



# **Tradeweb ICE U.S. Treasury Closing Prices - Feedback Statement on Methodology Enhancements**

December 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.

On November 25, 2019, IBA published a [consultation paper](#) on two possible enhancements to the benchmark:

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

The consultation was published on IBA's website and made available to known interested parties.

A questionnaire requested specific feedback from market participants and more general feedback by email or letter was also welcomed. Respondents were asked to provide feedback to IBA on or before by 17:00 London time on December 9, 2019.

IBA and Tradeweb are grateful for the feedback received and are making the following changes with effect from December 16, 2019:

1. The data collection window for the U.S. Treasury Closing Prices will be reduced from two minutes to 30 seconds, with the duration of the alternative collection windows in Step 5 also reduced in line with the initial collection window; and
2. Publication of the U.S. Treasury Prices will be as soon as they are available after 15:00 ET (or after 13:00 ET on an Early Closing Day).



## 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.

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 [here](#).

Further information about Tradeweb can be found at [here](#).

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

## Collection window

Following feedback from market participants since the launch on September 10, 2019 of the U.S. Treasury Closing Prices, IBA's consultation paper asked whether respondents agreed with shortening the collection window from two minutes to 30 seconds in order to align better with the prevailing market practices. 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.

Feedback during the consultation period was supportive of this change.

## Publication time

In the consultation, IBA sought 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.

Feedback was supportive of this change.



## Next steps

Following the consultation, IBA and Tradeweb are making the following changes with effect from December 16, 2019:

1. The data collection window for the U.S. Treasury Closing Prices will be reduced from two minutes to 30 seconds (from 14:59:30 to 15:00:00 ET), with the duration of the alternative collection windows in Step 5 also reduced in line with the initial collection window; and
2. Publication of the U.S. Treasury Prices will be as soon as they are available after 15:00 ET (or after 13:00 ET on an Early Closing Day).

Consequential changes will be made to the following documents:

- Benchmark Statement;
- Calculation Methodology;
- Insufficient Data Policy; and
- IBA's statement of compliance with the IOSCO Principles for Financial Benchmarks.

The above documents are published at <https://www.theice.com/iba/us-treasuries#policies>



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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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