



even if only temporary, would cause significant damage to and undermine confidence in the markets for Treasury securities and other assets.<sup>1</sup>

- Next, the Chair provided a summary of a meeting in mid-August between members of the TMPG’s working group on clearing and settlement and members of the U.S. Treasury, Federal Reserve Bank of New York, Federal Reserve Board of Governors, Securities and Exchange Commission, and Commodity Futures Trading Commission (collectively, the Inter-Agency Working Group for Treasury Market Surveillance or “IAWG”). It was noted that TMPG members provided IAWG members with a summary of the recently published [Best Practice Guidance](#) and [white paper](#) on clearing and settlement. IAWG members commended the TMPG members for their work on this topic and encouraged the TMPG to consider the feasibility of similar work in the future on funding markets.
- FRBNY staff then provided a summary of the fifth annual [U.S. Treasury Market Conference, which took place the prior day, September 23, 2019](#). It was noted that topics discussed at the conference included an update on the LIBOR transition, the potential for Treasury issuance of Secured Overnight Financing Rate (SOFR)-linked floating-rate notes, greater transparency around Treasury transactions volumes via TRACE, the evolution of direct streaming and implications for Treasury market structure, risk management strategies, and discussion of regulation and oversight of the Treasury market.
- The TMPG then turned to a discussion of recent market developments. Members discussed volatility in funding markets that occurred throughout the week of September 16, 2019, and the announcements of overnight and term repo operations by the Federal Reserve Bank of New York.<sup>2</sup> Members offered views on a wide range of possible causes of the recent volatility, which included: corporate tax payments, net Treasury settlements, the level of reserves, overall Treasury supply, and the shape of the yield curve. Members also discussed differences between the recent episode and prior periods of volatility, and the implications for potential future volatility. Members noted that actions by the FRBNY helped stabilize funding markets as the dispersion of rates narrowed and the level of rates decreased relative to other benchmarks. TMPG members noted that it may be beneficial for the group to consider whether to extend the work the group recently concluded on clearing and settlement to the funding markets for Treasury securities.
- In addition, members discussed the launch of [Tradeweb ICE U.S. Treasury Closing Prices](#), which members noted related to TMPG’s [previous work](#) on benchmarks. Members agreed to invite

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<sup>1</sup> The TMPG’s 2013 work discusses certain potential practices that could reduce but not eliminate the operational difficulties posed by a delayed payment on Treasury debt. The group most recently discussed this White Paper on [September 21, 2015](#).

<sup>2</sup> Federal Reserve Bank of New York, [Statement Regarding Repurchase Operations](#), September 20, 2019.

representatives from Tradeweb to discuss this development at an upcoming TMPG meeting.

- The market developments agenda item concluded with a discussion on recent reports issued by the [Treasury Department](#) and [Department of Housing and Urban Development](#) related to Fannie Mae and Freddie Mac. Members noted that the announcement generated limited reaction in secondary agency MBS markets.
- Finally, the Chair summarized findings of the TMPG's exploratory working group on business continuity and resiliency in the TMPG-covered markets, which was discussed at the [June TMPG meeting](#). The TMPG determined that it should continue to pursue this topic and will establish a working group on it. It was noted that the working group's first objective should be to identify a specific area of focus amid the landscape of business continuity and resiliency.
- The next TMPG meeting is scheduled to take place on November 6, 2019, from 3:00-5:00 PM.