

TMPG Meeting Minutes

Location: Federal Reserve Bank of New York, 33 Liberty Street, New York, NY

Date: October 18, 2022

TMPG attendees

Alberto Antonini (Tudor)	Ari Kavour (Wells Fargo)	Rasmus Rueffer (ECB)
Richard Chambers (Goldman Sachs)	Laura Klimpel (DTCC)	Carolyn Sargent (Morgan Stanley)
Deborah Cunningham (Federated Hermes)	John Madziyire (Vanguard)	Carsten Schwarting (Barclays)
Sunil Cutinho (CME)	Priya Misra (TD Securities)	Marc Seidner (PIMCO)
David Finkelstein (Annaly)	Andrea Pfenning (BNYM)	Casey Spezzano (NatWest)
Doug Friedman (Tradeweb)	Jerry Pucci (BlackRock)	

New York Fed attendees

Adam Copeland	Michelle Neal	Janine Tramontana
Michael Fleming	Rania Perry	Nate Wuerffel
Veronika Jastrzebski	Jenny Phan	Patricia Zobel
Frank Keane	Brett Rose	

U.S. Department of Treasury attendees

Nicholas Steele

U.S. Securities and Exchange Commission attendees

Elizabeth Fitzgerald	Jeffrey Mooney	Sai Rao
----------------------	----------------	---------

- The TMPG meeting was held as a hybrid meeting, with members attending both in-person and via videoconference.
- The meeting commenced on an administrative note, with the Chair welcoming Michelle Neal, Head of the Markets Group, to the meeting and the Vice Chair welcoming three new members: Laura Klimpel of Depository Trust & Clearing Corporation, John Madziyire of Vanguard, and Carsten Schwarting of Barclays. An FRBNY staff member then highlighted the upcoming [2022 U.S. Treasury Market Conference](#) on November 16 for TMPG members, and a member of the TMPG Secretariat provided the semiannual margining summary.
 - o TMPG members had, on average, executed margining agreements with about 80 percent of their counterparties for the second quarter of 2022, and about 79 percent for the third quarter. These agreements covered approximately 90 percent and 96 percent of notional trading volume of forward settling MBS transactions (excluding those centrally cleared) for the respective periods. Margin exchange was operationalized for

roughly 92 percent and 98 percent of these executed agreements for the respective quarters. The statistics for each period were slightly higher relative to recent averages.

- The chair of the TMPG’s Data and Transparency Working Group provided an update on the group’s progress on a planned white paper that is set to publish in the coming months. The paper will address assessment principles, the current state of data and transparency, and existing data gaps.
- Representatives from the U.S. Securities and Exchange Commission (SEC) provided an overview of the SEC’s recently [proposed rule](#) to improve risk management in clearance and settlement and to facilitate additional central clearing for the U.S. Treasury market.¹ Member firms asked questions around the scope of the rule, implementation timing, liquidity considerations, and how the implementation of the rule might impact SOFR. The SEC encouraged firms to submit comment letters and to include, where appropriate, relevant data, examples, and potential policy alternatives in their responses.
- The chair of the TMPG’s Secured Financing Transactions (SFT) Clearing and Settlement Working Group provided an update on the group’s progress on a planned white paper, noting publication is targeted for early November. As a follow-up to the discussion of the full white paper at the last TMPG meeting, an FRBNY staff member led a discussion of updates made to the draft paper—particularly the executive summary—and solicited member feedback. The final paper will include descriptions of the various clearing and settlement arrangements for U.S. Treasury SFTs and provide detailed maps that illustrate the process flows. The paper will also catalog potential risks associated with non-centrally-cleared repo, potential firesales, fragmentation among market segments, third-party credit enhancements, and the overall opacity of the SFT market.
- The group then turned to a discussion of market developments since the September TMPG meeting. Members shared their views on financial conditions, policy expectations, notable international developments, and recent trends in Treasury and agency MBS liquidity and market functioning.
 - Members discussed expectations for the path of policy amid ongoing tightening in domestic and global financial conditions, an above-consensus inflation print, and the potential for international spillover effects into the U.S. Generally, members observed few spillover effects from events in the UK that affected U.S. market functioning, though the general heightened fragility of global markets was noted.

¹ [Proposed rule: Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities](#)

- Another area of discussion was liquidity conditions in TMPG covered markets. Members generally agreed that although liquidity in off-the-run and on-the-run Treasuries remained poor, the markets for these securities continued to function smoothly. Conditions were similar in mortgage markets, with members attentive to the recent deterioration in agency MBS liquidity, though the markets continued to be functioning. Members pointed to rate volatility, supply and demand imbalances, and a wide range of actively traded coupons as factors weighing on liquidity.