

TPMG Meeting Minutes

September 27, 2016

TPMG attendees

Deirdre Dunn (Citigroup)	Edward McLaren (Bank of America)	Jerry Pucci (BlackRock)
Michael Garrett (Wellington)	Steven Meier (State Street Global Advisors)	Kourtney Ratliff (Loop Capital)
Beth Hammack (Goldman Sachs)	Giuseppe Nuti (UBS America)	James Slater (BNY Mellon)
James Hraska (Barclays)	Sandie O'Connor (JPMorgan Chase)	Thomas Wipf (Morgan Stanley)
Gary Kain (American CapitalAgency)	Murray Pozmanter (DTCC)	

FRBNY attendees

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

U.S. Department of Treasury attendee

James Clark

- The meeting commenced with a welcome to new members Kourtney Ratliff from Loop Capital Markets, Giuseppe Nuti from UBS Americas and Ari Kavour from Wells Fargo Securities followed by thanking departing member James Hraska from Barclays Capital for his participation on the TMPG. The Chair then reminded members about the TMPG's decision to engage external antitrust counsel to assist in its information handling workstream based on the recommendation of the TMPG's legal subgroup formed following the [June meeting](#). Members were informed that formalities for the engagement were underway and that the external counsel had begun participating on the information handling working group calls.
- The TMPG Secretary briefed members on outreach to the Risk Management Association (RMA) and the Securities Industry and Financial Markets Association (SIFMA) about their respective members' preparedness to transition away from the Fed Funds Open (FFO). The TMPG was informed that there were no indications from the RMA and SIFMA that market participants were experiencing issues with transitioning to the rate recommended by the RMA and SIFMA. ¹
- The Chair then updated the members on feedback received from market participants on the Committee's modification to the manner in which the minimum threshold is applied in its recommended fails charge trading practice for U.S. Treasury and agency debt securities. It was noted in particular that concerns were raised about the ability of certain software systems to be updated in time for its users to comply with the September 1 recommended implementation date. TMPG members were informed that outreach to selected TMPG members and other

¹ RMA and SIFMA [recommended](#) the use of the OBFR as an alternative to the FFO. ICAP, the publisher of the FFO, discontinued publication of the FFO from October 1, 2016.

market participants confirmed that certain alternate processes could be utilized to allow entities to comply with the modified practice.

- The Chair also shared feedback provided by the SIFMA Asset Management Group (AMG) related to a potential factor contributing to small-sized delivery fails in seasoned Treasury securities. AMG members believe inconsistencies relating to cut-off times for securities deliveries across custodial banks may be contributing to these delivery fails. Specifically, AMG members were of the view that some deadlines set too far in advance of the Fedwire Securities close time impede efficient clearing and are inconsistent with market best practice guidance. In the ensuing discussion, TMPG members observed that the TMPG’s recommended [Best Practices](#) emphasize that “Incoming securities from counterparties that are to be delivered to other counterparties should be turned around quickly to minimize fails and promote market clearing and settlement” and that all market participants, including custodial banks, should observe the TMPG and SIFMA [recommended closing time for delivering Fedwire eligible securities](#). Members agreed to continue engaging with the AMG on best practice matters, including the settlement fails issue.
- Next, the TMPG working group on information handling provided an update on its progress. The working group sought feedback from the TMPG on certain draft recommended best practices. The TMPG asked the working group to continue to refine the draft best practices.
- TMPG members were also briefed that the U.S. Department of Treasury was contemplating proposing guidelines on handling information related to Treasury auctions. James Clark informed the TMPG members about the Treasury’s intention to publish [guidelines](#) to encourage clear information handling policies, disclosure practices, and internal controls programs. It was noted that the guidelines do not prescribe a particular approach for handling auction-related information but were meant to improve transparency and support the fairness and integrity of the Treasury auction process.
- The TMPG briefly discussed recent market developments, including expectations for money market functioning in light of the imminent money fund reform and quarter-end, expectations for future path of domestic policy, and reactions to the Bank of Japan’s new monetary policy framework.
- Finally, the TMPG discussed the formation of a new working group on clearing and settlement risks, consistent with the future priorities discussed at the [January meeting](#). There was broad support for initiating this work, and members were invited to volunteer for the working group.
- The next TMPG meeting is scheduled to take place on Monday, November 7th, 2016 from 4:00-6:00 PM.