

TMPG Meeting Minutes

January 17, 2012

TMPG attendees

Art Certosimo (BNY Mellon)	Murray Pozmanter (DTCC)	Mark Tsesarsky (Citigroup)
Dan Dufresne (Citadel)	Jerry Pucci (BlackRock)	Stu Wexler (ICAP)
Mike Garrett (Wellington)	Joerg Stephan (Deutsche Bundesbank)	Tom Wipf (Morgan Stanley)
Beth Hammack (Goldman Sachs)	Nancy Sullivan (BNY Mellon)	Matt Zames (JPMorgan Chase)

FRBNY attendees

Josh Frost	Brian Sack	Janine Tramontana
Frank Keane	Sariah Toronto	Nate Wuerffel

- The meeting commenced with an acknowledgement of contributions to the TMPG by departing members Michael Haddad and Allan Rogers.
- Discussion turned to TMPG governance considerations, with members unanimously agreeing to adopt the group's charter. The group was then provided with an overview of anti-trust guidelines for TMPG members and associated working groups.
- Discussion of the group's fails charge recommendations for the agency debt and agency MBS markets ensued.
 - o It was noted that FICC is prepared to support the agency debt fails charge for its members beginning February 1. It was also noted that the SEC had extended to March 9 the period within which it would take action on FICC's proposed rule change that would allow FICC to provide guaranteed settlement and central counterparty services, including support of the agency MBS fails charge for FICC members.
 - o Members noted that their firms were ready to incorporate the fails charges in their trading and settlement operations on February 1. It was observed that members felt that the market broadly was ready to incorporate the fails charges.
 - o Discussion turned to trading patterns and fail levels. It was noted that prices of dollar rolls have been elevated, but that they appear to be consistent with preparation for the fails charge, and not inconsistent with normal market functioning and with an effort to resolve fails. It was observed by some participants that fails at their firms appear to be at somewhat lower levels than in prior months. Members observed that the group would have to monitor fails in the market closely in order to evaluate the effectiveness of the charge at its current level.
- An update was then provided on efforts by a newly formed working group studying margining practices for to-be-announced MBS transactions, in light of the risks that unmarginated exposures present to the agency MBS market. It was noted that the working group agreed that the TMPG should recommend to SIFMA that it consider revisiting the industry standard form of master securities forward transaction agreement; resolved to

TMPG Meeting Minutes

January 17, 2012

explore operational, financial and commercial implications of margining; and determined to identify steps the TMPG may take to further encourage more widespread margining of TBA transactions.

- The next TMPG meeting will take place on **Thursday, February 16, 4 – 6 pm** at the **New York Fed**, 33 Liberty Street.