

TMPG Meeting Minutes

June 21, 2022

TMPG attendees

Alberto Antonini (Tudor)	Paul Hamill (Citadel Securities)	Jerry Pucci (BlackRock)
Deborah Cunningham (Federated Hermes)	Ari Kavour (Wells Fargo)	Rasmus Rueffer (ECB)
Sunil Cutinho (CME Clearing)	Priya Misra (TD Securities)	Carolyn Sargent (Morgan Stanley)
David Finkelstein (Annaly)	Andrea Pfenning (BNYM)	Casey Spezzano (NatWest)
Doug Friedman (Tradeweb)	Thomas Pluta (JP Morgan)	

New York Fed attendees

Adam Copeland	Lorie Logan	Janine Tramontana
Michael Fleming	Rania Perry	Nate Wuerffel
Veronika Jastrzebski	Jenny Phan	Patricia Zobel
Frank Keane	Brett Rose	

U.S. Department of Treasury attendees

Nicholas Steele

SIFMA attendees¹

Charles De Simone	Robert Toomey
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- Due to the coronavirus pandemic, the TMPG meeting was held as a hybrid meeting, with members attending both in-person and via videoconference.
- The meeting commenced on an administrative note, welcoming Patricia Zobel of the Federal Reserve Bank of New York, who will become SOMA Manager pro-tem following the transition of Lorie Logan, SOMA Manager, to her new role as President and CEO of the Federal Reserve Bank of Dallas. The Chair also thanked departing member Deland Kamanga from BMO for his many contributions to the TMPG.
- SIFMA representatives then provided a presentation on Treasury Market Post-Trade Resiliency Planning, describing SIFMA’s work around an industry playbook for use in a non-standard close and settlement disruption in Treasury markets resulting from a clearing bank outage. Representatives identified the scope and key considerations of such a scenario and asked the group to consider recommending suspension of the TMPG fails charge under such an outage.

¹ SIFMA attendees left the meeting following the Treasury Market Post-Trade Resiliency Planning presentation.

Members noted that such an outage would cause significant liquidity disruptions, apart from the fails charge issue.

- Members then turned to a discussion of market developments since the [May TMPG meeting](#). The group discussed views on the economic growth outlook, policy expectations, liquidity conditions, and market functioning.
 - Members discussed continued uncertainty in the near-term outlook related to policy expectations and tightening financial conditions, noting upward revisions in market expectations for the path of policy and inflation through the end of the year. Members expressed differing expectations around the potential magnitude of a federal funds target rate increase at the July FOMC meeting.
 - Members noted that less accommodative monetary policy could slow economic activity, while continued supply chain challenges and the war in Ukraine are expected to act as headwinds to the longer-term normalization of inflation. Against the backdrop of these uncertainties, members discussed heightened volatility in financial markets, lower market depth broadly, and notably less liquid conditions in TMPG-covered markets.
 - Despite elevated volatility and diminished liquidity as measured by widening bid-ask spreads and lower depth, members noted that Treasury and agency MBS markets were still viewed as functioning. In Treasury markets, members also highlighted investor preference for shorter-duration Treasuries, with high demand for bills relative to supply, particularly for bills with maturities within two months.
 - Relating to mortgage markets, there was a brief discussion of the recent GSE announcements introducing a 50-basis-point re-securitization fee for commingling both Fannie Mae and Freddie Mac mortgage pools. It was noted this likely would make the aggregation of MBS with pools from both agencies cost prohibitive, which could reduce their fungibility and negatively impact the success of the Uniform Mortgage Backed Security (UMBS) program.
 - In the discussion of short-term funding, members noted that due to continued uncertainty in financial conditions and the path of policy, persistent high demand for overnight Treasury GC is expected. Rates are expected to continue to trade below the ON RRP with some frequency.
- The working group on [Clearing and Settlement Practices for Treasury Secured Financing Transactions \(“SFT”\)](#) led a discussion of risks identified related to SFT clearing and settlement in the covered markets. Risks specifically discussed include: operational and counterparty risk;

default, firesale, and liquidity risk; and opacity. In addition, the group discussed the proposed white paper scope and outline.

- The [Treasury Market Data and Transparency working group](#) discussed gaps in data availability and transparency (for both the official sector and the private sector) in Treasury cash, repo and futures markets. The group discussed the scope of a proposed white paper.