

TMPG Meeting Minutes

May 22, 2018

TMPG attendees

Lisa Black (TIAA Investments)	Ari Kavour (Wells Fargo)	Jerry Pucci (BlackRock)
Dan Dufresne (Citadel)	Sheryl King (Bank of Canada)	Ryan Sheftel (GTS)
Deirdre Dunn (Citigroup)	Edward McLaren (Bank of America)	James Slater (BNY Mellon)
Kourtney Gibson (Loop Capital)	Giuseppe Nuti (UBS)	Stu Wexler (NEX Group)
Beth Hammack (Goldman Sachs)	Sandie O'Connor (JP Morgan Chase)	Thomas Wipf (Morgan Stanley)
Gary Kain (AGNC Investment Corp)	Murray Pozmater (DTCC)	

FRBNY attendees

Michael Fleming	Lorie Logan	Brett Rose
Josh Frost	Radhika Mithal	Janine Tramontana
Frank Keane	Simon Potter	Nate Wuerffel

U.S. Department of Treasury attendees

Laura Lipscomb	Fred Pietrangeli
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- The meeting commenced with the Chair thanking departing member Giuseppe Nuti from UBS Americas for his participation on the TMPG. The Chair then debriefed members on a SIFMA AMG Steering Committee meeting and discussed ways to improve engagement efforts on TMPG initiatives. He also informed members about the upcoming Bank of England's [Markets Forum](#) conference where he was participating on a panel on the role of voluntary codes in raising industry standards.
- The TMPG Secretary noted that a clearing and settlement working group member provided an update on the TMPG's ongoing study of clearing and settlement practices in secondary Treasury market at the [SIFMA Operations Conference](#). It was noted that the presentation at the conference mainly focused on the detailed maps developed by the working group to illustrate the various clearing and settlement arrangements. The presentation was well-received and generated broad interest.
- The clearing and settlement working group co-chairs thanked members for providing feedback on a draft white paper that documents existing clearing and settlement processes and identifies potential risks associated with these processes. The co-chairs noted that they planned to circulate an updated draft of the white paper prior to the June TMPG meeting and expected to publish a consultative draft for public feedback thereafter.
- The TMPG then discussed recent market developments including, reactions to the [May FOMC meeting](#) and views on the U.S. Treasury's most recent [Quarterly Refunding](#). The TMPG discussed potential operational issues associated with the possible addition of a 2-month

Treasury bill program that would settle on Tuesdays unlike other bills that settle on Thursdays. Members agreed that further consultation with operational areas was necessary to assess the changes that might be required to invest in such securities, though some suggested it was not expected to raise significant operational concerns. Members highlighted that a Tuesday settlement might be valued for reducing the settlement concentration on Thursdays. The group also discussed the recent [Single Security Initiative Conference](#) hosted by Fannie Mae and Freddie Mac on Uniform MBS, the need for the market to prepare for implementation, and how the group could best support the transition process, drawing on the TMPG best practices.

- The chair of the settlement fails working group briefly discussed findings from the preliminary analysis of Treasury settlement fails data conducted by a clearing bank member of the TMPG. The chair observed that, based on data compiled for the last 18 months, total fails have increased both in count and par value, but fails as a percent of total volume have not grown.¹ It was noted that the analysis considered various dimensions including the aging of fails, which confirmed prior TMPG discussions that most settlement fails are cured within two days after contractual settlement, and a majority are cured within one day. The chair informed members that the clearing bank will continue its analysis and may provide additional findings at a future TMPG meeting if useful.
- TMPG members also discussed market participants' operational readiness to implement the [updated TMPG Fails Charge Trading Practices](#) on July 2, 2018 and observed there were no reports of any difficulties with meeting the timeline. A member noted that the Fixed Income Clearing Corp had submitted a related proposed rule change to the U.S. Securities and Exchange Commission (SEC). The SEC is currently soliciting [public comments on the proposed rule](#) after which it will make a decision on the rule change.
- Finally, one of the co-chairs of the outreach working group provided an update on the working group's efforts. The co-chair thanked members for their suggestions of potential industry conferences to raise awareness of TMPG best practices and information handling guidance in particular. Members agreed with the working group's proposal to develop a presentation with a set of key messages about the TMPG and its best practices that could be customized by audience and venue. The co-chair noted that the TMPG Secretariat will work with subgroup members to develop a draft presentation and asked members to continue to share suggestions regarding appropriate venues where TMPG could participate.
- The next TMPG meeting is scheduled to take place on June 26, 2018, from 3:00-5:00 PM.

¹ No data were shared with the TMPG members.