

## TMPG Meeting Minutes

June 24, 2015

### TMPG attendees

Julia Coronado (Graham Capital)	Vincent Legroux (Bank of France)	Gerald Pucci (Blackrock)
James DeMare (BAML)	Steven Meier (State Street Global Advisors)	James Slater (BNY Mellon)
Daniel Dufresne (Citadel)	Sandie O'Connor (JP Morgan Chase)	Stuart Wexler (ICAP)
James Hraska (Barclays)	Murray Pozmanter (Depository Trust & Clearing Corp)	Thomas Wipf (Morgan Stanley)
Gary Kain (American Capital Agency)		

### FRBNY attendees

Nashrah Ahmed	Frank Keane	Brett Rose
Richard Charlton	Lorie Logan	Nate Wuerffel
Michelle Ezer	Radhika Mithal	
Josh Frost	Simon Potter	

- The meeting commenced by thanking departing member Vincent Legroux from the Bank of France for his participation on the TMPG and the announcement of new member Zahir Antia from the Bank of Canada.
- The TMPG discussed recent market developments including reactions to the [June FOMC meeting and related communications](#), quarter-end volatility and continued concerns of contagion from distressed global sovereign debt markets. TMPG members also provided their perspectives on the potential impact of the leap second adjustment, scheduled for June 30, on financial markets. They pointed to coordinated industry efforts to develop a consistent approach to manage the time adjustment as helping to alleviate possible adverse impacts.
- Next, the TMPG received an update from the working group formed to explore the use of benchmarks. The working group proposed drafting a summary of the findings from the case studies it developed on certain reference rates relevant to the TMPG covered markets – specifically, the BrokerTec 10:00 a.m. Repo Averages, the ICAP Fed Funds Open and the Barclays Aggregate Bond Index. The proposed summary would include the way in which the identified rates are used as benchmarks and the key factors that affect the integrity and effectiveness of using the identified benchmarks. During the discussion, TMPG members raised concerns regarding the use of the Fed Funds Open as a financial benchmark given the limited volume of underlying transactions and that it is not considered by its publisher to be a benchmark as defined in the [IOSCO Principles for Financial Benchmarks](#). The group agreed to reach out to other industry groups to gain additional perspectives on this issue. Members also noted that if any rates were seen as problematic, consideration should be given to both operational and contractual hurdles that market participants may face in moving to alternate rates. The working group closed by noting that it plans to continue to draft the case studies and revise the proposed updates to TMPG best practice recommendations.

- The TMPG briefly discussed the [Fair and Effective Market Review](#) (FEMR) report published by the Bank of England in early June. Specific references to the TMPG’s work were highlighted and the report’s focus on developing standards particularly around market conduct and trading practices was noted. The group agreed that a few members would review the FEMR recommendations and conduct an analysis to identify areas of potential future work by the TMPG for discussion at a future meeting.
- A TMPG member led a discussion on liquidity conditions and metrics in TMPG covered markets. The group discussed a number of factors that may be contributing to changes in liquidity dynamics, including changes to the market structure, emergence of new participants, and behavioral and regulatory changes. Members considered the value of a range of traditional liquidity metrics such as bid-ask spread, traded volume, average trade size, and market depth and concentration in providing a complete picture of liquidity conditions. The group expects to continue discussions on market liquidity in the TMPG covered markets at future meetings.
- Finally, the TMPG reviewed summary statistics related to its [agency MBS margining recommendation](#). As of June 15, 2015, TMPG member firms had, on average, executed margining agreements with about 66 percent of their counterparties and these agreements covered approximately 84 percent of notional trading volume of forward settling MBS transactions (excluding those centrally cleared); both figures are largely in line with statistics reported at the April meeting. Margin exchange was operationalized for roughly 81 percent of executed agreements, an increase of 5 percentage points from previously reported statistics.
- The next TMPG meeting is scheduled to take place on Monday, September 21, from 4:00-6:00 PM.