

## TMPG Meeting Minutes

Date: September 6, 2022

Location: Morgan Stanley - 1585 Broadway, New York, NY

### TMPG attendees

Alberto Antonini (Tudor)	Paul Hamill (Citadel Securities)	Jerry Pucci (BlackRock)
Richard Chambers (Goldman Sachs)	Ari Kavour (Wells Fargo)	Rasmus Rueffer (ECB)
Deborah Cunningham (Federated Hermes)	Priya Misra (TD Securities)	Carolyn Sargent (Morgan Stanley)
David Finkelstein (Annaly)	Andrea Pfenning (BNYM)	Marc Seidner (PIMCO)
Doug Friedman (Tradeweb)	Murray Pozmanter (DTCC)	Casey Spezzano (NatWest)

### New York Fed attendees

Anirudh Arikarevula	Rania Perry	Janine Tramontana
Adam Copeland	Jenny Phan	Nate Wuerffel
Michael Fleming	Brett Rose	Patricia Zobel
Frank Keane		

### U.S. Department of Treasury attendees

Frederick Pietrangeli	Brian Smith	Nicholas Steele
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- 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, welcoming Patricia Zobel of the Federal Reserve Bank of New York to her first TMPG meeting as SOMA Manager *pro tem*. The Chair recognized the contributions of Tom Pluta and Kourtney Gibson, whose membership recently ended. The Chair also shared that it would be Murray Pozmanter's last TMPG meeting and thanked him for his contributions. The Chair also welcomed new member Richard Chambers of Goldman Sachs.
- A representative from the U.S. Department of the Treasury (Treasury) gave a brief update on the [Notice Seeking Public Comment on Additional Transparency for Secondary Market Transactions of Treasury Securities](#). Treasury received [comment letters](#) from a range of institution types, including financial institutions, associations, and academic institutions, as well as public officials. The comment letters highlighted the benefits and risks associated with additional transparency in Treasury markets. Treasury is in the process of reviewing in detail all comment letters and will determine follow up actions at a future date.

- A TMPG member provided an update on SIFMA’s work on [US Treasury Market Post-Trade Resiliency Planning](#). Work continues on a playbook for the scenario where critical settlement and tri-party repo functionalities at a clearing bank supporting the Treasury market experience an outage lasting more than one business day, such that primary market, secondary market, and tri-party repo transactions cannot settle as originally planned.
- Members then turned to a discussion of market developments since the [June TMPG meeting](#). The group discussed views on the economic growth outlook, policy expectations, liquidity conditions, and market functioning.
  - Members noted their expectations that supply chain issues, disruptions from the Ukraine/Russia conflict, European energy and economic uncertainty, and global central bank tightening would remain the primary factors to impact the economy and policy for the remainder of 2022 and in 2023.
  - Members generally increased their terminal rate estimations since the last TMPG meeting in June, although predictions regarding the expected rate path varied. Factors that members highlighted as influencing rate hike predictions included communication from Fed officials since the July FOMC meeting that was perceived as hawkish, mixed economic data, and uncertainty around Fed guidance. Members emphasized the degree of uncertainty remaining around potential global or economic shocks and the Fed’s tolerance for weaker growth and higher unemployment.
  - On liquidity, trading conditions for Treasuries were viewed as remaining challenging, particularly in off-the-run securities. With regard to agency MBS, one member observed that current wider spreads were driven primarily by interest rate volatility rather than by supply or Fed balance sheet runoff.
  - In money markets, members noted continued elevated demand for Treasury bills, with three-to-six-month tenors continuing to trade under the Fed’s overnight reverse repurchase agreement (ON RRP) rate. Members also commented that banks were not raising deposit rates and were continuing to push deposits away.
  - Members suggested that use of the ON RRP facility remained attractive from a yield and counterparty risk perspective, and that money funds may continue to prefer the ON RRP given reduced counterparty risk among other factors.
- The TMPG working group on [Clearing and Settlement Practices for Treasury Secured Financing Transactions \(“SFT”\)](#) continued the discussion with TPMG members of risks associated with SFT clearing and settlement. Specifically, the members discussed 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 working group continues to target a draft white paper publication date of later this year.

- The [Treasury Market Data and Transparency working group](#) discussed with TMPG members the outline for the proposed white paper. The paper will address the following data and transparency related topics: its importance, assessment principles, current state, and existing data gaps. The working group is targeting a draft white paper publication date of later this year or early next year.