TMPG Treasury Market Practices Group

Minutes of the Treasury Market Practices Group

Date: October 6, 2026
Location: Goldman Sachs, 200 West Street, NYC

TMPG attendees

Alberto Antonini (Tudor Investment Corp)
Richard Chambers (Goldman Sachs)
Qing Chen (Morgan Stanley)
Debbie Cunningham (Federated Hermes)
David Finkelstein (Annaly Capital Mgt)
David Flowerdew (Millennium)
Doug Friedman (Tradeweb)
Paul Hamill (ICE Clear Credit)
Lara Hernandez (Mirae Asset Sec)
Laura Klimpel (DTCC)
Serena Lin (Mizuho Securities)
Adam Nunes (Hudson River Trading)
Jerry Pucci (BlackRock)
Taryn Siglain (State Street Markets)
Morgan Spearritt (RBA)
Casey Spezzano (NatWest Markets)
Suzanne Sprague (CME Group)
Nathaniel Wuerffel (BNY)

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

Lisa Chung
Ellen Correia Golay
Julie Hennighausen
Olivia Kennedy
Eric Lewin
Anna Nordstrom
Roberto Perli
Sanja Peros
Agata Zhang

U.S. Department of Treasury attendees

Liang Jensen
Brian Smith

Board of Governors attendee

Marius Rodriguez

BNY guests[1]

Robert Lynch
Michael Ross

1. Administrative Items

The meeting commenced with the TMPG Chair welcoming members and highlighting the newly redesigned TMPG website, noting that the redesign was intended to elevate the Group's *Best Practices for Treasury, Agency Debt, and Agency Mortgage Backed Securities (MBS) Markets* and white paper research and to make archive materials easier to access and navigate. The Chair then recognized the contributions of a departing member, Marc Seidner of PIMCO, thanking him for his service to the Group over the past eight years, and noted that Serena Lin of Mizuho Securities will join David Finkelstein of Annaly Capital in co-leading the Agency MBS Working Group going forward. The Chair also welcomed two new members to the Group, Taryn Siglain of State Street Markets and David Garner of Barclays, who will join the Group in November. Finally, the TMPG welcomed guest speakers from BNY, Robert Lynch and Michael Ross, who were joining the meeting to present on artificial intelligence (AI) in the Treasury and agency MBS markets. Ahead of the discussion, a representative from the New York Fed's Legal Group provided a brief overview of *Antitrust Guidelines for Members of the Federal Reserve Bank of New York's Advisory and Sponsored Groups*.

2. Topical Discussion: Artificial Intelligence (AI) in Treasury and Agency MBS Markets

The BNY representatives discussed emerging AI use cases and related risk management considerations, including governance and risk controls, across the Treasury and agency MBS markets. The presentation

[1] BNY guest speakers left the meeting following their presentation.

began with BNY's own experience adopting AI, noting that early efforts focused on establishing a risk management foundation before expanding AI use more broadly. The representatives pointed to opportunities such as faster pre-trade analysis and modeling, as well as the ability to review unstructured data at a scale not otherwise possible, alongside risks such as cyber vulnerabilities and the potential for similar models to produce correlated, herd-like behavior. Their view was that the market's main challenge with AI adoption is around preserving integrity, sound risk management, and operational resilience without impairing liquidity. The representatives also described efforts to build deliberate checkpoints into AI-related processes, including restricting default access to AI tools, granting permissions only as needed, and maintaining explainability and routine data hygiene as core elements of a robust control environment.

In the discussion that followed, members observed that the pace of AI adoption has accelerated notably over just a few months, highlighting that AI-assisted coding tools have already become standard practice. Members also debated what sets AI apart from previous waves of technological change in the Treasury and agency MBS markets in a way that warrants the Group's attention. It was noted that the difference between human and AI's persistent and amoral behavior means firms need to develop new types of controls designed specifically for AI, rather than relying on traditional governance tools, such as rules, procedures, and termination for non-compliance that were built with human behavior in mind. Members also noted that not every participant using AI in the Treasury and agency MBS markets will be a regulated firm, raising additional questions for how such tools can be monitored and controlled across the broader market.

3. Overview and Discussion of 2026 U.S. Treasury Market Conference

A New York Fed representative recapped key themes from the 2026 U.S. Treasury Market Conference, co-hosted by the U.S. Department of Treasury, Board of Governors, New York Fed, U.S. Securities and Exchange Commission (SEC), and U.S. Commodities Futures Trading Commission. The representative noted that the conference's panels and keynote speeches centered on three themes: innovation and modernization of policy implementation frameworks and tools, innovation in financial markets, and continued progress on the expansion of central clearing in the Treasury market.

4. Update on U.S. Treasury Securities Central Clearing Developments

The Chair flagged several central clearing developments since the June TMPG meeting. First, in August, the SEC reopened the comment period on two interconnected exemptive relief requests: one concerning non-U.S. transactions and the other concerning the inter-affiliate exemption for liquidity and collateral management. The Chair encouraged members to share feedback directly with the SEC, noting that SEC Commissioner Uyeda's remarks at the Treasury conference had highlighted potential approaches under consideration, including a firm-specific cap on non-cleared, non-U.S. repo activity versus an alternative market-wide cap based on average daily Treasury repo volume.

Second, the Chair highlighted a recent industry survey designed to gauge market participants' readiness for the upcoming central clearing deadlines of December 31, 2026 for cash transactions and June 30, 2027 for repo transactions. The Chair noted that the survey found the industry broadly on track to meet the cash deadline, though meaningful implementation work remains on the repo side. The Chair underscored the importance of continued implementation progress, noting remarks by SEC Commissioner Uyeda at the Treasury conference indicating that the SEC does not intend to extend these deadlines.

A TMPG member then provided a brief update on SIFMA's standard documentation for done-away access models, noting that while the documentation was published on July 30, 2026, most market participants' attention remains on completing done-with documentation ahead of the approaching cash and repo clearing deadlines, with focus expected to shift toward done-away arrangements at a later stage. The member noted that the done-with effort itself has proven to be substantial, requiring considerable time and resources, with

a number of firm-by-firm nuances, such as default event provisions, still needing to be worked out. Other members echoed these concerns, noting some money market managers have reported limited bandwidth and increased demands on legal resources to onboard multiple counterparties simultaneously.

5. Working Group Update

One of the Co-Chairs of the TMPG's Digital Innovations and U.S. Treasury Market Working Group provided an update on the working group's progress, including a high-level overview of the draft outline for a forthcoming white paper exploring the potential benefits and risks of stablecoins to the Treasury market. A detailed walkthrough of the proposed white paper outline will be presented to the Group at the next TMPG meeting. A New York Fed representative noted that the Federal Reserve Board published two requests for public comment related to establishing a regulatory framework for Board-supervised payment stablecoin issuers under the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act. The representative encouraged members to submit feedback directly to the Board by the proposals' November 30, 2026 comment deadline.

6. Discussion of Recent Market Developments

The TMPG then turned to a discussion of market developments since the June TMPG meeting, including members' views on the U.S. macroeconomic outlook, expectations for the path of Fed policy, developments in rates markets, and conditions in funding markets.

U.S. Macroeconomic and Monetary Policy Outlook

- Members assessed the U.S. economy as more resilient than previously expected, driven by the scale and longevity of the AI-driven capex boom, with labor market conditions also holding up better than anticipated. Members noted inflation forecasts of between 2.5 and 3 percent in early 2027 have held steady, though the forecasts' underlying narrative has shifted from the impacts of tariffs toward higher energy prices and continued monetary policy uncertainty.
- On the outlook for the path of interest rate policy, members noted that the market has adjusted to a new Fed approach, highlighting Chairman Warsh has made it clear that letting core inflation stay above-target for an extended period of time is unacceptable, and that the Fed is willing to act ahead of the data rather than react to each monthly inflation print. According to TMPG members, market pricing reflected one additional rate hike this year and three in 2027, though some members expressed more dovish and growth-pessimistic views relative to market pricing.

Developments in Rates Markets

- Members identified several factors behind the recent rise in longer-term Treasury yields, including shifting Fed communications away from forward guidance, which has led to new uncertainty heading into policy meetings, competition for capital from AI-related issuance, geopolitical uncertainty, higher energy prices, spillovers from the fiscal and political uncertainty in France, and increased convexity-hedging activity. Members noted that broader participation in duration hedging has kept the Treasury futures basis well contained. Members also observed that while hyperscaler-related issuance has totaled roughly $280 billion this year and is heavily weighted toward the long end, its direct impact on the recent sell-off has been relatively muted, with the sell-off instead driven first by oil prices and later by shifting Fed communications.
- Members assessed that MBS convexity-hedging flows have had a comparatively smaller impact on Treasury yields in the current episode given lower prepayment risk in agency MBS outstanding today, noting that recent widening in mortgages has been driven more by deleveraging and the unwinding of carry trades than by convexity-related hedging.

Conditions in Funding Markets

- Members assessed conditions in money markets as highly liquid and functioning smoothly, with expectations for this to continue through year-end, noting that recent repo rate volatility has been largely absorbed without disruption. Members expect the fourth quarter to bring continued growth in money market fund assets and anticipated that the market is well positioned to absorb roughly $400 billion of net new Treasury bill issuance. Regarding the Federal Reserve's reserve management purchases (RMPs), members noted that the reduction in the pace of RMPs to zero has not impacted liquidity and that the future approach to RMPs are contingent on recommendations from the Federal Reserve's Balance Sheet Policy task force.

7. Next Meeting

The next TMPG meeting is scheduled for November 10, 2026, from 3:00-5:00PM.