

## TMPG Meeting Minutes

May 22, 2013

### TMPG attendees

Art Certosimo (BNY Mellon)	Jim Hraska (Barclays)	Mark Tsesarsky (Citigroup)
Brian Egnatz (HSBC)	Murray Pozmanter (DTCC)	Tom Wipf (Morgan Stanley)
John Fath (BTG Pactual)	Gerald Pucci (BlackRock)	Matt Zames (J.P. Morgan)
Michael Garrett (Wellington)	Joerg Stephan (Deutsche Bundesbank)	
Beth Hammack (Goldman Sachs)	Nancy Sullivan (BNY Mellon)	

### FRBNY attendees

Vic Chakrian	Frank Keane	Simon Potter
Josh Frost	Lorie Logan	Janine Tramontana
Peggy Kauh	Susan McLaughlin	Nate Wuerffel

### U.S. Treasury Department attendee

James Clark

- The meeting commenced with a discussion of recent market developments, including reactions to the Federal Open Market Committee’s April 30-May 1 meeting minutes, and the functioning of the Treasury, agency debt, and agency mortgage-backed securities (MBS) markets.
- The TMPG then turned to review feedback received on the [proposed](#) practice recommendations regarding timely three-way confirmation in the tri-party repo market, which were released on April 19:
  - While the practices recommend that substantially all of a market participant’s tri-party repo trades should be executed and confirmed by 3:00 PM, members agreed that some tri-party repo trading may still need to occur after 3:00 PM.
  - The Group also reaffirmed its view that trade cancellations and corrections for tri-party repo transactions should be rare and occur only as a result of operational errors or other good faith mistakes, and should not be used to adjust or amend previously matched and confirmed trades.
  - Additionally, members discussed the proposed implementation date of August 1 and agreed that the date appeared appropriate given the necessary requirements for implementing the proposed practices.
  - The Group then agreed to release a [statement](#) the following morning announcing that the practices would be incorporated in the [Best Practices for Treasury, Agency Debt, and Agency Mortgage-Backed Securities Markets](#). Finally, the TMPG agreed to continue to observe trading conditions and behavior in the tri-party repo market, and to consider further practice recommendations, if necessary.
- The Group’s focus then shifted to feedback received on the [recent updates](#) to the TMPG’s best practice recommendation to margin forward-settling agency MBS transactions, which was initially announced on [November 14, 2012](#):

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- Members reviewed feedback provided by several smaller firms on the operational and legal challenges of implementing the margining practice, which could pose greater burdens to firms with fewer available resources.
  - The members agreed that, as noted previously by the TMPG, appropriate parameters such as thresholds and minimum transfer amounts should be established between trading counterparties to mitigate the operational burden of processing margin transfers. However, the Group reiterated that consistent with prudent management of counterparty exposures, firms should implement the margining practice recommendation.
  - Members also discussed the market's level of progress with implementing the margining practice and the ongoing operational and legal challenges faced by some market participants. Several members noted that a netting opinion was recently released to the members of the Securities Industry and Financial Markets Association for the Master Securities Forward Transaction Agreement, which the Group broadly viewed as supportive of the margining implementation effort.
  - The Group reaffirmed its recommendation that market participants make significant progress towards margining forward-settling agency MBS exposures by early June 2013 and substantially complete the process by December 31, 2013. In implementing the practice, the TMPG continues to recommend that market participants apply a risk-based approach whereby participants begin to margin forward exposures on a rolling basis and prioritize their most material exposures.
  - The Group agreed to continue to monitor the market's progress with implementing the recommendation, including industry solutions for reporting and processing margin. Additionally, members cited interest in continuing outreach efforts to industry groups to support the implementation of the practice recommendation.
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- The Group agreed to postpone discussions of its routine review of the existing recommended [Best Practices for Treasury, Agency Debt, and Agency Mortgage-Backed Securities Markets](#) and of potential TMPG priorities for the remainder of 2013 to a later time.
  - The next TMPG meeting will take place on Thursday, June 27, from 4:00-6:00 PM.