

## **TMPG Meeting Minutes**

*February 25, 2020*

### TMPG attendees

Alberto Antonini (Tudor)	Chris Leonard (Barclays)	Rasmus Rueffer (ECB)
David Finkelstein (Annaly)	Edward McLaren (Bank of America)	Marc Seidner (PIMCO)
Kourtney Gibson (Loop Capital)	Andrea Pfenning (BNY Mellon)	Ryan Sheftel (GTS)
Rob Huntington (Credit Suisse)	Jerry Pucci (BlackRock)	Gemma Wright-Casparius (Vanguard)

### New York Fed attendees

Frank Keane	Matt Milroy	Janine Tramontana
Lorie Logan	Rania Perry	Kyle Watson
Susan McLaughlin	Brett Rose	Nate Wuerffel

### U.S. Department of Treasury attendees

Nicholas Steele	Brian Smith
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### Federal Reserve Board attendees

Laura Lipscomb

- The meeting commenced with the chair welcoming Laura Lipscomb from the Federal Reserve Board to the meeting. The chair then provided an overview of a recent new member orientation lunch, noting the lunch was designed to inform new members of the TMPG's history and familiarize the members with current and future initiatives.
- A New York Fed representative provided an update on the group's structure, specifically, that the group will add a vice chair, whose primary responsibilities will include assisting the chair and leading TMPG meetings in the event of the chair's absence. The chair and vice chair will be subject to the same two year terms as all members, which may be extended. It was noted that Gerald Pucci of Blackrock will serve a two-year term as chair running through the first half of 2021. A search for a vice chair will commence and a vice chair is expected to be designated when this process concludes.
- Federal Reserve staff reviewed minor updates to the group's Charter and the existing [Antitrust Guidelines for the Federal Reserve Bank of New York's Advisory and Sponsored Groups](#) ("Guidelines"). New York Fed counsel instructed members to review the Guidelines and share them with any colleagues from their institutions who also work on TMPG matters. She also highlighted the appropriate role of best practices and market conduct recommendations, and addressed anticompetitive conduct that could cause legal or reputational risk to the TMPG and the New York Fed, and directed Committee members to reach out with questions about anything they find unclear in the policy.

- The TMPG then turned to a discussion of recent market developments. Members first discussed conditions in domestic repo markets. Members noted overall funding market conditions were stable and the Federal Reserve's actions post September have worked to support money market function, with minimal volatility occurring over the year-end turn. Reflecting upon orderly year-end conditions, in addition to the Fed's reserve management purchases and repo operations, members cited the importance of advance preparation by market participants, including "locking-in" funding over the year-end turn. Such widespread advanced planning was viewed as a positive downstream impact of the September volatility in funding markets.
- Looking ahead, while members agreed that most market participants view reserve management purchases and quantitative easing as distinct from one another, they noted that some market participants may be conflating the two types of actions. Members concluded this portion of the meeting by discussing preliminary expectations surrounding the coronavirus in light of declines in Treasury yields and risk asset prices. Overall, members generally expect risks around a deeper and more prolonged lapse in economic growth in China and across the globe than had previously been anticipated.
- Next, the co-chair of the repo clearing and settlement working group updated members on recent work. Specifically, she noted that the working group plans to focus first on mapping overnight and term clearing and settlement in core triparty repo, before continuing onto other segments of the repo market. The co-chair noted that, once the full set of maps are completed, the working group should seek to identify any risk and resiliency issues or other concerns, and consider whether further TMPG work is warranted, such as enhancements to the group's recommended best practices or the publication of a note or whitepaper. The co-chair walked members through the initial draft of the core triparty maps. Members provided feedback on the maps and invited the co-chair to continue updating the TMPG as work progresses.
- The chair then turned to a member of the financial benchmark working group that was [formed in December](#). A member of that working group informed the TMPG that a survey was conducted amongst working group members to discuss financial benchmarks and assess potential next steps in light of the Tradeweb closing price product for the secondary market trading of U.S. Treasury securities. The member noted that respondents to the survey generally viewed existing best practices as sufficient to address this new product. However, members flagged two potential issues to watch: first, whether dealers may become dis-incentivized to contribute prices around benchmarking periods, and second, whether concerns would arise around using indicative prices to calculate a closing price benchmark. Members noted that two existing practice recommendations seem relevant when discussing these potential issues: IOSCO compliance or consistency, and, whether benchmark use is fit for purpose. Looking ahead, members of the working group suggested it would be useful to continue monitoring such new products and any impact they may have on trading dynamics and, separately, to invite

representatives from IOSCO to a future meeting to discuss its Principles for Financial Benchmarks.

- Next, a member led a discussion on TMPG outreach in 2020. He provided an overview of some potential goals related to outreach and highlighted upcoming conferences and venues the TMPG could leverage to continue promoting best practices and to raise awareness of the group's work on repo clearing and settlement.
- Finally, the TMPG then reviewed summary statistics related to its agency [MBS margining recommendation](#). As of December 16, 2019 TMPG member firms had, on average, executed margining agreements with about 70 percent of their counterparties. These agreements covered approximately 90 percent of notional trading volume of forward settling MBS transactions (excluding those centrally cleared) and margin exchange was operationalized for roughly 96 percent of these executed agreements. These statistics were generally in line with recent averages.
- The next TMPG meeting is scheduled to take place on March 31<sup>st</sup>, 2020 from 3:00-5:00 PM.