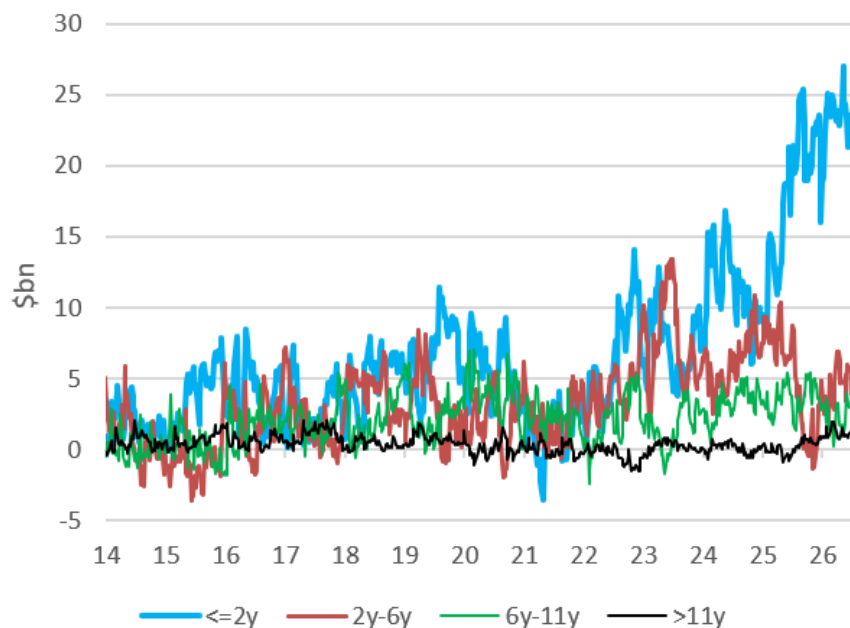
...particularly as a percentage of bank assets



- The rise in primary dealer holdings is also evident as a percentage of large domestic bank assets
- While hard to attribute to any single factor, regulatory changes have likely helped improve market conditions on the margin, which can be observed in the recent widening in front-end Secured Overnight Financing Rate (SOFR) swap spreads

Front end heavy primary dealer holdings argue against more granular TIPS disclosure – would impact intermediation and anonymity adversely

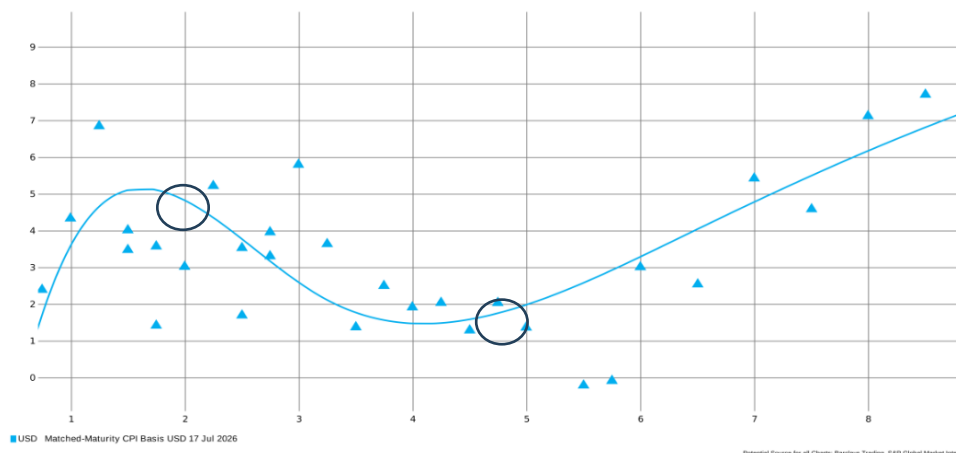
Primary dealer balance sheet holdings of <2y TIPS have increased substantially



Room to match nominal and TIPS maturity bucket distribution

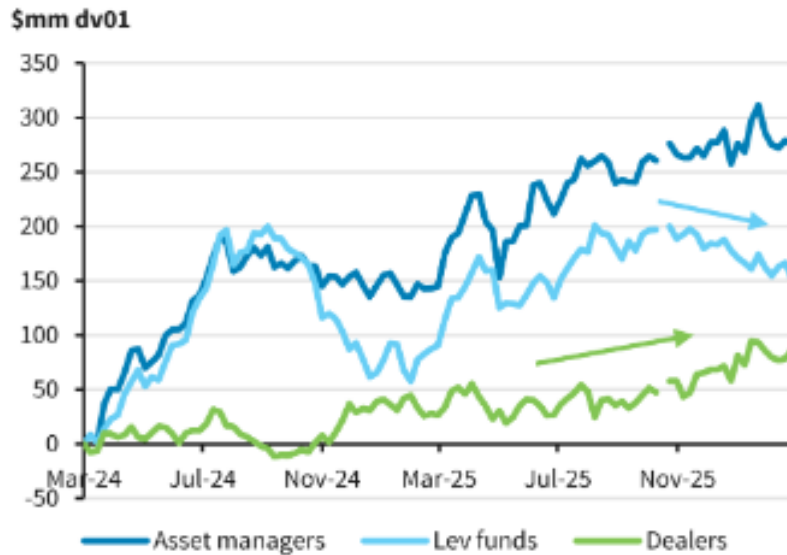
- Primary dealer balance sheet holdings of <2y TIPS have increased significantly over the past few years
- These securities have significantly greater volatility due to higher correlation with commodity prices and macroeconomic releases
- This likely results in <2y TIPS trading cheaper on IOTA than securities further out the curve
- Greater trading disclosure, even in aggregate, in the <2y sector could potentially adversely affect this asset class, which is more indexed than nominal Treasuries

Matched maturity IOTA spreads show 2y TIPS trade at a discount relative to 5y TIPS



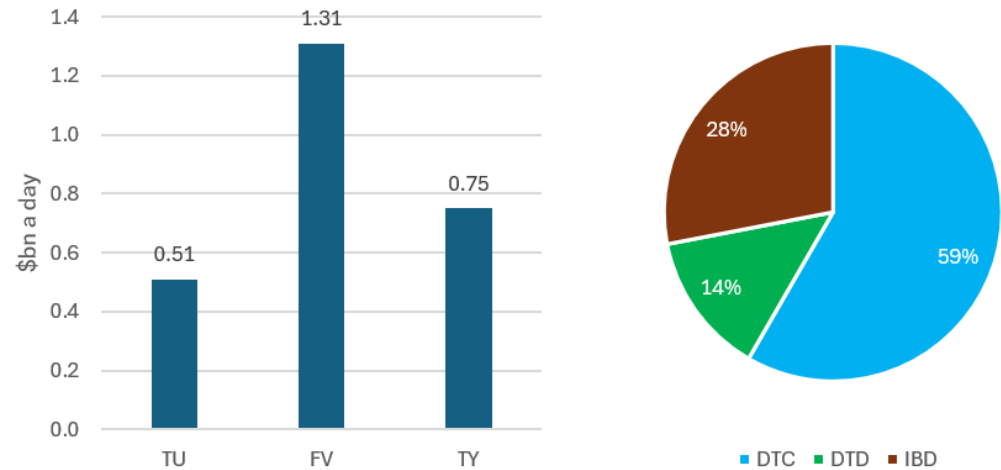
CTD status generates additional trading activity; more transparency might provide greater insight into the Treasury basis trades

Basis trade is shifting from levered funds to dealers



Source: Barclays, Federal Reserve

CTD securities have traded with materially higher volumes, ~40% of this increase is dealer-to-dealer or inter-broker dealer



Data from 2017-2024 Source: Federal Reserve

- Basis trade shifting to dealers from hedge funds
- CTD trading profile is closer to OTRs than it is to seasoned Treasuries
 - For example, between 2017 and 2024, fair value CTD traded \$1.3bn a day more than counterfactual
 - 60% of this increase is likely DTC (dealer to customer), while rest is dealer-to-dealer (DTD) or inter broker dealer (IBD)
- Given the growing interest in basis trade measurement,¹ the risk reward balance for CTD transactions disclosure might skew in favor of more dissemination
- This needs to be weighed against operational complexities such as CTD switching and co-CTDs
 - Over time, while this disclosure would refer to a changing set of CUSIPs, it might still be meaningful as a category

¹See link for additional information: <https://www.federalreserve.gov/econres/notes/feds-notes/quantifying-treasury-cash-futures-basis-trades-20240308.html>

Conclusion

- Treasury market transparency has increased meaningfully over the past few years. Together with other factors, including the greater degree of electronification of Treasuries trading and the Treasury buyback program, greater transparency has contributed to a reduction in average transaction costs and greater market resilience
- Greater resilience has been evident across both on-the-run (OTR) and off-the-run (OFR) Treasuries, but important structural differences between these markets suggest that additional transparency measures are unlikely to have uniform effects
- The most opportune next steps for additional transparency may lie in areas where risks to market participant anonymity and dealer intermediation are low, such as in expanded T-bills and near-real time OTR transaction level data dissemination
- Areas that may warrant additional analysis include trade-offs in expanding transparency in cheapest-to-deliver (CTD) transactions. While it may provide greater insight into the large basis trading positions, it may also be operationally complex
- A measured, targeted approach to transparency enhancements is likely to deliver the greatest market benefit while minimizing unintended consequences

Intraday Repo

Treasury Borrowing Advisory Committee

August 2026

Intraday Repo: Please comment on the growth of intraday repo and its implications for money markets, collateral arrangements, and the Treasury market as a whole. Which market participants are likely to use intraday repo and why? What effects could intraday repo have on liquidity management practices? How might greater use of intraday repo affect investors with persistent collateral financing needs? How dependent is intraday repo on structural changes to the market – e.g., greater adoption of blockchain and tokenization technology? Please elaborate.

Executive summary

- Intraday repo could be a useful addition to existing funding markets by helping address very short-term liquidity needs of banks and dealers that are not efficiently met through other funding mechanisms.
- Advances in digital assets and blockchain technology are helping to build the market infrastructure that could support the development of an intraday repo market.
- Intraday repo creates a new channel for cash investors to deploy idle balances. This improves the efficiency of liquidity distribution across the banking system and reduces liquidity bottlenecks and the risk of funding squeezes.
- If widely adopted, intraday repo could reduce banks' precautionary demand for reserve balances, allowing the Fed to supply fewer reserves and operate with a smaller balance sheet than otherwise.
- However, greater reliance on intraday repo could introduce new financial stability, operational, and regulatory risks, particularly during periods of market stress when regulators have less time to respond.
- Broader adoption could also alter funding market dynamics, potentially complicating the calculation of overnight benchmark rates and challenging the Fed's monetary policy implementation.
- At present, intraday repo remains a nascent market, with limited trading activity concentrated among a small number of participants. Widespread adoption is likely years away, with technological development, regulatory considerations, and user adoption being important milestones.

Prior TBAC studies connected to intraday repo

Digital Assets and the Treasury Market (November 2024)

<https://home.treasury.gov/system/files/221/TBACCharge2Q42024.pdf>

- TBAC noted that demand for tokenized Treasuries is likely to grow alongside crypto markets, benefiting from hedging needs and flight-to-quality demand. With advantages of 24/7 trading, instantaneous settlement, and programmable collateral transfers, tokenized Treasuries provide a natural foundation for future intraday repo transactions.
- The study also highlighted that repo markets stand to gain “immediate and large potential benefits from tokenization”.

Inter-Agency Working Group’s efforts on Treasury Market Resilience (November 2024)

<https://home.treasury.gov/system/files/221/TBACCharge1Q42024.pdf>

- The availability and efficient redistribution of repo liquidity are essential to Treasury market resilience.
- The Fed’s standing repo operations (SRP) provide an effective backstop, but their usefulness is constrained by factors such as fixed operation windows and the inability for counterparties to net these transactions.
- As a result, market-based solutions could reinforce public sector efforts and improve the allocation of liquidity across the financial system.

Digital Money (May 2025)

<https://home.treasury.gov/system/files/221/TBACCharge2Q22025.pdf>

- Tokenized money market funds enable more efficient short-term liquidity management and instantaneous collateral transfers, which make them natural participants in an intraday repo ecosystem.
- As stablecoins and other forms of digital money compete with traditional bank deposits, banks may rely more heavily on wholesale funding markets. In turn, this suggests that banks may adopt intraday repo as an important liquidity tool for day-to-day cash management.

Treasury Investment in Repo (May 2026)

<https://home.treasury.gov/system/files/221/TBAC-Charge2Q22026.pdf>

- While not directly focused on intraday repo, the proposal to invest excess TGA balances in repo reflects a broader objective of recycling idle liquidity back into the financial system and reducing funding market volatility.
- The proposal of using market-based mechanisms to improve reserve efficiency and reduce funding frictions is broadly consistent with the development of an intraday repo market that allows cash and collateral to be deployed more efficiently throughout the day.

An overview of intraday repo

What is intraday repo?

- Unlike traditional repo, where cash and collateral are exchanged overnight or longer, intraday repo allows borrowing and lending within the same trading day.
- Transactions can be structured for periods ranging from several hours to just a few minutes (potentially even shorter with automation), with interest accruing over the exact funding period.
- Intraday repo can be a targeted solution to address temporary liquidity shortfalls arising from settlement timing mismatches and payment flows.
- It presents a natural use case for distributed ledger technology (DLT) to leverage speed, precision, and automation.
 - However, intraday repo does not need to be “on-chain” and can also operate through existing triparty infrastructure.

Current market infrastructure

- Several intraday repo platforms, both on-chain and using traditional infrastructure, are already operational today. These include:
 - BNY Intraday Triparty Repo
 - JP Morgan Kinexys (on-chain)
 - Broadridge Distributed Ledger Repo (on-chain)
- Current activity remains limited and concentrated among a small number of participants.
- Potential new participants continue to evaluate the landscape as tokenization grows.

Two types of infrastructure for intraday repo access

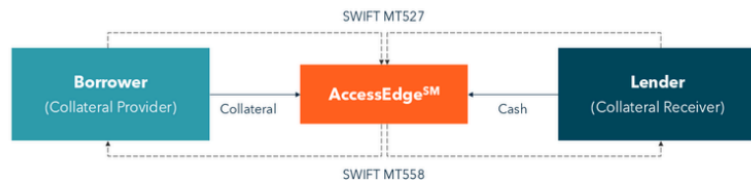
Triparty

- Participants access intraday repo through BNY's existing triparty repo infrastructure, using the same operational workflow as traditional overnight repo.
- Intraday repo has same-day start and end times, typically from 08:30 ET to 15:30 ET to align with morning repo unwinds and afternoon Treasury settlements.
 - Interest accrues by the second for the duration of the transaction.
- Leverages established market infrastructure and legal frameworks but remains dependent on triparty intermediaries and predefined operating windows.

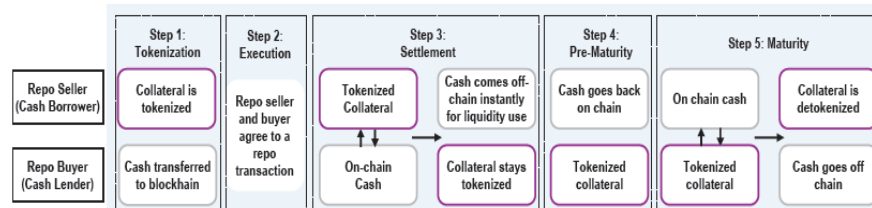
Distributed ledger technology (DLT)

- Treasuries are deposited with a custodian and tokenized prior to trade executions.
 - Transactions can be settled in near real-time, supporting more efficient intraday liquidity management.
- Over time, tokenized Treasuries become native to the intraday platform and circulate frictionlessly across financial markets, enabling broader adoption.
- However, adoption is currently limited with fragmented platforms and legal/regulatory uncertainty as key challenges.

Flow diagrams for triparty (left graph) and blockchain-based (right graph) intraday repo access



Source: BNY Intraday Triparty Repo product overview, 2025

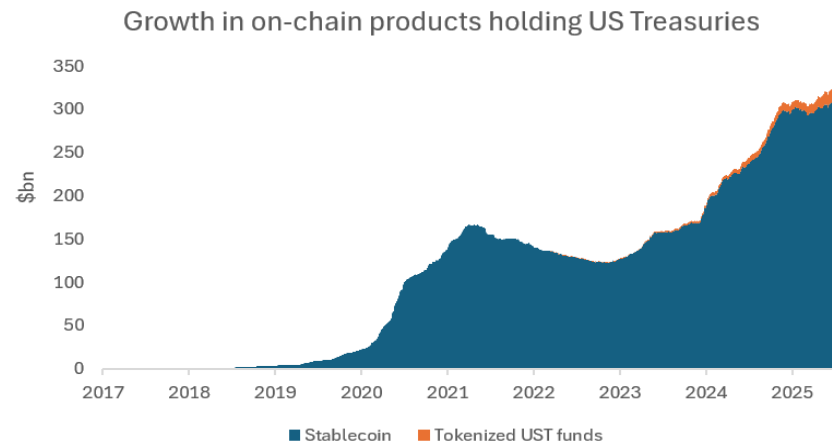


Source: J.P. Morgan

Evolution of demand: Rise of digital assets

- Competition from crypto-native firms and products (e.g. stablecoins and tokenized MMFs) is accelerating demand for faster settlement cycles and 24/7 market access.
 - Heightened market volatility and event risk further increase the value of real-time liquidity.
 - Continuous trading and near-instant settlement create funding needs that extend beyond traditional banking and market operating hours.
 - Advances in DLT solutions can reduce settlement fails or delays, supporting broader adoption of intraday transactions by easing operational frictions.
- Stablecoins create demand through several channels:
 - Stablecoin issuers will likely seek to invest uncommitted cash throughout the day in eligible reserve assets under the GENIUS Act, creating demand for ultra short-duration investment opportunities.
 - As stablecoin adoption grows, issuers may also accumulate larger bank deposits to support redemptions, resulting in greater payment-flow volatility at those banks and increasing their demand for intraday liquidity.

Rapid growth in stablecoins and tokenized Treasury products is increasing demand for real-time settlement, continuous liquidity, and around-the-clock funding solutions

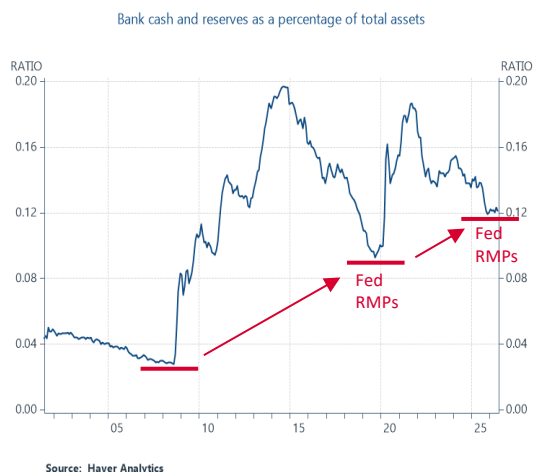


Source: RWA.xyz

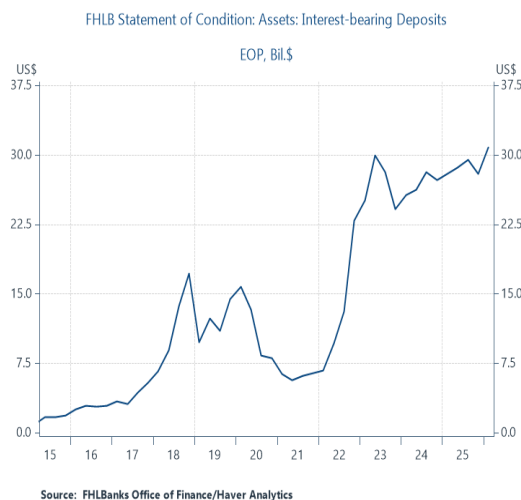
Evolution of demand: Bank regulations rules increase the value of intraday liquidity

- Post-crisis bank liquidity regulations have increased the emphasis on intraday liquidity management. In response, many banks maintain sizable reserve buffers to satisfy potential intraday funding needs.
 - Resolution Liquidity Adequacy and Positioning (RLAP) frameworks require banks to explicitly recognize intraday cash inflows and outflows. There are currently few tools to manage intraday liquidity needs beyond holding additional reserves.
- Maintaining a large reserve buffer is inefficient for banks as it incurs both balance sheet and opportunity costs.
 - As an externality, because reserves are liabilities of the Fed, increased bank demand requires the Fed to grow its balance sheet via reserve-management purchases (RMPs), which it launched in 2019 and 2025.
- FHLB Intraday Bank Deposit Accounts (IBDAs): FHLB deposits that help bank meet their intraday liquidity requirements have grown in usage, indicating increased demand for intraday-compliant liquidity sources.
 - At the same time, Fed daylight overdraft usage remains low, possibly due to banks preferring large reserves and potential stigma concerns.

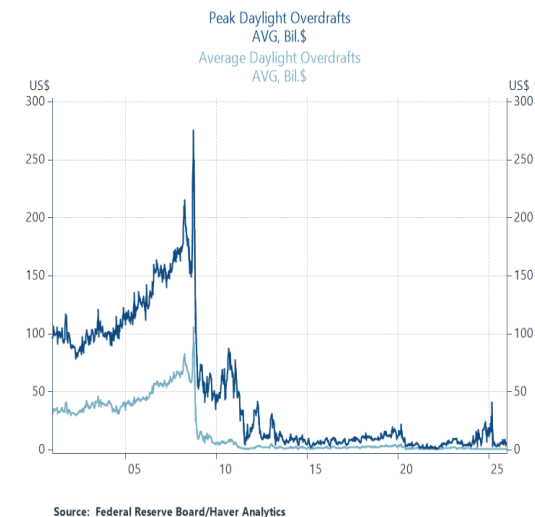
Banks have increased reserve holdings relative to assets since the GFC



Rising use of FHLB IBDAs highlights demand for intraday-compliant liquidity



Fed daylight overdraft remains low as banks prefer to hold precautionary reserve buffers



Current sources of intraday liquidity

Settlement bank daylight credit

- Settlement banks (e.g. BNY) provide intraday liquidity to dealers to facilitate securities settlement and payment flows.
 - Available between 08:30 ET and 18:59 ET on each business day.
- Economically similar to intraday repo given it is also short-term secured funding, but in practice structured as collateralized credit.

Federal Reserve daylight overdrafts

- Fedwire participants can access intraday credit to meet payment and settlement obligations.
 - Available throughout Fedwire Funds Service operating hours (21:00 ET the preceding day to 19:00 ET)
 - Overdraft cap based on factors including collateral availability, bank capital levels, supervisory scores (CAMEL), etc.
- Intraday credit can be either collateralized or uncollateralized. In practice, most borrowing is collateralized and carries zero cost.
 - However, uncollateralized overdraft usage tends to rise during periods of market stress, such as in early 2020.
- Banks are not allowed to plan on incurring daylight overdrafts for liquidity stress tests and overdrafts are discouraged by bank examiners.
- Unpaid intraday balances can be converted into discount window borrowing to avoid overnight penalties.

IBDA deposits (FHLB-to-bank intraday lending)

- FHLBs can place interest-bearing deposit accounts (IBDAs) with large banks throughout the day, which banks can use to meet their intraday liquidity requirements, although in practice these balances are typically rolled forward each day.
- Current FHFA bank capital rules restrict the amount of unsecured credit – which includes IBDAs – that FHLBs can extend, limiting their overall usage.

FX markets

- Non-US banks borrow dollars in FX markets (using FX swaps and cross-currency swaps) to fund their liquidity buffers.
- Some transactions can settle the same day, but they are not commonly used to meet intraday liquidity needs.

Existing forms of intraday liquidity depend largely on public-sector and clearing-bank credit. Other forms of private-sector liquidity could be suboptimal for various reasons (operational risk, regulatory limits, inefficient use of capital, etc.).

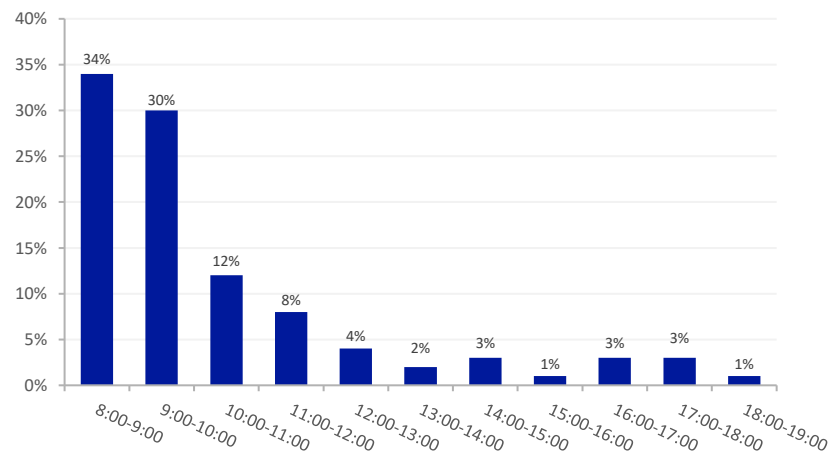
Evolution of demand: Growth in Treasury and repo settlements create concentrated but short funding gaps

Observations from sample daylight overdraft (DOD) data:

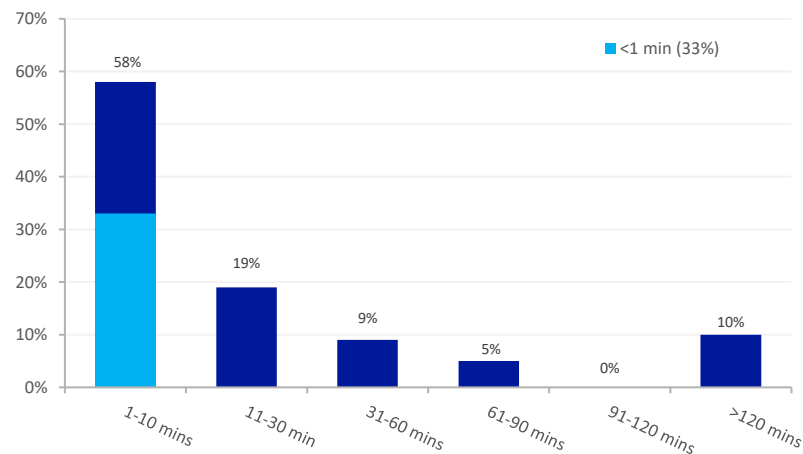
- 64% of daylight overdrafts occur before 10:00 ET, primarily driven by Treasury settlements upon the opening of Fedwire Securities.
 - Overdrafts also occur throughout the day but much less likely, stemming from margin management, repo unwinds, end-of-day balance sheet management, and other operational issues.
- 33% of daylight overdrafts are resolved within one minute, 58% within 10 minutes, and 86% within one hour.
 - This suggests most liquidity needs arise from timing mismatches rather than persistent funding shortages.

Analysis of settlement bank daylight overdraft for a sample of many dealers during a typical month

Distribution of DODs by Operating Hour



Distribution of DODs by Maximum Duration



Source: Member calculation using BNY data

Intraday repo use case: Primary dealer settlement mismatches

- Daylight overdrafts typically arise when securities or cash settle before offsetting funding arrives:
 - Morning (08:30 ET): Fedwire Securities opens and dealers face settlement timing mismatches.
 - Afternoon (15:30 – 16:30 ET): Triparty repo unwinds, and dealers may not receive cash from cash investors quickly enough.
- A natural early use case for intraday repo is replacing settlement-bank overdraft used to bridge these temporary funding gaps.
 - Intraday repo could lower funding costs for dealers, potentially costing as little as half of daylight overdraft charges, according to Finadium estimates.
 - However, intraday repo also shifts funding from the settlement bank to private market participants, introducing additional counterparty exposure and operational complexity.

Current model: reliance on settlement-bank credit

Dealers		
Assets	Liabilities	
8:30 AM	UST ↓ 10bn	Fedwire opens and DVP settlements begin
Deposits ↑ 10bn		
		Overdraft
UST ↑ 20bn		Timing differences & delayed inflows mean that dealers have insufficient cash and must overdraft
Deposits ↓ 10bn	Overdraft ↑ 10bn	
8:35 AM		
9:30 AM	Deposits ↑ 10bn	Receipt of delayed inflow
UST ↓ 10bn		
Deposits ↓ 10bn	Overdraft ↓ 10bn	Pay off overdraft
10:00 AM		

Potential model: overdrafts replaced with intraday repo funding

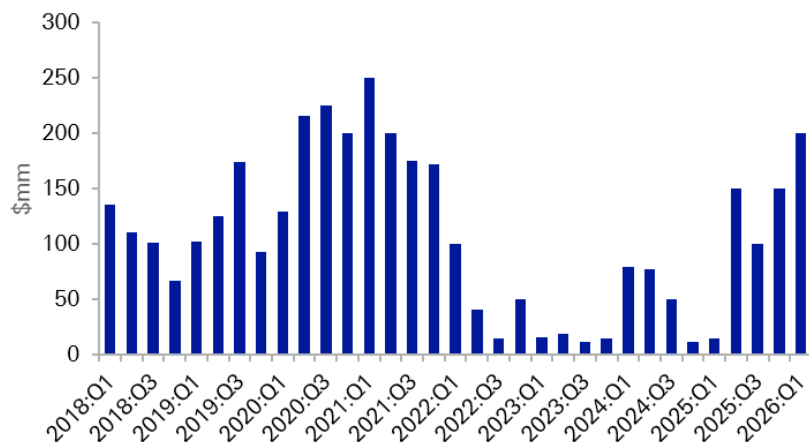
Dealers		
Assets	Liabilities	
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Deposits ↑ 10bn		
		Overdraft
UST ↑ 20bn		Timing differences & delayed inflows mean that dealers have insufficient cash and must overdraft
Deposits ↓ 10bn	Overdraft ↑ 10bn	
8:35 AM	UST ↓ 10bn	Intraday repo
Deposits ↑ 10bn		
Deposits ↓ 10bn	Overdraft ↓ 10bn	Pay off overdraft with intraday borrowing
9:30 AM	Deposits ↑ 10bn	Receipt of cash inflow
UST ↓ 10bn		
10:00 AM	UST ↑ 10bn	Unwind of intraday repo
Deposits ↓ 10bn		

Intraday repo use case: Syndicate banks underwriting large deals

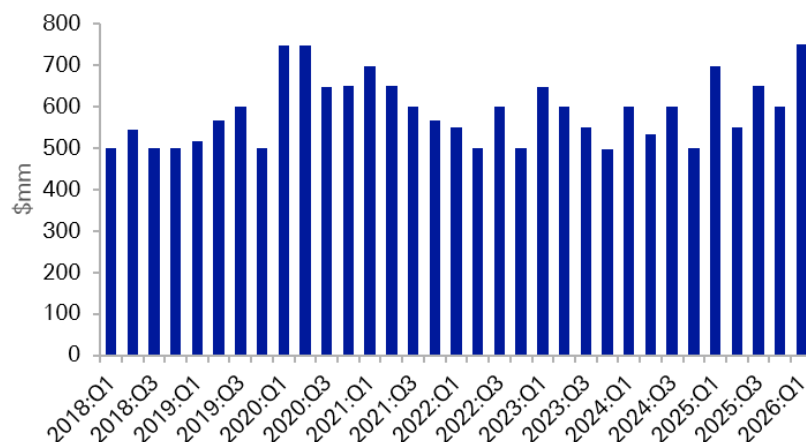
- In recent years, syndicated deals for equity and debt issuance have grown significantly in scale, driven in part by record valuations and ongoing AI-related capital investment.
- Primary issuance often generates uneven intraday cash flows, as deal proceeds may be delivered to the issuer before investor allocations have fully settled. This creates a temporary intraday funding gap which the syndicate banks need to bridge with bank credit. Large deal sizes also potentially strain the capacity of various entities providing intraday credit.
- Intraday repo could finance this exposure, reducing reliance on daylight overdrafts and improving liquidity efficiency around large syndicated events.

Larger equity and bond offerings create potential for intraday cash flow mismatches for the underwriting banks

IPO Median Proceeds



Corporate Bond Offering Median Proceeds

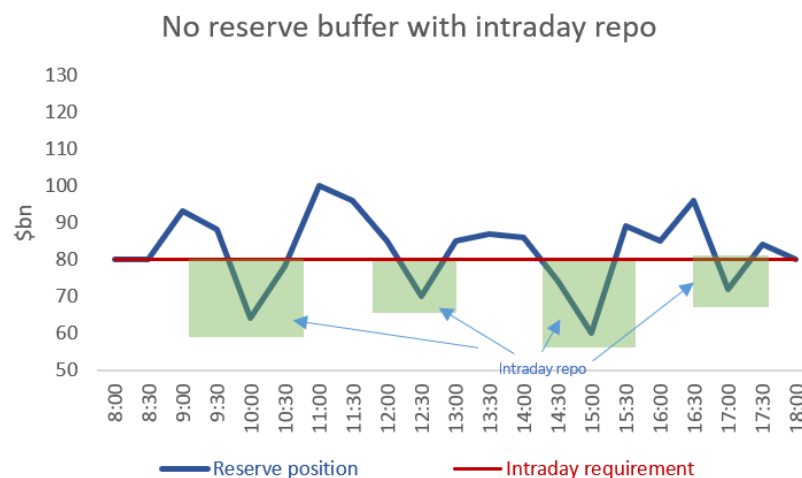
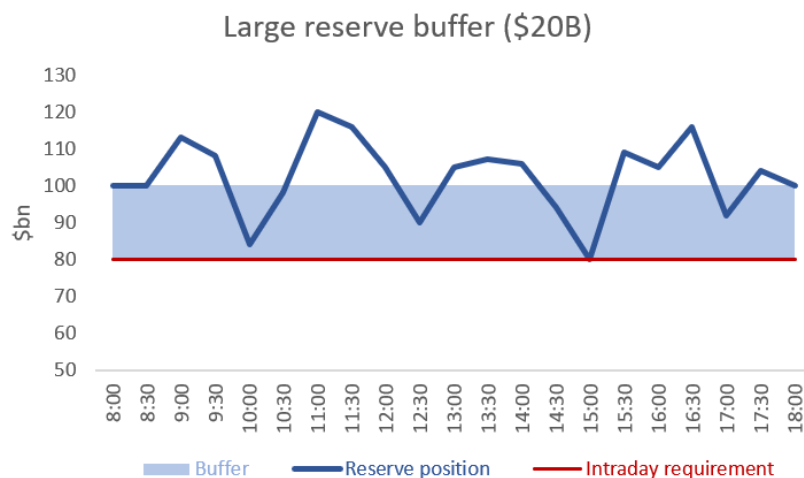


Source: Securities and Exchange Commission

Intraday repo use case: Banks reduce cash buffers needed for outflow peaks

- Banks currently fund large reserve buffers so that they can meet outflows each day without falling below intraday regulatory limits. Intraday repo would allow for borrowing necessary cash for just a portion of each day.
 - Fedwire banks needed to carry \$630 billion on average each day to manage payment timing mismatches, according to a BIS paper.¹
- In the stylized example below, a bank treasury holds \$20bn reserve buffer throughout the day to ensure its reserve position does not fall below the \$80bn regulatory requirement. With intraday repo, it can potentially eliminate this buffer and borrow intraday to meet its liquidity shortfalls.

Stylized example: With automation and instantaneous settlement, banks can use intraday repo in place of maintaining large reserve buffers to guard against intraday positions from falling below requirement



Source: Member illustration

¹BIS Working Papers, "Intraday liquidity around the world", April 2023, <https://www.bis.org/publ/work1089.htm>

End-users and impacted parties of intraday repo

Stakeholder	Example of entities	Motivations
Borrowers	• Primary dealers • Non-primary broker dealers • Banks (esp. non-US banks) • Principal trading firms	• Meet intraday liquidity needs without maintaining large reserve buffer or funding through overnight markets. • Access an alternative source of intraday liquidity that avoids costly daylight overdrafts and potential discount window stigma. • Fund securities and repo settlements with potential cash flow timing mismatches. • Fewer regulatory reporting constraints compared to overnight repo (balance sheet, liquidity, risk-exposure, central-clearing requirements).
Lenders	• Cash-rich banks • Money market funds • Stablecoin issuers • Federal Home Loan Banks • Corporations • Principal trading firms	• Earn yield on otherwise idle cash (example: funds awaiting deployment into T-bills, ON RRP, or other investments later in the day). • Monetize excess liquidity without locking up funds overnight. • Provide stablecoin issuers and tokenized MMFs with a near-real-time investment option shorter than overnight.
Public Sector	• Federal Reserve • U.S. Treasury • Financial stability authorities (FDIC)	• Support smoother payment, clearing, and settlement activity through a private market mechanism. • Reduce precautionary reserve demand and improve liquidity distribution across the banking system, supporting a smaller steady-state Fed balance sheet. • Promote Treasury market resilience, collateral mobility, and broader market infrastructure modernization.

Potential drivers of intraday repo pricing

Perspective of lenders

- May be willing to accept rates materially below prevailing overnight money market rates if cash is returned with sufficient time for overnight reinvestment (e.g. IORB or overnight repo).
- Pricing should reflect both the risk of delayed repayment and the attractiveness of available reinvestment opportunities.

Perspective of borrowers

- Willingness to pay should reflect the costs of maintaining liquidity buffers, including balance sheet, capital, and funding costs.
- Pricing may also reflect the opportunity cost of holding reserves versus deploying cash into higher-yielding HQLA.
- Demand for intraday funding is likely to increase when reserves are scarce or intraday liquidity needs are elevated.

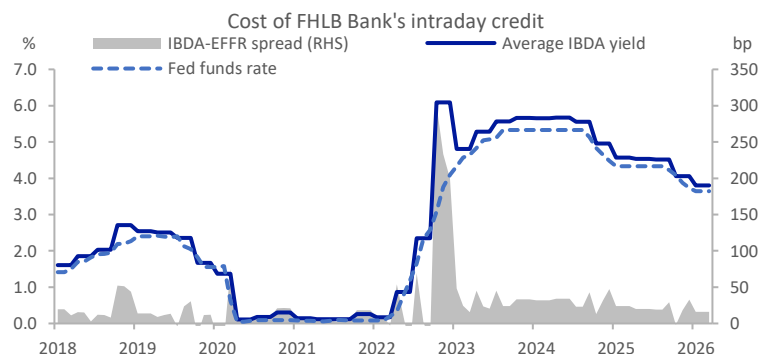
Market factors

- Pricing should ultimately reflect the supply and demand for intraday liquidity.
 - Limited samples from intraday repo transactions suggest pricing within a **30-40bp** range.
- Rates could be influenced by alternative liquidity sources, including central bank and settlement bank credit facilities (e.g. Fed or BNY daylight overdrafts).
- Transactions not repaid by end of day could be charged a penalty rate or converted into overnight repo.

IBDAs as a potential benchmark

- FHLB Intraday Bank Deposits (IBDAs) provide a useful reference point for potential intraday repo pricing.
- Since 2018, average IBDA yields have been approximately **EFFR + 25bp**.
- This spread likely reflects the value banks place on intraday liquidity.
- The premium tends to be larger when overnight interest rates are higher.

IBDAs could be a useful benchmark for potential intraday repo pricing



Source: Federal Home Loan Banks, New York Fed

Potential evolution of the intraday repo market

Stage 1: Near-term adoption driven by settlement and funding mismatches, replacing overdrafts

- Dealers reduce daylight overdrafts and other forms of intraday credit.
 - Reduced borrowing by dealers from parent banks.
- Activity likely concentrated around morning settlement periods.



Stage 2: Market participants adjust existing practices to optimize funding and balance sheet usage

- Banks may reduce overnight and long-term borrowing used to fund intraday outflows.
- Banks adopt more efficient liquidity management practices and require smaller reserve buffers.
- New applications could emerge, e.g. dealers borrow intraday to fund Treasury purchases at auctions.



Stage 3: A dynamic global intraday market with 24/7 funding availability

- Funding becomes available on demand across time zones and markets.
- Hedge funds may emerge as borrowers with dealers becoming intraday intermediaries.
- Near-perfect optimization for liquidity distribution supported by programmability and automation.

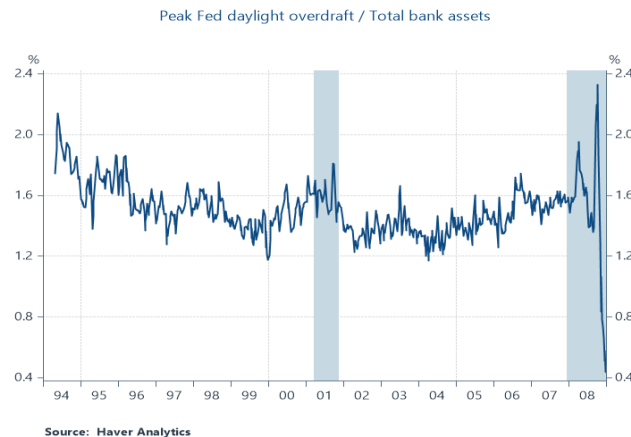
Estimating the potential size of the intraday repo market

- Pre-GFC, peak Fed daylight overdrafts averaged roughly 1.5% of total bank assets. Scaled to the current banking system, this implies overdraft volumes of approximately **\$385bn**, a large portion of which could potentially migrate to intraday repo.
 - Post-GFC liquidity regulations have increased banks' demand for intraday liquidity, suggesting the market could be larger.
- Referring to the same BIS study earlier, Fedwire banks required an average of \$630bn of intraday liquidity between 2008 and 2018. Adjusting for growth in economic activity since then implies current intraday liquidity needs of roughly \$1.2tn.
 - A Broadridge whitepaper found that DLT-enabled intraday repo could reduce intraday liquidity buffer by 8-17%, implying potential demand of roughly **\$100bn-\$200bn**.
- A potential upper-bound estimate can be inferred from the stock of eligible collateral held by commercial banks, which could be pledged against the Fed lines and lent in an intraday capacity. These are currently around \$2.1tn (\$1.7tn for the 25 largest US banks).

Other considerations

- Growth in Treasury issuance and gross settlement volumes is likely to increase primary dealers' demand for intraday funding.
- Under current rules, intraday repo is generally not captured in end-of-day balance sheet, liquidity, or risk-exposure metrics, potentially making it more attractive to banks.

Pre-GFC Fed daylight overdraft usage provides a potential reference estimate for the potential market size of intraday repo



Potential benefits of a developed intraday repo market

Enhanced market functioning

- Improve the efficiency of Treasury, repo, and securities settlement activity.
- Reduce vulnerabilities associated with temporary funding gaps, settlement delays, and intraday liquidity bottlenecks.

Better alignment with digital markets

- Natural complement to DLT-enabled markets through real-time settlement, automation, and precise interest accrual.
- Support emerging digital ecosystems, including tokenized Treasuries, MMFs, and stablecoins.
- Bridge between traditional market settlement cycles and continuously traded digital markets.

Potential policy benefits

- Reduce reliance on central bank and settlement bank intraday credit.
- Lower reserve demand over time, potentially supporting a smaller steady-state central bank balance sheet.
- Provide policymakers with market-based indicator of intraday liquidity conditions.

Market implications

- Reduce the liquidity premium embedded in repo rates associated with funding squeeze risk.
- Improve dealer intermediation capacity, enhancing market liquidity and supporting a smoother Treasury yield curve.

Risks and policy considerations

Liquidity and financial stability

- In a fast-moving crisis, a financial system that relies heavily on intraday credit could prove fragile.
- T+0 settlement significantly reduces the window for central banks and regulators to respond to market disruptions.
- If intraday loans are not repaid, MMF lenders may not have sufficient EOD cash to meet redemptions. This increases the likelihood that a public-sector backstop may be required (e.g. MMLF in 2020).

Operational and infrastructure

- T+0 settlement requires highly reliable settlement, collateral management, and operational infrastructure, requiring significant time and investment to build out.
- Fragmentation across trading and settlement platforms could impede market adoption and liquidity.

Market structure and benchmark rates

- Different morning, intraday, and end-of-day funding conditions could complicate the calculation of benchmark rates such as SOFR.
- Availability of intraday credit could displace activity in the overnight fed funds market, potentially increasing EFFR volatility and challenging the Fed's rate control.
- As markets move toward 24/7 trading, central banks may face pressure to expand the operating hours of their liquidity facilities.

Liquidity and regulatory framework

- Intraday repo currently falls outside of the SEC's clearing mandate, as central clearinghouses are not set up to clear intraday transactions.
- Regulatory treatment of intraday repo may require clarification with respect to capital, leverage, liquidity, and risk-management requirements.

Implications of a developed intraday repo market

Money markets

- Private lenders and borrowers set the market price for intraday liquidity rather than central banks or settlement banks.
- Reduced reliance on overnight repo and short-term borrowing in FX markets to meet very short-term liquidity needs.
- Accelerates tokenization and investment in on-chain market infrastructure.
- More active trading by MMFs and other cash investors, generating potentially enhanced returns.

Collateral arrangement

- Reuse of collateral multiple times per day increases the need for real-time collateral optimization and inventory management.
- As settlement dependencies increase, delayed collateral returns could cause a domino effect in subsequent transactions.

Treasury market

- Lower financing frictions could create more opportunities to arbitrage mispricing, reducing dislocations across securities.
- Faster balance sheet turnover and lower costs of holding inventories should support dealer intermediation capacity and improve secondary market liquidity.
- A new yield curve could emerge inside the overnight maturity with benchmark pricing measured in hours or minutes.

Liquidity management practices

- Liquidity forecasting and real-time collateral management become more important functions in bank treasury operations.
- Banks may hold less precautionary liquidity, allowing for some rotation from reserves into higher-yielding HQLA.
- Reduced borrowing activity by non-US banks in FX markets.

Investors with persistent collateral financing needs

- Dealers are less likely to pre-fund inventories, while hedge funds seek to optimize financing over the life of their positions.
- More flexible intraday financing should reduce funding uncertainty and support tighter spreads across different investors.

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