

## TMPG Meeting Minutes

*Date: February 28, 2024*

*Location: Goldman Sachs, 200 West Street*

### TMPG attendees

Alberto Antonini (Tudor Investment Corp)	Matthew Franklin-Lyons (JP Morgan)	Adam Nunes (Hudson River Trading)
Richard Chambers (Goldman Sachs)	Doug Friedman (Tradeweb)	Andrea Pfenning (BNY Mellon)
Qing Chen (Morgan Stanley)	Lara Hernandez (Mirae Asset Sec)	Gerald Pucci (BlackRock)
Debbie Cunningham (Federated Hermes)	Laura Klimpel (DTCC)	Casey Spezzano (NatWest)
Sunil Cutinho (CME Group)	Edward McLaren (Bank of America)	

### New York Fed attendees

Anirudh Arikarevula	Michelle Neal	Brett Rose
Ellen Correia Golay	Anna Nordstrom	Janine Tramontana
Frank Keane	Roberto Perli	Agata Zhang

### U.S. Department of Treasury attendees

Nicholas Chisholm	Brian Smith
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### Board of Governors attendees

David Bowman

- The meeting commenced on an administrative note, with the Chair welcoming new member Lara Hernandez of Mirae Asset Securities to the TMPG. The Chair also thanked departing member Carsten Schwarting of Barclays for his contributions to the Group.
- A New York Fed representative reviewed housekeeping updates to the [TMPG charter](#), and New York Fed counsel reviewed the [Antitrust Guidelines for Members of the Federal Reserve Bank of New York’s Advisory and Sponsored Groups \(the “Guidelines”\)](#). As in previous years, TMPG members were reminded that adherence to both the guidelines and the charter is a condition of TMPG membership.
- Following the administrative announcements, a Fixed Income Clearing Corporation (FICC) representative gave an overview of various [FICC-GSD clearing access models](#) under both direct and indirect access paths and highlighted ongoing efforts to update the indirect models to comply with SEC regulations on central clearing for Treasury cash and repo transactions. The FICC representative emphasized that having a wide range of available options is expected to mitigate the risk of concentration in intermediaries and that market participants need to consider a range of factors when selecting a clearing access model that meets their needs. TMPG members discussed the treatment of affiliate trades, expectations around central clearing of done-away and done-with repo trades, and potential customer cross-margining opportunities. The FICC representative also reported that a SIFMA working group on customer clearing legal documentation has been formed.
- As a follow up to the [December 19, 2023 TMPG press release](#), the Chair of the **Early Funding Market Trading Working Group** noted that the TMPG Secretariat had not received any feedback on the proposed clarification on price transparency across trading platforms. The Group agreed to publish

the clarified best practice recommendation that all interdealer voice brokers with electronic trading screens should publish all voice trades to those screens when the trade is agreed.<sup>1</sup> The Chair thanked working group members for their contributions to this effort, marking the conclusion of the working group.

- The Co-Chairs of the **Non-Centrally Cleared Bilateral Repo Risk Management (NCCBR) Working Group** provided an update on the Group's progress. The TMPG Secretariat shared the aggregated and anonymized results from the information gathering exercise on market dynamics, structure, and risk management practices in the non-centrally cleared bilateral repo market. Members discussed the results and provided feedback on potential next steps.
- The TMPG Chair then noted that the **Agency Mortgage-Backed Securities (MBS) Working Group** has been temporarily paused, given the TMPG's expected increased focus on the move to central clearing in the Treasury market. The Chair reiterated the importance of the Agency MBS working group, formed in late 2022 to assess current MBS market structure and potential risks, noting it will resume its activities as soon as circumstances allow.
- Following working group updates, a New York Fed representative led a discussion on [potential priorities and future topics](#) for the TMPG to explore in 2024. The Group agreed to focus on the following areas:
  - Continue to study risk management practices around non-centrally cleared bilateral repo.
  - Engage on topics related to recent rulemaking and assess their potential impact on TMPG covered markets.
  - Review the Group's recommended [Best Practices for Treasury, Agency Debt, and Agency Mortgage-Backed Securities Markets](#) related to risk management around service providers, critical venues, and clearing and settlement services in light of recent cyber events.
- Members then transitioned to a discussion of market developments since the [November TMPG meeting](#).
  - Members noted strong but declining signs of economic growth, stable unemployment, and stabilizing (but stronger-than-expected) inflation, and generally agreed that financial conditions were largely unchanged since October. Members generally articulated expectations for three U.S. interest rate cuts in 2024, with the first taking place around midyear.
  - Members generally indicated that they expect the central bank balance sheet to decline, and noted that they remain attentive to upcoming developments such as the March FOMC meeting, the cessation of lending under the Fed's Bank Term Funding Program, and recent communication from regulators to encourage banks to use the Federal Reserve's Discount Window for their liquidity needs.
  - Most members said they expect ON RRP volume to continue to decline, but do not expect the ON RRP will necessarily fall to zero, or close to zero, given the premium some participants place on counterparty diversity when choosing their investment vehicles.
  - Members reported that some market participants theorize that increased usage of the Fed's Standing Repo Facility would precipitate an end to the Fed's balance sheet reduction.

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<sup>1</sup> The TMPG subsequently [published](#) the updated best practice recommendations on February 29, 2024.

- Members discussed impacts of the new regulations around the SEC's expanded central clearing for Treasury cash and repo transactions. Members anticipate that implementation of all changes needed to meet the repo clearing deadline in 2026 may be challenging.
  - The SEC's revised dealer regulations were also discussed, and members generally expect the rule to have limited impact on Treasury market liquidity and functioning. However, members noted there is some uncertainty in the hedge fund community about the scope of the rule change.
- The next TMPG meeting is scheduled for April 11, 2024, from 3:00-5:00 PM.