

TMPG Meeting Minutes

Date: May 19, 2026

Location: Morgan Stanley, 1585 Broadway

TMPG attendees

Alberto Antonini (Tudor Investment Corp)	Matthew Franklin-Lyons (JP Morgan)	Adam Nunes (Hudson River Trading)
Richard Chambers (Goldman Sachs)	Lara Hernandez (Mirae Asset Sec)	Jerry Pucci (BlackRock)
Qing Chen (Morgan Stanley)	Makoto Kasai (Bank of Japan)	Casey Spezzano (NatWest Markets)
Debbie Cunningham (Federated Hermes)	Laura Klimpel (DTCC)	Suzanne Sprague (CME Group)
David Finkelstein (Annaly Capital Mgt)	Serena Lin (Mizuho Securities)	Nathaniel Wuerffel (BNY)
David Flowerdew (Millennium Mgt)		

Federal Reserve Bank of New York (New York Fed) attendees

Lisa Chung	Olivia Kennedy	Anna Nordstrom
Ellen Correia Golay	Eric Lewin	Agata Zhang
Julie Hennighausen		

U.S. Department of Treasury attendees

Liang Jensen	Brian Smith
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Board of Governors attendee

Dan Li

- The meeting commenced on an administrative note, with the TMPG Chair recognizing the contributions of two departing members, John Madziyire of Vanguard and Makoto Kasai of the Bank of Japan.
- A representative of the U.S. Department of the Treasury's Office of Debt Management reviewed the Treasury Borrowing Advisory Committee's recent [presentation](#) examining whether Treasury should invest its surplus cash in the overnight Treasury repo market to generate returns while maintaining prudent risk management and avoiding market disruptions. The representative noted Treasury's cash balances vary throughout the month and posed key questions: what implications would arise if Treasury were to lend variable amounts, and how should Treasury evaluate the economic returns from such lending and assess its potential effects on the repo market. The representative emphasized that these questions were exploratory in nature, and no concrete decisions had been made in terms of the ultimate design or implementation details of any such investments. Members generally supported Treasury's exploration of overnight repo market investment, while raising several considerations regarding program design and market impact. On program design, members noted trade-offs between offering variable amounts of repo investments that track Treasury's fluctuating cash balance versus maintaining consistent offering sizes. Also, the level of any lending rates and whether Treasury would set a hurdle rate above the interest rate on reserve balances were seen as key factors in determining the effects this program could have on the repo market more broadly.
- Members then received updates on recent central clearing developments in the U.S. Treasury market. A CME Group member provided an [overview](#) of CME's U.S. Treasury cash and repo clearing

initiatives, noting CME Securities Clearing Inc. (CMESC) received regulatory [approval](#) in December 2025 to provide central clearing counterparty (CCP) services for transactions involving U.S. Treasury securities and a launch for CMESC is planned for Q3 2026. It was also noted that the launch will initially feature house-level (proprietary) cross-margining with CME futures at inception, with customer cross-margining to follow. The program will support both independent user and supported user models, with clients having an obligation to settle directly with the clearinghouse. The representative noted that CMESC is also pursuing an additional agency access model, as this type of access model has generated considerable interest among market participants due to favorable accounting treatment.

The TMPG Chair highlighted a recent [speech](#) from Securities and Exchange Commission (SEC) Commissioner Uyeda that addressed two recent developments on Treasury Clearing implementation progress. First, the SEC [published](#) for public comment Securities Industry and Financial Markets Association's (SIFMA) request for exemptive relief regarding the inter-affiliate exemption in the Treasury Clearing Rule. Second, the SEC [reopened](#) the comment period on its earlier [publication](#) of the Institute of International Bankers's (IIB) exemptive relief request concerning non-U.S. transactions. It was noted the SEC is soliciting public feedback to understand how the potential exemptions together may affect liquidity and competition in Treasury transactions and the core purposes of the Treasury Clearing Rule.

- Next, a New York Fed representative recapped a presentation delivered to the [Reference Rate Use Committee](#) on the TMPG's best practice [recommendations](#) for U.S. Treasury Repo Risk Management, noting the upcoming recommended June 30, 2026 implementation deadline. The representative then provided an update on the TMPG member firms' progress toward implementing the U.S. Treasury Repo Risk Management best practice recommendations. The representative reported that, among those sharing feedback with the TMPG Secretariat, TMPG member firms' existing risk management frameworks are largely aligned with the TMPG recommendations and require minimal fundamental alteration. The representative noted that several firms implemented targeted enhancements, including gross notional limit frameworks, tenor-based approval requirements for longer-dated transactions, enhanced haircut deviation governance, and strengthened monitoring and escalation processes. Lastly, the representative emphasized near-universal consensus among responding member firms that their existing legal documentation is adequate, with standards addressing margining mechanics, valuation, and close-out provisions consistent with TMPG best practice recommendations.
- The New York Fed representative provided a summary of the Agency Mortgage-Backed Securities (MBS) Working Group's progress, noting the [comment period](#) for the [consultative note](#) "Theoretical Implications for Agency MBS Market Liquidity and Functioning of any Potential Government Sponsored Enterprises (GSE) Ownership Structure Changes" ended on April 30, 2026. It was noted that the TMPG Secretariat received several comment letters, which were generally supportive of the main takeaways of the consultative note.¹ Some commenters emphasized the risks if agency MBS were no longer considered Level 2 High-Quality Liquid Assets. The representative noted that the

¹ The TMPG received feedback on the TMPG's consultative note, including comment letters from SIFMA & SIFMA Asset Management Group, the Housing Policy Council, the Structured Finance Association, SOFR Academy, the National Association of REALTORS, and Andrew Davidson and Company, as well as several individual commenters.

feedback will be reviewed by the working group members, and a revised version of the consultative note will be presented at the June TMPG meeting.

- The Digital Innovations and U.S. Treasury Market Working Group Co-Chairs provided an update on progress since the working group's formation, noting that working group members discussed the scope and potential approaches for exploring digital innovations and their impact on the functioning and liquidity of the U.S. Treasury market. The Co-Chairs outlined a preliminary timeline with proposed deliverables including stakeholder engagement, research development, and a potential white paper. The Co-Chairs will provide an update at the next meeting.
- The TMPG then turned to a discussion of market developments since [the March TMPG meeting](#), including members' views on the U.S. macroeconomic outlook, expectations for the path of Fed policy, Treasury market outlook, and perspectives on money market conditions.

U.S. Macroeconomic Outlook and Member Expectations for the Path of Fed Policy

- Members noted that, according to data prints specifically including the Consumer Price Index and Producer Price Index, inflation has increased in the first quarter of 2026, with members identifying the Iran conflict as a central driver behind the increase in inflation. Regarding growth, members noted the U.S. economy has continued to show resilience, though growth expectations moderated somewhat since the last TMPG meeting. Members assessed labor market conditions as remaining relatively stable, albeit with notable uncertainty, as employment and wage growth data remain stable despite concerns that market uncertainty could slow hiring decisions.
- Regarding monetary policy, members predominantly expected no interest rate cuts this year and noted the rates market is pricing in a higher-for-longer path, with the distribution of risks now biased toward a hike given recent inflation developments. Members noted that the Fed leadership transition leaves significant unknowns around the Fed's reaction function, and that while the market generally expects the Federal Reserve Chair nominee to have a dovish bias, the tone of the confirmation hearing was viewed as more balanced than members anticipated.

Outlook for Treasury Markets

- Members expected Treasury yields to remain elevated through year-end, driven by higher inflation expectations, growth resilience, and the level/path of Treasury issuance.
- Members noted that coupon issuance is projected to remain stable for at least the next several quarters, with baseline expectations that coupon increases would not occur until February 2027, and risks skewed toward this timeline being pushed later rather than earlier.
- Members noted shifts in investor portfolio allocations into U.S. fixed income, with foreign investor buying as a percentage of outstanding at all-time lows. This decline was attributed to diminished valuation opportunities as expectations for monetary policy have shifted to be less accommodative since last year, and to resilient U.S. growth making Treasuries less attractive on a relative basis. Members assessed Treasury market functioning, liquidity, and depth as remaining robust, noting that bid-offer spreads have not widened despite significant geopolitical uncertainty.

Conditions in Money Markets

- Members assessed money market conditions as stable and robust, with funding market volatility remaining benign through the April tax period. Members noted excess cash in the system and observed that reserve management purchases (RMPs) have supported stable money market conditions. While members noted the recent decline in the pace of RMP purchases, they did not express significant concerns about near-term funding conditions, emphasizing that the current ample reserves framework continues to function well.
 - Members discussed recent papers exploring options to reduce banks' demand for reserves, suggesting that reserve demand could shift substantially through various regulatory and Fed or other official sector policy initiatives.
- The next TMPG meeting is scheduled for June 23, 2026, from 3:00-5:00PM.