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**Acting Assistant Secretary for Financial Markets Karthik  
Ramanathan Statement on Treasury market conditions and debt  
management actions**

Karthik Ramanathan

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## U.S. DEPARTMENT OF THE TREASURY

### Press Center



### Acting Assistant Secretary for Financial Markets Karthik Ramanathan Statement on Treasury market conditions and debt management actions

10/8/2008

HP-1186

**Washington** –Treasury closely monitors conditions in the Treasury securities market as well as financing markets. Treasury realizes that the depth and liquidity of the Treasury market benefits investors both domestically and globally.

To address upcoming borrowing needs and further enhance liquidity in the Treasury market, Treasury will reopen multiple securities which have created severe dislocations in the market causing acute, protracted shortages.

In addition, Treasury along with the Interagency Market Surveillance Work Group will be monitoring situations in which aged settlement fails are not cleared and will encourage actions by market participants, including the use of netting and bilateral processes, cash settlement, negative rate repo trading, margining of aged settlement fails, and identifying pair-offs.

Treasury along with the other members of the Interagency Market Surveillance Work Group, including the Securities and Exchange Commission, the Commodities and Futures Exchange Commission, the Board of Governors of the Federal Reserve, and the Federal Reserve Bank of New York will initiate meetings with the private sector – notably with members of the Securities Industry and Financial Markets Association (SIFMA) and the Treasury Market Practices Group (TMPG) - to clearly and definitively identify remedies to prevent a reoccurrence of these situations in the future.

In addition, private sector participants should take additional steps from a monitoring and supervisory perspective to ensure that settlement fails do not reach levels that impact financing markets.

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