April 19, 2013

**TMPG Proposes Market Practice Recommendations to Support
More Timely Trade Confirmation in the Tri-Party Repo Market and Seeks Public Comment**

The Treasury Market Practices Group (TMPG) today proposed broadening the existing "Best Practices for Treasury, Agency Debt, and Agency Mortgage-Backed Securities Markets" by incorporating practices that support more timely trade confirmation in the tri-party repo market. The TMPG has requested public comment on the proposed market practices by May 17, 2013.

In order to promote the integrity and efficiency of the tri-party repo market, the TMPG is proposing revisions to its market practice recommendations to state that by August 1, 2013, market participants should execute and confirm substantially all tri-party repo trades by 3:00 p.m. ET. This would ensure an orderly start to tri-party settlement processing at 3:30 p.m. ET. Specifically, market participants should ensure that:

- All tri-party repo trades should be matched and confirmed in a timely manner.
- All tri-party repo trades executed before 3:00 p.m. ET should be matched and confirmed by 3:00 p.m. ET.
- Any tri-party repo trades executed after 3:00 p.m. ET should be matched and confirmed within 15 minutes.
- Trade cancellations and corrections for tri-party repo transactions should be rare and occur only as a result of operational errors or other mistakes made in good faith.
- Trade cancellations and corrections should be routinely reviewed by senior desk management and compliance staff, with particular focus on any occurrences after 3:00 p.m. ET.

Smooth, predictable, and efficient settlement and clearing are crucial for preserving the liquidity and function of the Treasury, agency debt, and agency MBS markets. A well-functioning tri-party repo market is critical to the health and stability of the U.S. financial markets as it is closely interconnected to other payment clearing and settlement services and serves as a key source for funding and investment. Moreover, a tri-party repo market that is more stable under market stress provides support for continuous market liquidity and price transparency in U.S. government and corporate securities markets.

"The sooner parties can confirm their trades, the sooner clearing banks can begin their settlement process," said Tom Wipf, Chair of the TMPG. "The TMPG is setting the bar high by recommending that market participants execute substantially all tri-party repo trades before 3:00 p.m. and that trades executed before 3:00 p.m. be matched and confirmed by 3:00 p.m. The Group strongly believes that this shift in behavior will help to further reduce risk in the tri-party repo market."

For additional information on the tri-party repo infrastructure reform effort, please see:
http://www.newyorkfed.org/banking/tpr_infr_reform.html.

Members of the public may submit comments by Friday, May 17, 2013, to tmpg@ny.frb.org. The TMPG expects to release the final market practices soon after its evaluation of the public comments.

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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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