

TMPG Meeting Minutes

June 27, 2013

TMPG attendees

Art Certosimo (BNY Mellon)	Jim Hraska (Barclays)	Stu Wexler (ICAP)
Daniel Dufresne (Citadel)	Gerald Pucci (BlackRock)	Tom Wipf (Morgan Stanley)
Brian Egnatz (HSBC)	Joerg Stephan (Deutsche Bundesbank)	Matt Zames (J.P. Morgan)
Beth Hammack (Goldman Sachs)	Nancy Sullivan (BNY Mellon)	
Curt Hollingsworth (Fidelity)	Mark Tsesarsky (Citigroup)	

FRBNY attendees

Josh Frost	Lorie Logan	Janine Tramontana
Peggy Kauh	Simon Potter	Joshua Wright
Frank Keane	Susmitha Thomas	Nate Wuerffel

U.S. Treasury Department attendee

James Clark

- The meeting commenced with an acknowledgement of contributions to the TMPG by departing member Joerg Stephan, Chief Representative, New York Office, Deutsche Bundesbank, and departing TMPG Secretariat, Peggy Kauh, along with a welcome to the new Secretariat, Susmitha Thomas.
- The Group then turned to discuss recent market developments, including reactions to the Federal Open Market Committee's June meeting and related press conference, and the current state of the Treasury, agency debt, and agency mortgage-backed securities (MBS) markets.
 - Members discussed the upcoming July 1 effective date for the [revision](#) of the Agency MBS Fails Charge Trading Practice, which removes the two-day resolution period from the practice recommendation. Members reported that they were not aware of any significant issues with regard to implementing the practice, and the Group agreed to release a reminder notification to market participants about the effective date.
- The Group's focus shifted to the practice recommendations designed to support more timely trade confirmation in the tri-party repo market, which were released on [May 23](#):
 - Members noted that good progress was being made towards implementing the practice recommendations by the recommended August 1 effective date.
 - The Group agreed to continue to observe trading conditions and behavior in the tri-party repo market.
- The Group then turned to discuss its routine review of the existing recommended [Best Practices for Treasury, Agency Debt, and Agency Mortgage-Backed Securities Markets](#):
 - Members agreed that periodic reviews of the TMPG's practice recommendations were appropriate and should focus on identifying any gaps in the practices' coverage, and ensuring the consistency of the recommendations across Treasury,

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- agency debt and agency MBS markets and for various types of market participants. Some members discussed potential modifications, such as separating the more detailed operational practices from the rest of the best practice guidelines, and agreed to continue to review the practices at future meetings.
- The TMPG then discussed several potential priorities for the group:
 - Members identified possible areas of focus that the group felt could help to further support the integrity and efficiency of the Treasury, agency debt and agency MBS markets, including the impact of algorithmic and high frequency trading on Treasury markets, the feasibility of a common to-be-announced security contract for Fannie Mae and Freddie Mac, and initiatives to enhance government securities market data transparency and business resiliency efforts.
 - The Group agreed to continue its consideration of these potential areas of focus at future meetings.

 - The Group then discussed market participants' level of progress with implementing the best practice [recommendation](#) to margin forward-settling agency MBS transactions:
 - Members noted that while initial progress on the execution of agreements has been slow for some market participants, recent feedback has indicated steady improvement as attention on implementing the practice has increased.
 - Members also discussed the ongoing operational challenges faced by some market participants including set-up costs and the availability of pricing data for specific asset-types.
 - Some members of the TMPG made note of their attendance at an event organized by the Association of Institutional Investors to discuss MBS margining practices, and the SIFMA MSFTA conference scheduled to take place in July, as examples of industry trade association initiatives aimed at supporting market participants' implementation of the practice, which the Group broadly viewed as supportive of the margining implementation effort. The Group reiterated that the current scope of the practice remains consistent with prudent management of counterparty exposures of forward-settling agency MBS transactions.
 - Members reaffirmed the recommendation that market participants substantially complete the process to margin forward-settling agency MBS exposures 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 processing margin to facilitate implementation by market participants. Additionally, members cited interest in continuing outreach efforts to industry groups to support the timely implementation of this practice recommendation.

 - The next TMPG meeting will take place on Wednesday, September 25, from 4:00-6:00 PM.