

TMPG Meeting Minutes

September 21, 2015

TMPG attendees

Zahir Antia (Bank of Canada)	Beth Hammack (Goldman Sachs)	Gerald Pucci (Blackrock)
Julia Coronado (Graham Capital)	James Hraska (Barclays)	James Slater (BNY Mellon)
James DeMare (BAML)	Gary Kain (American Capital Agency)	Mark Tsesarsky (Citigroup)
Daniel Dufresne (Citadel)	Steven Meier (State Street Global Advisors)	Stuart Wexler (ICAP)
Michael Garrett (Wellington)	Murray Pozmanter (DTCC)	Thomas Wipf (Morgan Stanley)

FRBNY attendees

Nashrah Ahmed	Lorie Logan	Ernst Schaumberg
Michelle Ezer	Michael McMorrow	Janine Tramontana
Josh Frost	Radhika Mithal	Nate Wuerffel
Frank Keane	Brett Rose	

U.S. Department of Treasury attendee

James Clark

U.S. Securities & Exchange Commission attendee

Daniel Gray

- The meeting commenced with a welcome to new member, Zahir Antia, from the Bank of Canada, and Daniel Grey, an observer from the U.S. Securities & Exchange Commission. TMPG members were informed about and encouraged to participate in an upcoming roundtable meeting organized by ICE Benchmark Administration to collect feedback on its [Second Position Paper](#) which details further enhancements to the LIBOR methodology. Members then reviewed and agreed to the [2016 TMPG meeting dates](#).
- The TMPG discussed recent market developments including reactions to the [September FOMC meeting and related communications](#), quarter- and year-end dynamics and market reactions to volatility in emerging market economies and its impact on global and domestic markets. The members also discussed current market expectations surrounding a potential debt ceiling episode later this year.¹
- Next, the TMPG discussed several draft best practice recommendations developed by the working group formed to explore the use of financial benchmarks in the covered markets. TMPG members emphasized the importance of market participants having a thorough understanding of the construction and the vulnerabilities of any benchmark they use. Members considered the practical limitations market participants might currently face in seeking to use only benchmarks that are compliant with the [IOSCO Principles for Financial Benchmarks](#), given

¹ The TMPG has previously discussed certain potential practices, which if implemented would reduce but not eliminate the operational difficulties posed by a delayed payment on Treasury debt, see [TMPG Meeting Minutes from October 21, 2013](#) and white paper on [“Operational Plans for Various Contingencies for Treasury Debt Payments”](#) for more information.

the limited number available. Nonetheless, there was overall support to consider a recommendation to use benchmarks that are compliant, or consistent, with the IOSCO Principles. Recognizing the current use of non-IOSCO compliant benchmarks in covered markets, TMPG members discussed including guidance for market participants to develop plans over time to move to benchmarks that are IOSCO compliant. The Group then discussed potential best practices around the treatment of confidential information by market participants, including appropriate measures to have in place to appropriately handle information about trading activity and trading counterparties. The TMPG asked the working group to continue to refine all the proposed updates to the best practice guidance.

- The TMPG then received a briefing from members of the FRBNY and the SEC on the key findings and recommended next steps identified in the interagency [Joint Staff Report](#) on the events in the U.S. Treasury market on October 15, 2014. Members highlighted key aspects of the report, including the findings from the analysis of the day, the changing structure of the Treasury market, the implications of the changes for liquidity and its measurement, and the next steps. TMPG members noted that the Report’s data-driven assessment of the October 15 events was useful. The group discussed the implications of the changing market structure for liquidity provision, especially during times of heightened volatility. Members supported continued work toward developing enhanced liquidity metrics that can provide more meaningful assessments of liquidity conditions. Members also highlighted the importance of the TMPG’s recently published practices on automated trading in light of the increasingly electronic marketplace, a trend highlighted in the report. TMPG members suggested reviewing the best practice guidance in light of the report findings. Members were supportive of next step efforts that would strengthen the integrity and efficiency of the Treasury market. The Group was informed about [The Evolving Structure of the U.S. Treasury Market](#) conference being hosted by the New York Fed in October as one of the next steps recommended by the Report.
- The TMPG agreed to defer the discussions on liquidity in covered markets and future priorities to the next meeting given time constraints.
- The next TMPG meeting is scheduled to take place on Monday, November 2nd, from 4:00-6:00 PM.