



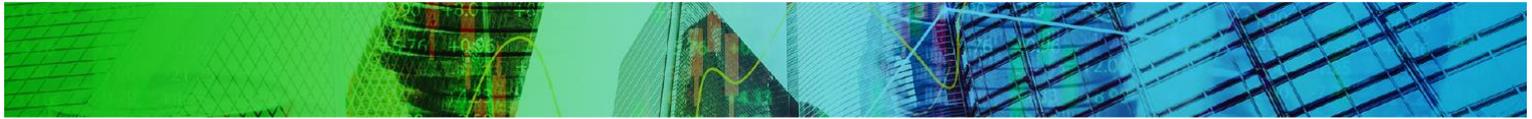
Tradeweb ICE U.S. Treasury Closing Prices - Consultation on Methodology Enhancements

November 2019



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Executive Summary

On September 10, 2019, ICE Benchmark Administration (IBA) and Tradeweb launched the Tradeweb ICE U.S. Treasury Closing Prices (U.S. Treasury Closing Prices) which are designed to represent the daily market mid-price for U.S. Treasury securities.

IBA is a leading administrator of systemically important benchmarks and Tradeweb is a leading global operator of electronic marketplaces for rates, credit, equities and money markets.

IBA and Tradeweb are pleased with the feedback received since the launch of the new benchmark and have identified two possible enhancements:

1. Shortening the data collection window to align better with the prevailing market; and/or
2. Bringing forward the benchmark publication time closer to 15:00 ET.

A questionnaire requesting specific feedback from market participants is attached. More general feedback by email or letter is also welcome.

During the consultation period, IBA and Tradeweb can provide upon request the 'consultation test data file' calculated using the shorter collection window, allowing interested users to analyse any potential differences.

Respondents are requested to provide feedback to IBA at IBA@theice.com **on or before Monday December 9, 2019.**



About the Tradeweb ICE U.S. Treasury Closing Prices

The Tradeweb ICE U.S. Treasury Prices (the U.S. Treasury Closing Prices) have been designed to represent the mid-market price for U.S. Treasury Securities at or around market close on U.S. business days.

IBA is the benchmark administrator responsible for the U.S. Treasury Closing Prices and provides the governance, oversight, surveillance and regulatory compliance. IBA has outsourced certain roles to Tradeweb Markets LLC (Tradeweb): the collection and verification of input data; the calculation and pre-publication verification of the U.S. Closing Treasury Prices; publication of the benchmark; and licensing.

The U.S. Treasury Closing Prices are calculated and published daily by Tradeweb on more than 900 U.S. Treasury securities using live prices available on Tradeweb's global institutional platform for trading U.S. Treasury Securities and other fixed income asset types.

IBA expects the U.S. Treasury Closing Prices to be used by banks, dealers, issuers, funds, investment managers and other participants in the markets and geographies relevant to U.S. Treasury Securities, in order to value, and/or as an independent benchmark in, financial assets and instruments, including investment portfolios, indices and contracts.

The benchmark methodology includes:

- The use of multiple random snapshots of firm quotes taken during a short window before the calculation at or around market close; and
- The exclusion of dealer mid-prices that are more than one standard deviation from the mean.

Other features of the calculation are:

- The removal of random dealer quotes in order to protect the benchmark against the possibility of predicting the impact that a particular quote (or quotes) may have on the benchmark calculation;
- The calculation of average prices across Dealers' client-specific quote tiers; and
- The handling of certain Special Cases where the published price is not derived using bid and offer quotes from the Tradeweb Platform. For example, U.S. Treasury Securities that are close to maturity are priced at par or illiquid STRIPs.

The U.S. Treasury Prices are comprised of 11 types of U.S. Treasury Security such as U.S. Treasury Notes/Bonds; U.S. Treasury Inflation Protected Notes/Bonds; U.S. Treasury Bills; and U.S. Treasury Principal Strips.

The calculation steps are as follows (except for the Special Cases):

1. During a short collection window, multiple random market snapshots are taken for each U.S. Treasury Security and a Dealer Mid-Price (DMP) is calculated for each dealer in each snapshot;
2. Outlier DMPs and a set of randomly selected DMPs are removed from the calculation;
3. The arithmetic mean of the remaining DMPs is calculated for each snapshot;



4. The Price for each U.S Treasury Security is calculated as the arithmetic mean of the snapshots; and
5. A verification process determines whether the price in step 4 is published, or an alternative using snapshots from an earlier collection window.

Full details are published in the [Calculation Methodology](#)

In addition, IBA publishes [general formulae for derived prices](#) for the U.S. Treasury Closing Prices.

The U.S. Treasury Closing Prices are published each weekday. The [benchmark publication days](#) follow the U.S. SIFMA holiday schedule, with closure on U.S. holidays and early closing the day before certain U.S. holidays (Early Closing Days).

Further information about IBA and the Tradeweb ICE U.S. Treasury Closing Prices can be found at:
<https://www.theice.com/iba>

Further information about Tradeweb can be found at:
<https://www.tradeweb.com>

Clients wishing to access, use or redistribute the Tradeweb ICE U.S. Treasury Closing Prices should contact Tradeweb at: TrsyIOSCO@tradeweb.com



Collection window

As stated earlier, multiple random market snapshots are taken for each U.S. Treasury Security during a short collection window, and the DMP is calculated for each dealer in each snapshot.

The use of multiple random market snapshots is designed to give the benchmark robustness and reliability by protecting against attempted manipulation and temporary aberrations in the underlying market. Outlier exclusions also protect against unrepresentative dealer quotes within a market snapshot influencing the benchmark. In addition, to protect against the market predicting the impact that a particular quote (or quotes) may have on the benchmark calculation, a number of dealer mid-prices are randomly eliminated from the calculation.

The two minute collection window is currently broken down into 24 separate 5-second intervals. A random time is chosen within the first 5-second interval.

At present, the collection window is two minutes between 14:59:00 ET and 15:01:00 ET. On Early Closing Days, it is between 12:59:00 ET and 13:01:00 ET.

Following feedback from market participants since the launch on September 10, 2019 of the U.S. Treasury Closing Prices, IBA and Tradeweb are considering a shorter collection window in order to align better with the prevailing market practices. This change is expected to increase the attractiveness of U.S. Treasury Closing Prices to the market.

Step 5 of the calculation of the U.S. Treasury Closing Prices is a verification process to determine whether an alternative, earlier collection window should be used for a U.S. Treasury Security. If all of the verification checks are failed (or there are no dealers providing quotes for the relevant U.S. Treasury Security in that collection window), the U.S. Treasury Closing Price is re-calculated using a collection window commencing five minutes earlier than the standard collection window. If all of the verification checks are again failed (or again there are no dealers providing quotes for the relevant U.S. Treasury Security in that earlier collection window), a collection window commencing 10 minutes earlier than the standard one is used. If the verification checks are again failed or no dealers provide quotes, the Tradeweb ICE U.S. Treasury Closing Prices [Insufficient Data Policy](#) would apply.

The duration of the alternative collection windows in Step 5 of the calculation process would also be reduced in line with the initial collection window.



Publication time

The time of publication for the U.S. Treasury Closing Prices is currently:

- 15:45 ET; or
- 13:45 ET on an Early Closing Day.

Feedback from market participants has recommended that the publication time be made earlier to enable dealers to close their trading books earlier.

In this consultation, IBA is seeking views as to whether the publication time should be changed to:

- Publishing the U.S. Treasury Prices as soon as they are available after 15:00 ET and not wait until after 15:45 ET; and
- As soon as the U.S. Treasury Prices are available after 13:00 ET and not wait until after 13:45 ET on an Early Closing Day.

IBA's [Error and Republication Policy](#) addresses situations when a publication of a corrected U.S. Treasury Closing Price is required. The cut-off time for identification of a potential re-publication is currently 17:00 ET; it is not proposed that this deadline should be changed if the usual publication time is made earlier.



Feedback request

A questionnaire requesting specific feedback from market participants is attached. More general feedback by email or letter is also welcome.

The specific questions are:

- Q1 Do you agree with shortening the collection window from two minutes to 30 seconds?
- Q2 What would you regard as advantage(s) of shortening the collection window?
- Q3 What would you regard as drawback(s) of shortening the collection window?
- Q4 Do you consider that the number of snapshots and/or the length of the snapshots should be reduced in order to shorten the collection window?
- Q5 Please explain the reason(s) for your response to Q4.
- Q6 Do you agree with bringing forward the benchmark publication time?
- Q7 Please explain the reason(s) for your response to Q6.
- Q8 Do you agree that the cut-off time for identification of a potential re-publication should remain 17:00 ET?
- Q9 If your response to Q8 is No, please explain.
- Q10 Please add any additional comments you may have about the Tradeweb ICE U.S. Treasury Closing Prices.

Respondents are requested to provide feedback to IBA at IBA@theice.com **on or before Monday December 09, 2019.**

After the feedback period has closed, IBA may implement any changes and will publish a feedback statement summarizing responses. IBA will also publish completed questionnaires unless the respondent requests confidentiality.



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The approach set out in this document is subject to change in response to feedback from market participants and other stakeholders and IBA's further development work.

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Tradeweb

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Questionnaire - Tradeweb ICE U.S. Treasury Closing Prices

IBA is consulting on the length of the Collection Window and the publication time for the Tradeweb ICE U.S. Treasury Closing Prices.

Respondents are requested to provide feedback to IBA at IBA@theice.com by **17:00 London time on Monday December 09, 2019**. Please attach additional pages if required for your responses.

This questionnaire requests specific feedback from market participants but more general feedback by email or letter is also welcome.

Contact Information

Name	
Position	
Organisation (if any)	
Telephone	
Email	

For Yes/No questions below, please circle your answer or delete the answer that does not apply.

Q1	Do you agree with shortening the collection window from two minutes to 30 seconds?	Yes / No
Q2	What would you regard as advantage(s) of shortening the collection window?	
Q3	What would you regard as drawback(s) of shortening the collection window?	



Q4	Would you consider that the number of snapshots and/or the length of the snapshots should be reduced in order to shorten the collection window?	Reduce number and/or length of snapshots
Q5	Please explain the reason(s) for your response to Q4.	
Q6	Do you agree with bringing forward the benchmark publication time?	Yes / No
Q7	Please explain the reason(s) for your response to Q6.	
Q8	Do you agree that the cut-off time for identification of a potential re-publication should remain 17.00 ET?	Yes / No
Q9	If your response to Q8 is No, please explain.	
Q10	Please add any additional comments you may have about the Tradeweb ICE U.S. Treasury Closing Prices.	

Publication of this completed Questionnaire

IBA will publish your completed questionnaire **unless you circle No or delete Yes** in the box below to request confidentiality.

Do you agree to this completed questionnaire being published by IBA?	Yes / No
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Please email your completed questionnaire to IBA@theice.com by 17:00 London time on Monday December 09, 2019.

Or post it, to arrive by 17:00 London time on Monday December 09, 2019 to:

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