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### **TMPG Clarifies When Changes to Reference Rate Used for Fails Charge Take Effect**

The Treasury Market Practices Group (TMPG) is clarifying the TMPG reference rate change protocol that should be used for calculating the charge for U.S. Treasury, agency debt and agency mortgage-backed securities settlement fails following a change in the target federal funds rate.

The TMPG reference rate used to calculate the fails charge is the target level of the federal funds rate that is set by the Federal Open Market Committee (FOMC) or the lower limit of the target range if the FOMC specifies a target range in lieu of a target rate. Going forward, changes to the TMPG reference rate are aligned with the effective date of changes to target federal funds rate or range. More specifically, if the FOMC states the rate or range change is effective the next day, the TMPG reference rate will also change and be effective the next day. Alternatively, if the FOMC states that a federal funds target rate or range change is effective immediately upon announcement, the TMPG reference rate will change and be effective on the same day.

For reference, please see revised fails charge documentation:

[U.S. Treasury Securities Fails Charge Trading Practice](#)

[Agency Debt and Agency MBS Fails Charge Trading Practice](#)

[Frequently Asked Questions: TMPG Fails Charges](#)

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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](http://www.newyorkfed.org/tmpg)

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