

July 13, 2016

**TMPG Welcomes FINRA Rule Amendment to Establish
Margin Requirements for TBA Market**

The Treasury Market Practices Group (TMPG) welcomes the Financial Industry Regulatory Authority's (FINRA) amendment to Rule 4210 (Margin Requirements) to establish margin requirements for transactions in the To Be Announced (TBA) market. The FINRA Rule recognizes the importance of margining forward settlement exposures for its member firms. Given the TMPG's focus on systemic risk, its best practice recommendations for [Margining of Agency MBS Transactions](#) go beyond the Rule in several respects. In particular, the TMPG recommends that all market participants exchange two-way margin for forward settling MBS transactions to mitigate counterparty exposures and also recommends broader product coverage, recommending that the best practice be applicable to multifamily housing and project loan program securities. The TMPG very much appreciates FINRA's expressed support for two-way margining regimes in concept, and its intention to reexamine two-way margining and related issues when the Securities and Exchange Commission completes its rulemaking for margin requirements for security-based swaps.

"The TMPG supports FINRA's Rule amendment and support of risk mitigation through margin collection. The TMPG believes that all market participants should continue to adhere to the TMPG best practice of two-way margin exchange which is designed to mitigate credit and systemic risk and notes that two-way exchange while not presently mandated by the Rule is permissible under the Rule," said Tom Wipf, Chair of the TMPG.

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About the Treasury Market Practices Group (TMPG):

The Treasury Market Practices Group (TMPG) is a group of market professionals committed to supporting the integrity and efficiency of the Treasury, agency debt and agency mortgage-backed securities (MBS) markets. The TMPG is composed of senior business managers and legal and compliance professionals from a variety of institutions – including securities dealers, banks, buy-side firms, market utilities and others – and is sponsored by the Federal Reserve Bank of New York. More information is available at: www.newyorkfed.org/tmpg



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