

## TMPG Meeting Minutes

June 25, 2019

### TMPG attendees

Alberto Antonini (Tudor)	Chris Leonard (Barclays)	Rasmus Rueffer (ECB)
Deirdre Dunn (Citigroup)	Edward McLaren (Bank of America)	Ryan Sheftel (GTS)
Kourtney Gibson (Loop)	Andrea Pfenning (BNY Mellon)	Stu Wexler (NEX Group)
Rob Huntington (Credit Suisse)	Jerry Pucci (BlackRock)	Gemma Wright-Casparius (Vanguard)

### FRBNY attendees

Matt Milroy	Brett Rose	Kyle Watson
Rania Perry	Janine Tramontana	Carolyn Windover

### U.S. Department of Treasury attendees

Brian Smith	Nick Steele
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- The meeting commenced with the Chair welcoming Andrea Pfenning from BNY Mellon as a new member of the Group. The Chair then thanked departing member Stu Wexler from NEX Group for his many contributions to the TMPG. The Chair also welcomed Kyle Watson as a new member of the FRBNY Secretariat staff and thanked Carolyn Windover, who will be departing the Secretariat staff. Finally, the Chair requested that members review the 2013 TMPG white paper on “[Operational Plans for Various Contingencies for Treasury Debt Payments](#)” and convey views on whether any updates should be considered to the FRBNY Secretariat.<sup>1</sup>
- Next, members were informed that the clearing and settlement working group held a second drop-in call since the last meeting to raise awareness about the consultative note on proposed clearing and settlement [best practice recommendations](#) with industry groups and market participants. Similar to the first call, it was noted that attendance consisted of approximately 30 market participants, including participants from buy- and sell-side institutions as well as key market utilities.<sup>2</sup> The working group chair then noted that the comment period for the proposed best practice recommendations on clearing and settlement had ended and that the TMPG had received one comment letter, which was from SIFMA.<sup>3</sup> Members noted that SIFMA’s letter expressed a belief that the approach taken by the TMPG in the best practice note is appropriate and consistent with the potential risks in this evolving market. SIFMA noted that the specific best practice recommendations also appropriately highlight risk areas that all

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<sup>1</sup> The TMPG’s 2013 work discusses certain potential practices that could reduce but not eliminate the operational difficulties posed by a delayed payment on Treasury debt. The group most recently discussed this White Paper on [September 21, 2015](#).

<sup>2</sup> The TMPG invited a number of trade associations that had provided feedback on the TMPG clearing and settlement work, including the Managed Funds Association, FIA-Principal Trading Group, SIFMA, the Risk Management Association, the Investment Company Institute, the Fixed Income Forum, and others.

<sup>3</sup> The letter can be found in the appendix of this document.

market participants should be aware of for which all participants should develop mitigation processes throughout the trade lifecycle. Finally, TMPG members agreed to publish a final version of the [note](#), [White Paper](#), and [Best Practice recommendations](#), accompanied by a [press release](#).<sup>4</sup>

- A member of the UMBS working group led a discussion on the agency MBS market’s transition to Single Security, or UMBS. It was noted that June marked the first settlement month for UMBS, including the new 55-day delay Freddie Mac securities, and represented an important milestone for the agency MBS market. In light of these changes, members observed that trading conditions remained normal leading up to and including the June settlement cycle, and that the initial transition to UMBS went as well as or better than could be expected from a market functioning perspective.
- Members then discussed the potential future priorities highlighted at the [start of the year](#) and new potential priorities. Members agreed to kick off an exploratory working group on business continuity and resiliency in the TMPG-covered markets over the intermeeting period to discuss the potential scope and output of TMPG work on this topic. The working group is expected to report back to the Group at the September meeting with an initial recommendation. Additionally, some members also expressed an interest in exploring topics related to trading practices, which could include issues such as last look, spoofing, and “market on close” orders. TMPG members felt that inviting representatives from the [Foreign Exchange Committee](#) (FXC) in to discuss the Global Foreign Exchange Committee’s (GFXC) work on last look would be an appropriate first step.
- The TMPG then discussed recent market developments, including trends in primary dealer positioning, reactions to FOMC communications, and market expectations.
- As of June 14, 2019 TMPG member firms had, on average, executed margining agreements with about 74 percent of their counterparties. These agreements covered approximately 87 percent of notional trading volume of forward settling MBS transactions (excluding those centrally cleared) and margin exchange was operationalized for roughly 94 percent of these executed agreements. These statistics were generally in line with recent averages.
- The next TMPG meeting is scheduled to take place on September 24, 2019, from 3:00-5:00 PM.

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<sup>4</sup> The TMPG subsequently published these documents on July 11, 2019.