April 12, 2018

**Treasury Market Practices Group Updates its Fails Charge Practice Recommendation**

The Treasury Market Practices Group (TMPG) today updated the existing fails charge trading practices for U.S. Treasury, agency debt and agency mortgage-backed securities (MBS) by including a floor of 1 per cent per annum to ensure that a minimal charge remains in place, thereby maintaining operational continuity of the practices. The TMPG is releasing updated versions of the *U.S. Treasury Securities Fails Charge Trading Practice*, *Agency Debt and Agency MBS Fails Charge Trading Practice* and *Frequently Asked Questions* that incorporate the floor of 1 per cent per annum in the fails charge calculation.

In February 2018, the TMPG published the proposed updates to the fails charge practice recommendation for public comment. The TMPG received a range of thoughtful feedback from market participants that was, on balance, supportive of the proposed modification to the TMPG’s recommended fails charge practice.

“The TMPG believes it is prudent to introduce a static component to the recommended fails charge practices to maintain the effectiveness of the fails charge operational processes independent of the level of interest rates,” said Tom Wipf, Chair of the TMPG.

All other elements of the recommended TMPG fails charge trading practices remain unchanged. The TMPG will continue to closely monitor settlement fails in its covered markets and may consider taking other actions in the future, if necessary.

The TMPG recommends that market participants should implement the updated fails charge trading practice for U.S. Treasury, agency debt and agency MBS transactions entered into on or after July 1, 2018 as well as for transactions entered into prior to, but remained unsettled as of, July 1, 2018.

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About the Treasury Market Practices Group (TMPG):
The Treasury Market Practices Group (TMPG) is a group of market professionals committed to supporting the integrity and efficiency of the Treasury, agency debt and agency mortgage-backed securities (MBS) markets. The TMPG is composed of senior business managers and legal and compliance professionals from a variety of institutions – including securities dealers, banks, buy-side firms, market utilities and others – and is sponsored by the Federal Reserve Bank of New York. More information is available at: www.newyorkfed.org/tmpg

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