

TMPG Meeting Minutes

February 27, 2018

TMPG attendees

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| Lisa Black (TIAA Investments) | Gary Kain (AGNC Investment Corp) | Jerry Pucci (BlackRock) |
| Dan Dufresne (Citadel) | Edward McLaren (Bank of America) | James Slater (BNY Mellon) |
| Deirdre Dunn (Citigroup) | Sandie O'Connor (JP Morgan Chase) | Stu Wexler (NEX Group) |
| Beth Hammack (Goldman Sachs) | Murray Pozmater (DTCC) | Thomas Wipf (Morgan Stanley) |

FRBNY attendees

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| Caren Cox | Frank Keane | Brett Rose |
| Michelle Ezer | Lorie Logan | Janine Tramontana |
| Josh Frost | Simon Potter | Carolyn Windover |
| | | Nate Wuerffel |

U.S. Department of Treasury attendees

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| Fred Pietrangeli | Laura Lipscomb | Tom Katzenbach |
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- The meeting commenced with the chair noting that at upcoming meetings the TMPG and members of the [Foreign Exchange Committee](#) (FXC) would discuss best practice topics of common interest including work from the FX Global Code and the TMPG's recently published [Best Practice Recommendations on Information Handling](#). It was noted that sharing insights from the committees' respective experiences in developing best practices may be beneficial in supporting the initiatives of both committees.
- Next, the TMPG discussed recent market developments, including recent equity market volatility, reactions to [the January FOMC meeting and minutes](#), and future policy expectations. TMPG members discussed FINRA's implementation of margin requirements (Rule 4210) and reiterated their support for the TMPG best practice recommendation that, "consistent with prudent management of counterparty exposures, forward-settling transactions, such as agency MBS transactions, should be margined" and that "two-way margin should be exchanged on a regular basis." Members encouraged participants in the TMPG-covered markets to continue to adhere to the TMPG best practice recommendation to margin forward settling MBS and noted that timely implementation of Rule 4210 will further support systemic risk reduction in the broader market through margin collection. The committee agreed that a discussion between the TMPG and FINRA on the implementation would be helpful.
- Following the [publication of the update to the Best Practice Recommendations](#) incorporating recommendations related to the appropriate handling and use of confidential information, the chair of the information handling working group discussed the importance of developing a strategy for industry outreach in support of broad adoption of these best practice

recommendations. It was suggested that one next step to consider was formation of a new working group to develop and execute this strategy.

- The chair of the settlement fails working group summarized the feedback received from TMPG members based on the discussion at the [January meeting](#). Based on this feedback, the chair then presented the working group's proposal to set a static floor of 1 percent to the level of the recommended fails charge for U.S. Treasury securities, agency debt and agency mortgage-backed securities. The members discussed the proposal and an appropriate implementation timeline for the change. The TMPG members agreed to publish for public consultation the proposed modification to the fails charge practice recommendations and a recommended implementation period of approximately 90 days.¹
- The members reviewed a recent question received by the TMPG secretariat about the scope of agency multifamily mortgage-backed securities to which the current fails charge practice recommendation applies. The members noted that an FAQ specifically recommends that fails charges apply to agency multifamily mortgage-backed and project loan securities and agreed that the FAQs did not need to be amended at this time.
- The co-chairs of the clearing and settlement working group then discussed some of the potential risks of the clearing and settlement processes identified by the working group. The TMPG members noted the importance of sharing this work more broadly to get additional perspectives and consider whether issues identified can be addressed by best practices, official actions, or a combination of both.
- The next TMPG meeting is scheduled to take place on April 10, 2018, from 3:00-5:00 PM.

¹ The TMPG subsequently [published](#) the proposed modification to the fails charge practice recommendations on February 28, 2018.