

TPMG Meeting Minutes

Date: February 14, 2023

Location: TD Securities, 1 Vanderbilt Avenue

TPMG attendees

Alberto Antonini (Tudor)	Ari Kavour (Wells Fargo)	Andrea Pfenning (BNYM)
Richard Chambers (Goldman Sachs)	Laura Klimpel (DTCC)	Jerry Pucci (BlackRock)
Sunil Cutinho (CME)	John Madziyire (Vanguard)	Carsten Schwarting (Barclays)
David Finkelstein (Annaly)	Priya Misra (TD Securities)	Marc Seidner (PIMCO)
Doug Friedman (Tradeweb)		

New York Fed attendees

Michael Fleming	Rania Perry	Janine Tramontana
Veronika Jastrzebski	Jenny Phan	Nate Wuerffel
Frank Keane	Julie Remache	Patricia Zobel
Michelle Neal	Brett Rose	

U.S. Department of Treasury attendees

Josh Frost	Fred Pietrangeli	Nick Steele
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- The meeting commenced on an administrative note, with the Chair thanking Patricia Zobel for her contributions to the group over the last several months as SOMA Manager *pro tem*. It was noted that Roberto Perli, the incoming SOMA manager, will be attending TMPG meetings moving forward. The Vice Chair shared that Paul Hamill and Carolyn Sargent have moved on from the TMPG, and expressed thanks for their service.
- A member of the New York Federal Reserve Legal Group reviewed the [Antitrust Guidelines for Members of the Federal Reserve Bank of New York's Advisory and Sponsored Groups](#).
- The Chair noted that members had reviewed the TMPG white paper on [Operational Plans for Various Contingencies for Treasury Debt Payments](#) and confirmed that it remained up to date. The white paper, which was last updated in 2021, maintains relevant information on the potential practices that could be used to support the continued trading and transferability of Treasury securities that are subject to delayed payments.¹ TMPG members broadly agreed on the importance of the following statement: "It should be emphasized that the practices described here, if implemented, would only modestly reduce, not eliminate, the operational difficulties posed by untimely payments on Treasury debt."
- A representative from U.S. Treasury Department discussed the key areas for the work of the Inter-agency Working Group on Treasury Market Surveillance (IAWG) for 2023. These focused on continuing to build upon the prior year's market resilience efforts, as described in [2022 IAWG staff progress report](#).

¹See Dec. 6, 2021 press release: [TPMG Updates White Paper on Delayed Payment Contingency Planning](#)

- Members discussed proposed [TMPG priorities](#) as well as future topics of discussion for 2023. The group agreed that the TMPG will pursue the following areas:
 - Continue to study risk management practices related to non-centrally cleared bilateral repo transactions, as an extension of the group’s recently completed work on [clearing and settlement of Treasury secured financing transactions \(SFTs\)](#);
 - Continue to review pre-FICC open repo trades and identify opportunities for increased transparency and adherence to TMPG best practices;
 - Review current agency MBS market landscape; and
 - Engage and conduct outreach to market participants, including with SIFMA on its effort with respect to U.S. Treasury Market Post-Trade Resiliency Planning.
 Members also noted interest in pursuing additional work around ETFs, buybacks, and cybersecurity.

- **Data and Transparency Working Group:** The Data and Transparency Working Group chair and a New York Fed staff member discussed the latest draft of the white paper, which considers principles for data availability and transparency, assesses data gaps in light of these principles, and recognizes ongoing efforts to close the gaps. The discussion primarily focused on additions to the paper’s conclusion highlighting potential areas of improvement in data availability to the official sector and transparency of data to market participants and the public. Those areas included 1) post-trade cash market data, 2) cash market positions data, and 3) post-trade financing data. The target publication date for the paper was noted to be early March.² In addition to publishing the paper, the working group also noted its intention to finalize the accompanying data catalogs, originally issued in November 2021.

- Members then turned to a discussion of market developments since the [November TMPG meeting](#).
 - The group discussed the easing of financial conditions following a lower-than-expected October CPI print, and its implications for the path of policy in the wake of the November FOMC meeting.
 - Despite recent resilient economic data prints since the January FOMC meeting, market participants continued to view leading indicators as pointing to a slowdown for the year, with expectations for a quick drop-off in inflation.
 - TMPG members discussed their outlook for the path of policy against market expectations for a 5.25 percent terminal rate, followed by a series of rate cuts. Members did not coalesce around specific expectations for the path of policy in terms of timing or the probability of rate decreases, though views for the peak rate mostly ranged from 5.25 – 5.5 percent reached over the next two to three FOMC meetings.

² On March 2, the TMPG released the [White Paper on Data Availability and Transparency in the U.S. Treasury Securities Market](#). In addition, the TMPG finalized its [Catalog of Data Available in the Treasury Cash, Futures and Financing Markets](#), originally issued in November 2021.

- In terms of expectations for rate cuts, while some members continued to view recessionary risks as the base case with likelihood of large rate cuts occurring late this year/early next year, a few members expected the Fed to stay at the peak rate for longer than market expectations.
- Members also shared views with respect to the Federal Reserve's balance sheet reduction process, noting that it has proceeded smoothly to date, and their expectations regarding how balance sheet reduction will progress and ultimately end.