

Rescission of Negative Rate Repo Trading Guideline

Update No. 2009-1

In light of the recommendations to the market of the Treasury Market Practice Group to institute a settlement fails charge beginning May 1, 2009, the Executive Committee of the Funding Division of the Securities Industry and Financial Markets Association (SIFMA) has determined to rescind the Negative Rate Repo Trading Guideline (Update No. 2006-1 to the Restated Repo Trading Practices Guidelines) published in 2006. Thus, paragraph R., “Conventions for Negative Repo Rate Transactions”, will be deleted from the Restated Repo Trading Practices Guidelines, effective for all transactions entered into on or after May 1, 2009 .

Please note that the Repo Trading Practice Guidelines are a recommendation only and are intended for SIFMA’s member firms in order to promote the smooth functioning of the market for securities. The recommendation does not and should not restrict the flexibility of counterparties to negotiate the specific terms of any particular repo transaction. Dealers, inter-dealer brokers, electronic trading platforms, and other market participants interested in facilitating repo trading under the Guidelines should consult with their own attorney regarding how to ensure that these voluntary guidelines are legally enforceable with their counterparties or users.