

## TMPG Meeting Minutes

April 16, 2019

### TMPG attendees

Alberto Antonini (Tudor)	Gary Kain (AGNC Investment Corp)	Ryan Sheftel (GTS)
Deirdre Dunn (Citigroup)	Chris Leonard (Barclays)	James Slater (BNY Mellon)
Kourtney Gibson (Loop Capital)	Edward McLaren (Bank of America)	Stu Wexler (NEX Group)
Beth Hammack (Goldman Sachs)	Jerry Pucci (BlackRock)	Thomas Wipf (Morgan Stanley)
Rob Huntington (Credit Suisse)	Rasmus Rueffer (ECB)	Gemma Wright-Casparius (Vanguard)
Ari Kavour (Wells Fargo)	Marc Seidner (PIMCO)	

### FRBNY attendees

Frank Keane	Simon Potter	Carolyn Windover
Matt Milroy	Brett Rose	Nate Wuerffel
Rania Perry	Janine Tramontana	

### U.S. Department of Treasury attendees

Fred Pietrangeli	Brian Smith
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- The meeting commenced with the Chair welcoming three new members to the TMPG: Rob Huntington from Credit Suisse, Chris Leonard from Barclays, and Rasmus Rueffer from the European Central Bank. The Chair also welcomed the new Secretary for the TMPG, Matt Milroy. The Chair thanked departing member James Slater from the Bank of New York Mellon for his many contributions to the TMPG. FRBNY staff informed the group that the Chair would be stepping down following the May TMPG meeting and TMPG members thanked the Chair for his service to the TMPG over the past twelve years.<sup>1</sup> FRBNY staff noted that a new TMPG chair will be designated in the near future.
- The TMPG then discussed recent market developments, including the shape of the yield curve, quarter-end dynamics in funding markets, FOMC communications and market policy expectations.
- Members also discussed the Fedwire outage that occurred on April 1, 2019.<sup>2</sup> Members noted that the Fedwire outage had limited impact, similar to the BrokerTec and CME outages in [January](#) and [February](#), primarily due to the time at which the outage occurred. That said, members remarked that, if the Fedwire service had not resumed within the same day, there would have almost certainly been very significant ramifications for the market. Members noted:

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<sup>1</sup> The chair of the TMPG stepped down following his [designation as chair](#) of the Alternative Reference Rates Committee.

<sup>2</sup> The Fedwire® Funds Service was unavailable or significantly degraded for approximately three hours on April 1, 2019, with service resuming at 6:32 p.m.

the relatively high frequency of critical service provider outages over recent months, the overall significance of the outages given the lack of ready alternative providers, and the lack of a clear understanding by market participants of the cause of the outages while they were occurring. Members reiterated the importance of evaluating dependencies on critical services providers, evaluating contingency plans, building system redundancy, and the usefulness of timely and clear communications from service providers during outages. Members noted the [proposed best practices](#) for clearing and settlement address these types of outages, “Market participants should plan for a potential lack of access to service providers and critical trading venues as well as clearing and settlement services and manage the associated risk. Such planning should include contingency plans given the loss of a key trading platform or market service provider.”

- Next, the chair of the clearing and settlement working group reviewed the revised draft note on proposed best practice recommendations and areas for further review by public- and private-sector stakeholders, following dissemination to the members at the [March meeting](#). Members also reviewed a draft press release to accompany the note. The chair of the working group recommended a draft version of the note be published for public review with a 60-day comment period, and members had no objection.<sup>3</sup>
- The chair of the outreach working group provided an update on the working group’s recent efforts. The outreach working group chair provided a summary of the clearing and settlement presentation at [SIFMA’s annual compliance and legal seminar](#) and discussed plans for upcoming industry conferences to raise awareness of TMPG recent work.<sup>4</sup> Members provided feedback on the proposed plans and agreed to continue to identify specific opportunities for engagement. Plans to provide targeted outreach during the comment period for the note on clearing and settlement were also discussed. It was also suggested that the TMPG’s outreach efforts should include a global audiences given the international relevance of the group’s covered markets and work.
- Next, the chair of the working group on UMBS led a discussion on the market’s initial transition to UMBS. Members generally viewed the transition to UMBS as “positive,” citing normal trading conditions and healthy UMBS TBA trading volumes. Members reiterated the need for heightened focus on continued adherence to the existing TMPG Best Practices through the UMBS transition period and beyond.<sup>5</sup> Members reiterated that the best practice recommendations are intended for any market participants active in the covered markets including dealers, banks, buy-side firms, investors, investment advisors, market utilities, custodians, the Government Sponsored Enterprises (GSEs) and others.

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<sup>3</sup> The TMPG subsequently published the [note](#) for public comment on April 18, 2019.

<sup>4</sup> Additional conferences include the SIFMA Operations Conference, the RMA Annual Securities Lending Conference, the SIFMA Annual Capital Markets Conference, and the Treasury Market Structure Conference.

<sup>5</sup> In March, the TMPG published a [note](#) encouraging market participants to be particularly attentive to TMPG best practice recommendations during the transition to UMBS.

- TMPG members discussed an inquiry from a market participant as to whether the group recommendations on margining forward settling agency MBS transactions should extend to exchanges of legacy Freddie Mac securities for UMBS. TMPG members agreed that its recommendations on margining do not cover such exchange transactions because the exchange of collateral between Freddie Mac and their counterparty is expected to occur on the same day.
- Finally, the TMPG then reviewed summary statistics related to its agency [MBS margining recommendation](#). TMPG secretariat noted that as of March 15, 2019 TMPG member firms had, on average, executed margining agreements with about 66 percent of their counterparties. These agreements covered approximately 87 percent of notional trading volume of forward settling MBS transactions (excluding those centrally cleared) and margin exchange was operationalized for roughly 93 percent of these executed agreements. Members were informed that these statistics were generally in line with recent averages.
- The next TMPG meeting is scheduled to take place on May 21, 2019, from 3:00-5:00 PM.