

TMPG Meeting Minutes

November 6, 2019

TMPG attendees

Alberto Antonini (Tudor)	Rob Huntington (Credit Suisse)	Thomas Pluta (JP Morgan)
Deborah Cunningham (Federated)	Gary Kain (AGNC Investment Corp)	Murray Pozmanter (DTCC)
David Finkelstein (Annaly)	Ari Kavour (Wells Fargo)	Jerry Pucci (BlackRock)
Kourtney Gibson (Loop Capital)	Edward McLaren (Bank of America)	Rasmus Rueffer (ECB)
Beth Hammack (Goldman Sachs)	Andrea Pfenning (BNY Mellon)	Ryan Sheftel (GTS)

FRBNY attendees

Frank Keane	Rania Perry	Kyle Watson
Lorie Logan	Brett Rose	Nate Wuerffel
Matt Milroy	Janine Tramontana	

ICE Benchmark Administration attendees

Tim Bowler

Tradeweb attendees

Elisabeth Kirby	Colm Murtagh	Douglas Friedman
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U.S. Department of Treasury attendees

Nicholas Steele	Brian Smith
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- The meeting commenced with the Chair welcoming representatives from Tradeweb and ICE Benchmark Administration (IBA) to the meeting to [discuss](#) the recent launch of Tradeweb's U.S. Treasury closing price products. The TMPG Chair reminded the broader group of [prior work](#) by the TMPG around benchmarks, which resulted in additions to the [Best Practices](#) regarding managing against, understanding, using, and contributing to financial benchmarks. Representatives from Tradeweb and IBA then provided an overview of the key features and calculation methodology for the new U.S. Treasury closing price products as well as their governance and review processes in the context of the IOSCO Principles for Financial Benchmarks. Following the presentation and a brief discussion, Tradeweb and IBA representatives left the meeting.
- Next, TMPG members discussed the applicability and suitability of the existing best practices to products such as Tradeweb's closing price products and agreed to resume the discussion at a later date.
- Next, the Chair provided an update on administrative items. Specifically, he welcomed three new members to the TMPG: Deborah Cunningham from Federated Investors, Thomas Pluta

from JP Morgan Chase, and David Finkelstein from Annaly Capital.

- The TMPG then turned to a discussion of recent market developments. Members discussed the October 11 FOMC announcement to purchase Treasury bills at least into the second quarter of 2020 and conduct overnight and term repo operations at least through January of 2020 to ensure that the supply of reserves remains ample even during periods of sharp increases in non-reserve liabilities, and to mitigate the risk of money market pressures that could adversely affect policy implementation.¹ Overall, private sector members noted that these reserve management purchases and repo operations have been successful in reducing the overall dispersion and level of repo rates and the federal funds rate. Next, the discussion turned to expected funding market conditions over the 2019 year-end. Members said they expect funding markets to exhibit volatility over year-end, as repo markets were implying increased demand for funding over that period. At the same time, members viewed elevated funding volatility as typical for year-end periods. The market development discussion concluded with a discussion of Treasury market liquidity in recent months, with some members highlighting reduced market depth. Overall, members noted that the Treasury market remains the most liquid global debt market, and that some measures of the decline in liquidity were roughly consistent with increased rate volatility. The group agreed to continue the discussion of Treasury market liquidity at the next meeting.
- Next, TMPG members agreed to form a working group focused on studying and mapping clearing and settlement practices for the repo market. The Chair noted that this working group would follow the [IAWG's request](#), at a roundtable in August 2019, that the TMPG extend [prior work](#) on clearing and settlement in the secondary cash market to funding markets.² Members highlighted that the maps are meant to lay the groundwork for a better understanding of repo market clearing and settlement practices, shed light on how they have evolved in recent years, and hopefully lead to the identification of any risk and resiliency issues. TMPG members agreed that the working group should initially focus on mapping the current structure of repo market clearing and settlement practices for Treasury markets and potentially for Agency MBS.
- In light of the forthcoming working group on repo market clearing and settlement, the Chair recommended deferring some of its exploratory work related to trading protocols, as well as the formation of a working group on business continuity and resiliency in the TMPG-covered markets. TMPG members noted that the TMPG should actively monitor developments related to business continuity and resiliency and revisit as soon as possible.

¹ Federal Reserve Board of Governors, [Statement Regarding Monetary Policy Implementation](#), October 11, 2019

² 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")

- Finally, the TMPG then reviewed summary statistics related to its agency MBS [margin](#)
[recommendation](#). The TMPG secretariat noted that as of September 16, 2019, TMPG member
firms had, on average, executed margining agreements with about 69 percent of their
counterparties. These agreements covered approximately 90 percent of notional trading
volume of forward settling MBS transactions (excluding those centrally cleared), and margin
exchange was operationalized for roughly 95 percent of these executed agreements. These
statistics were generally in line with recent averages. It was also noted that the effective date
for the amendments to [FINRA Rule 4210](#) has been delayed from March 25, 2020 to March 25,
2021.
- The next TMPG meeting is scheduled to take place on December 17, 2019, from 3:00-5:00 PM.