

### *FinOps Report* Speaks With Stephen Morris on the SEC's Clearing Mandate for US Treasuries

December 28, 2023

Financial Markets and Funds Partner Stephen Morris spoke with *FinOps Report* on the Securities and Exchange Commission's (SEC) recent adoption of rules that will require central clearing of a broad range of repo and cash market transactions in US Treasuries. Noting the broad impact of the rulemaking, Steve stated, "Trading desks, collateral operations managers, legal counsel, risk managers, and compliance managers will be involved with the transition to central clearing." Speaking to the risk management consideration raised by the rulemaking, Steve added, "The market and non-market risk factors involved in clearing, including the sponsoring/clearing member's credit risk; the risk to sponsored and customer assets in the event of a sponsoring member's default as well as the availability of porting positions; the operational and legal risk of [Fixed Income Clearing Corporation] FICC as the sole clearinghouse, and the allocation of risk under the sponsoring/clearing member's documentation, are critical factors for risk managers to consider."

A Katten advisory with additional detail concerning the new clearing mandate is available [here](#).

"[US Treasuries Central Clearing: Fund Managers' Juggling Act in 2024](#)," *FinOps Report*, December 22, 2023

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## CONTACTS

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