

MEMO# 25280

June 14, 2011

Tri-Party Repo Task Force Confirms Implementation of Three-Way Confirmations in August 2011

[25280]

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TO: MONEY MARKET FUNDS ADVISORY COMMITTEE No. 39-11
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 33-11
SEC RULES MEMBERS No. 71-11 RE: TRI-PARTY REPO TASK FORCE CONFIRMS
IMPLEMENTATION OF THREE-WAY CONFIRMATIONS IN AUGUST 2011

The Tri-Party Repo Infrastructure Reform Task Force, under the auspices of the Federal Reserve Bank of New York's Payments Risk Committee, announced a new three-way confirmation process—effective August 29—whereby all tri-party repo transactions must be confirmed by all parties to the trade. [\[1\]](#) This new confirmation process is being implemented as part of the response to recommendations made by the Task Force in its May 17, 2010 report.

Important details of the new three-way confirmation process include the following:

- Beginning August 29, 2011, clearing banks will expect all market participants using their tri-party platforms to conform to the new process. Non-conforming trades will be rejected following this date.
- Confirmations must match on an agreed set of at least 13 data fields. (A complete list of specifications is available on the Task Force website at http://www.newyorkfed.org/tripartyrepo/pdf/Minimum_Parameters_TPR.pdf.)
- Three distinct workflows for implementing a three-way trade confirmation have been developed, allowing market participants options that vary in terms of the associated technology investment and whether the required information flows directly to a clearing bank or via a commercial vendor.

The new three-way confirmation process is a prerequisite for further operational enhancements planned for the tri-party repo market in 2011, such as automated collateral substitutions processes at each clearing bank and changes to the timing of repo “unwinds.” The Task Force previously consulted with the industry and public on the three-way trade

confirmation process by requesting comments in December 2010 and by holding extensive discussions with tri-party repo participants. Later this month, the Task Force expects to release a progress report that will address the nature of intraday risks relative to current levels and elaborate on the broader groundwork for achievement of the Task Force's objectives.

Additional information about the Task Force and its work is available at <http://www.newyorkfed.org/tripartyrepo>.

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endnotes

[1] See Press Release, Tri-Party Repo Infrastructure Reform Task Force (June 9, 2011), available at http://www.newyorkfed.org/tripartyrepo/pdf/PR_110609.pdf.

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