

TMPG Meeting Minutes

May 14, 2014

TMPG attendees

Dan Dufresne (Citadel)

Brian Egnatz (HSBC)

John Fath (BTG Pactual)

Michael Garrett (Wellington)

Beth Hammack (Goldman Sachs)

Jim Hraska (Barclays)

Vincent Legroux (Banque de France)

Murray Pozmanter (DTCC)

Gerald Pucci (Blackrock)

Mark Tsesarsky (Citigroup)

Stu Wexler (ICAP)

Tom Wipf (Morgan Stanley)

Matt Zames (J.P. Morgan)

FRBNY attendees

Joshua Frost

Frank Keane

Lorie Logan

Simon Potter

Susmitha Thomas

Janine Tramontana

Nate Wuerffel

Federal Reserve Board attendee

Matthew Eichner

- The meeting commenced with an acknowledgement of contributions to the TMPG by departing members Nancy Sullivan, Bank of New York Mellon, and Matt Zames, J.P. Morgan Chase.
- The TMPG then turned to a discussion of recent market developments, including the impact of the Federal Reserve's [Overnight Fixed-Rate, Reverse Repurchase Agreement Operational Exercise](#), the expected impact of regulatory developments and technological trends on the broker-dealer business model, and the potential market implications of the Treasury liquidity buffer discussed at the [April meeting of the Treasury Borrowing Advisory Committee](#).
- Members then received an update from a working group formed to identify frequently used reference rates in TMPG covered markets. The Group agreed that further work would be useful to better understand the trading and risk management practices related to these reference rates. The TMPG agreed to continue discussion of this topic at a future meeting.
- The Group then received an update from a working group formed to conduct a high-level review of high-speed electronic trading in TMPG covered markets, particularly in the Treasury market. The working group discussed some preliminary thoughts concerning potential best practice recommendations that might be adopted by market participants, and suggested consideration of a white paper that would describe the presence and drivers of high-speed trading, in TMPG covered markets. The TMPG agreed to continue the discussion of potential best practice recommendations and the white paper at subsequent meetings.

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- TMPG members then reviewed summary statistics related to its [agency MBS margining recommendation](#), which indicated that as of May 9, 2014, TMPG member firms had, on average, executed margining agreements with roughly 65 percent of their counterparties (a five percentage point increase from the prior meeting). The executed agreements covered roughly 85 percent of TMPG member firms' notional trading volume (excluding centrally cleared trades), and margin exchange had been operationalized for roughly 70 percent of the executed agreements. Members noted continued progress toward the Group's goal of full adoption by market participants of this important practice recommendation.
- In response to feedback from market participants, members then discussed the applicability of the agency MBS margining recommendation and the [fails charge practice recommendation](#) to agency multifamily and project loan securities. The TMPG unanimously agreed that agency multifamily and project loan securities, such as Freddie Mac K Certificates, Fannie Mae Delegated Underwriting and Servicing bonds, Ginnie Mae Construction Loan/Project Loan Certificates, are all within the intended scope of the agency MBS margining and fails charge practice recommendations. Members agreed to update the TMPG's [agency MBS margining](#) and [fails charge](#) recommendations FAQs with related guidance.
- The next TMPG meeting will take place on Wednesday, June 25, from 4:00-6:00 PM.