



# 2026 Asset Management Derivatives Forum

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SIFMA AMG and FIA recently convened a [three-day conference](#) bringing together buy-side and sell-side participants to assess current derivatives issues and the ongoing modernization of financial market infrastructure. Discussions focused on forthcoming Treasury and repo clearing requirements, evolving approaches to digital assets, tokenized securities, prediction markets and changes in monetary policy operation. While these topics span distinct domains, the conference underscored that they are best understood as interconnected elements of a broader structural shift in how liquidity, collateral, and risk are managed across the financial system.

Policymakers and panelists consistently emphasized the need for policy harmonization across products and regulatory frameworks. Three overarching themes emerged:

**Structural modernization is occurring across multiple pillars simultaneously.**

Treasury clearing, refinements to Federal Reserve liquidity facilities, and tokenization initiatives are not isolated reforms. Together, they reflect a coordinated redesign of the market's underlying architecture intended to strengthen intermediation capacity and improve collateral mobility.

**Execution will determine whether reform strengthens or strains markets.**

Cross-margining functionality, appropriate capital calibration, reserve sufficiency, and operational resilience must evolve in tandem. Without alignment across capital, liquidity, and operations, clearing reforms risk amplifying margin-driven funding pressures rather than delivering balance sheet efficiencies.

**Technological innovation demands regulatory adaptation—not exemption.**

Digital assets, prediction markets, and extended trading frameworks demonstrate how new technology is reshaping markets. Policymakers stressed that regulatory frameworks must adapt to these operating models while preserving investor protection, transparency, and orderly markets—and avoiding fragmentation or regulatory arbitrage.





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### Treasury Clearing: Converting Fragmentation into Netting Efficiency

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One of the central themes of the conference was the phased implementation of mandated Treasury clearing (cash Treasuries by year-end 2026 and repo by mid-2027). Policymakers including SEC Commissioner Mark Uyeda, Dallas Fed President Lorie Logan, Federal Reserve Deputy Associate Director David Lynch, and SEC Director of Trading and Markets Jamie Selway all addressed the rule from both a market structure and capital perspective. The message was unequivocal: operational readiness must accelerate, with regulators emphasizing a willingness to engage constructively on interpretive and operational questions that may arise during implementation.

At its core, Treasury clearing converts a market historically characterized by bilateral exposures into one supported by central counterparties and multilateral netting. Speakers emphasized that this transition is expected to improve transparency, reduce counterparty risk, and materially enhance balance sheet efficiency. Commissioner Uyeda cited [analysis](#) indicating that had the Treasury Clearing Rule been in effect during the first eight months of 2025, each of six U.S. global systemically important banks (“G-SIBs”) could have freed an average of \$34.5 billion in balance sheet capacity, demonstrating how multilateral netting can ease supplementary leverage constraints and expand dealer intermediation.

The urgency of these reforms becomes even more apparent when viewed against the rapid growth of the Treasury basis trade. The basis trade, which pairs a long (short) cash Treasury position with an offsetting short (long) position in Treasury futures, has grown by 75% to an estimated \$1.5 trillion since 2019, outpacing the growth in total Treasuries outstanding.<sup>1</sup> The scale of this leveraged activity means that funding stress or margin misalignment could trigger rapid unwinds, as seen during the 2020 market dislocation when the Federal Reserve intervened through large-scale bond purchases and emergency repo operations.

In this context, cross-margining between cash Treasuries and futures becomes a central implementation condition. Without meaningful recognition of offsetting positions, central clearing could increase gross margin requirements and funding costs rather than deliver net efficiency. In a Q&A session following her prepared remarks, Dallas Fed President Logan referenced a [Chicago Fed study](#) highlighting the economic benefits of cross-margining. Absent such functionality, the study suggests that basis trading costs could rise, potentially reducing liquidity in Treasury futures markets and adversely affecting asset managers who typically take the opposite side of long basis positions by buying Treasury futures.

In addition to the cross-margining question, material issues surrounding Treasury clearing remain unresolved, which could hamper readiness in time for the December 2026 deadline. Market participants continue to be concerned that the inter-affiliate exemption provided in the rule is largely unworkable and have asked the SEC to provide interpretive flexibility to exempt important inter-company transfers to manage risks and liquidity. Questions also persist regarding the extraterritorial reach of the rule, particularly in the wake of [survey data](#) suggesting that non-U.S. firms lag U.S. institutions in preparedness. Further guidance is being sought on how the clearing mandate interacts with other federal securities laws, including whether broker-dealers may reflect reserve formula debits under Rule 15c3-3 when

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<sup>1</sup> See: “Basis Trade Has Ballooned to \$1.5 Trillion, Morgan Stanley Says,” Bloomberg.com, 1/13/26

customer margin is delivered to a covered clearing agency on a net basis and how the Treasury clearing rule applies in the event of CCP unavailability or failed trades.

Regulators acknowledged that capital treatment must evolve alongside clearing. Federal Reserve staff noted that current standardized counterparty credit rules do not recognize cross-product netting between repos and Treasury futures because such netting historically did not occur. As central clearing expands and cross-margining deepens, capital calibration may need to reflect the new netting reality if the intended balance sheet efficiencies are to materialize fully.

### Risk Management and Liquidity Anchors

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The conference's discussion of market structure reform was complemented by a practical lens on risk management. In a fireside conversation, James Nield, Chief Risk Officer and Senior Managing Director of Risk & Portfolio Management for the Teacher Retirement System of Texas (TRS), emphasized that risk management cannot be separated from portfolio allocation. For a system with long-dated but recurring pension liabilities, portfolio construction is not organized around the public-private divide but is structured around liquidity considerations to ensure that assets can be mobilized in a manner consistent with the timing, magnitude, and certainty of beneficiary obligations.

This framing is particularly relevant in an environment of structural change. TRS, like other large asset owners, must manage not only return objectives but also the capacity to withstand liquidity shocks. Nield emphasized that portfolio construction and risk oversight operate together: liquidity planning, stress testing, and margin preparedness are embedded in allocation decisions rather than treated as afterthoughts. Market volatility is an inherent feature of capital markets; the relevant question is whether the institution can meet its obligations and preserve flexibility when markets re-price abruptly.

As Treasury and repo markets move toward mandatory central clearing, that discipline becomes even more important. Bilateral counterparty exposures are replaced with standardized margin obligations, increasing transparency but concentrating liquidity demands into predictable funding cycles. During stress, those cycles can tighten simultaneously across participants.

Whether those funding cycles remain stable depends on the broader liquidity environment. It was in this context that Dallas Fed President Lorie Logan addressed the evolution of the Federal Reserve's operating framework and the changes that have unfolded since the 2019 shift to an [ample reserves regime](#).

Following a \$2.2 trillion reduction in securities holdings over recent years, the Federal Reserve resumed balance sheet growth in December 2025 to preserve an ample reserves regime. President Logan emphasized that reserve sufficiency should be judged by funding market conditions rather than by a fixed balance sheet level, pointing to the relationship between the tri-party general collateral rate (TGCR) and interest on reserve balances (IORB) as a key diagnostic. When money market rates trade persistently above administered rates, reserves may be approaching scarcity; when they trade comfortably near IORB, liquidity conditions are likely sufficient. Reserve calibration, in this framework, is dynamic and responsive to market signals rather than anchored to a predetermined asset level.

This distinction is particularly relevant in a clearing environment. As Treasury and repo markets migrate toward centralized margining, liquidity demands can become more synchronized across participants during periods of stress. Whether those margin-driven funding needs are absorbed smoothly depends on the depth and stability of the reserve base. Adequate reserves help anchor repo rates and prevent funding pressures from amplifying volatility in short-term markets.

Logan also highlighted enhancements to the Federal Reserve's standing repurchase agreement (SRP) operations implemented in December 2025, including the removal of the aggregate usage cap and a morning operation to address intraday funding pressures. Elevated year-end usage was described as evidence that the facility is functioning as intended. Together, reserve calibration and SRP design serve as complementary tools to stabilize funding markets as structural reforms reshape margin flows and liquidity timing.

Importantly, Logan expressed support for the Federal Reserve offering a centrally cleared option for its repo operations. Although the Fed is not required to clear under the SEC mandate, she suggested that a centrally cleared SRP channel would align monetary policy implementation with the broader shift toward central clearing. Such a structure would provide netting benefits and facilitate more effective intermediation during episodes of balance sheet contraction, increasing the likelihood that liquidity accessed through the SRP is redistributed into broader markets rather than constrained by leverage limits. Her proposal reinforces the view that clearing reform and liquidity backstops are interdependent rather than independent policy domains.

### Digital Assets and the Modernization of Market Infrastructure

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The conference's discussion of digital assets and tokenization extended the broader modernization theme beyond clearing and funding into the architecture of ownership, settlement, and market access. As several panelists noted, "digital assets" are not an asset class in the traditional sense, but a descriptor of technology that enables ownership to be recorded and transferred on distributed ledger systems. The category spans tokenized securities, digital commodities, digital cash instruments, and other on-chain representations of financial rights.

From a regulatory perspective, representing assets on-chain does not change the regulatory frameworks that govern them (e.g., tokenized securities remain securities) but raises questions on how existing frameworks can be applied when new technological rails enable alternative operating models for core market functions. As Commissioner Uyeda emphasized in his remarks, the objectives of capital markets—price discovery, capital formation, market integrity, and investor protection—do not change because assets are tokenized; rather, the mechanisms through which those objectives are achieved change. Distributed ledger technology introduces new operating models for issuance, custody, trading, and settlement, requiring regulatory interpretation that preserves continuity of purpose while adapting to structural innovation.

Panelists cautioned against conflating technological innovation with regulatory exemption. At the same time, policymakers acknowledged that the application of legacy rules to on-chain environments may require refinement. Many regulatory frameworks are expressed through functional roles—broker-dealers, exchanges, clearing agencies—and digital markets can compress or redistribute those roles in ways that challenge traditional categorizations. The policy objective articulated during the conference was adaptation rather than deregulation: updating supervisory approaches to reflect technological change while avoiding the creation of regulatory arbitrage.

Director Selway reinforced this structural perspective, emphasizing that innovation in market design should not dilute foundational principles of transparency and fairness. Trading activity on digital venues does not eliminate obligations related to surveillance, investor protection, or orderly markets. This is particularly relevant as certain digital markets operate continuously across jurisdictions and time zones. Around-the-clock trading in crypto assets and foreign exchange demonstrates the feasibility of continuous markets, but also underscores supervisory coordination challenges, operational risk considerations, and the potential for liquidity to fragment across platforms.

As discussions around extended-hours trading in U.S. equities move toward 23/5 frameworks, the digital asset experience offers a practical preview of the infrastructure questions that accompany continuous markets. Consolidated liquidity, reliable price discovery, interoperable settlement systems, and aligned clearing and funding cycles become increasingly important when trading windows expand. Innovation in tokenization and distributed ledger technology may compress settlement timelines, but market structure, supervision, and liquidity architecture must evolve in tandem to ensure that modernization enhances resilience rather than dispersing it.

With the move to around-the-clock trading, the need to ensure continuous resilient infrastructure becomes critical to sound functioning markets. The emphasis on operational readiness extended beyond regulatory implementation to the resiliency of interconnected systems. In light of the increasing frequency of outages and the growing interdependence of trading, clearing, settlement, and critical data infrastructure, the conference included an interactive scenario exercise designed to test derivatives operations resiliency and crisis management preparedness in a simulated disruption environment.

Participants were confronted with a scenario in which trade processing, clearing, settlement, and key data flows were simultaneously impaired. Ensuing discussion highlighted that early escalation, clear communication, and coordinated industry response are as critical as technical recovery, with true preparedness requiring tested contingency arrangements across counterparties. Internal continuity plans are necessary but not sufficient, panelists emphasized; firms must understand their third-party dependencies, maintain viable alternative arrangements, and define tolerance levels for prolonged disruption. The SIFMA and FSSCC [Reconnection Framework](#) was shared as a practical reference for cross-market coordination.

## Conclusion

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Conference discussions reflected a market entering a period of coordinated structural adjustment. Treasury clearing, reserve calibration, liquidity backstops, and digital market innovation are not isolated policy initiatives but intertwined components of an evolving financial architecture. Each reform alters how risk is managed, whether by investor or intermediary.

Taken together, these initiatives reflect a deliberate effort to harmonize policy across products and operating models as innovation reshapes the mechanics of liquidity, collateral use, and risk intermediation. Their success will depend not only on regulatory clarity, but on operational readiness, capital calibration, and disciplined risk management across market participants.

As implementation timelines approach, sustained engagement between regulators and the financial community will be critical. If executed thoughtfully, these reforms have the potential to enhance intermediation capacity, improve collateral mobility, and reinforce resilience to ensure that the next period of stress tests a stronger, more adaptable market architecture.

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