

TMPG Meeting Minutes

Date: February 25, 2025

Location: FRBNY, 33 Liberty Street

TMPG attendees

Alberto Antonini (Tudor Investment Corp)	Matthew Franklin-Lyons (JP Morgan)	Edward McLaren (Bank of America)
Richard Chambers (Goldman Sachs)	Doug Friedman (Tradeweb)	Adam Nunes (Hudson River Trading)
Qing Chen (Morgan Stanley)	Lara Hernandez (Mirae Asset Sec)	Andrea Pfenning (BNY)
Debbie Cunningham (Federated Hermes)	Makoto Kasai (Bank of Japan)	Gerald Pucci (BlackRock)
David Finkelstein (Annaly Capital Mgt)	Laura Klimpel (DTCC)	Marc Sneider (PIMCO)
David Flowerdew (Millennium Mgt)	John Madziyire (Vanguard)	Casey Spezzano (NatWest Markets)

New York Fed attendees

Adam Copeland	Anna Nordstrom	Janine Tramontana
Ellen Correia Golay	Roberto Perli	Agata Zhang
Vinuthna Kovvuri	Brett Rose	

U.S. Department of Treasury attendees

Nahiomy Alvarez	Brian Smith
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Board of Governors attendee

David Bowman

- The meeting commenced on an administrative note, with a New York Fed representative thanking departing New York Fed *ex-officio* member, Michelle Neal, for her contributions to the TMPG.
- New York Fed staff then conducted the annual review of the Group’s [Charter](#) and [Antitrust Guidelines for Members of the Federal Reserve Bank of New York’s Advisory and Sponsored Groups](#). New York Fed staff highlighted minor updates to the charter and reminded members (i) not to share non-public, competitively sensitive information in TMPG discussions and (ii) to raise any concerns about anticompetitive conduct to their own attorneys, directly to New York Fed staff, or through the Bank’s integrity hotline (1-877-52-FRBNY or 1-877-523-7269).
- A representative of the U.S. Treasury Department then highlighted a recent [presentation](#) on developments in central clearing in the U.S. Treasury market by the Treasury Borrowing Advisory Committee as a useful resource.
- Following administrative announcements, the TMPG Chair asked that members review the TMPG’s 2021 white paper [Operational Plans for Various Contingencies for Treasury Debt Payments](#) and provide feedback to the TMPG Secretariat on whether any updates or modifications are warranted. It was noted that the white paper serves as a technical reference on potential trading, clearing, settlement, and other operational challenges that might arise in the unlikely event of a disruption in the timing of payments on U.S. Treasury securities. The Chair further stressed that even if the potential practices described in the white paper were to be implemented, they would only modestly reduce, not eliminate, the operational difficulties posed by untimely payments on U.S. Treasury debt. The Chair then reminded members that similar reviews were conducted in [2021](#) and [2022](#) ahead of the 2021 and 2023 debt limit episodes.

- A New York Fed representative then led a discussion on potential [priorities](#) for the TMPG to explore in 2025 reflecting feedback received from members. The Group agreed to focus on the following initiatives:
 - Complete the Group’s white paper on the U.S. Treasury repo market risk management practices, and any potential revisions to the TMPG best practice recommendations.
 - Continue to actively engage on and monitor expansion of central clearing in the U.S. Treasury cash and repo markets, and assess the impacts of related structural changes on the integrity and efficiency of the TMPG covered markets.
 - Establish a working group to review and potentially issue a white paper on the current agency MBS market landscape.

It was noted that other topics, such as supply and demand dynamics in the U.S. Treasury market and Treasury market liquidity, had been suggested by members and would be addressed as part of the Group’s regular agenda.

- Members then transitioned to the **Non-Centrally Cleared Bilateral Repo (NCCBR) Working Group** update. The New York Fed representative noted that based on the feedback received since the [December TMPG meeting](#), several revisions were made to the proposed recommended best practice and the white paper on U.S. Treasury repo risk management practices. Members then reviewed revised drafts of the proposed best practice recommendations, Frequently Asked Questions, white paper, and press release that would accompany the publication of these materials. Members agreed to publish these materials for public consultation with a 60-day comment period ending April 30, 2025. The TMPG subsequently [published](#) drafts of the proposed best practice recommendations, Frequently Asked Questions, and white paper for public consultation.
- The TMPG then discussed market developments since the December TMPG meeting, including member expectations for the path of the policy rate, trends in long-dated U.S. Treasury yields and swap spreads, and views around the Standing Repo Facility usage over year-end.

Expectations for the Path of Policy Rate

- Members noted that recent economic data has been mixed but generally indicative of a healthy U.S. economy. On the inflation front, members were attentive to the acceleration in inflation in January as measured by Consumer Price Index, but still viewed inflation as somewhat contained. Members interpreted the January Employment Situation Report as being generally indicative of a strong labor market amid a continued decline in the unemployment rate and a robust, even if softer than expected, non-farm payroll print. Overall, members opined that some divergence in data interpretation could increase uncertainty in monetary policy expectations. In addition, members viewed expectations surrounding the new administration’s policies as further driving uncertainty in the trajectory of economic data.

Expectations for Trends in long-dated U.S. Treasury Yields and Swap Spreads

- Members were attentive to the net increase in long-dated U.S. Treasury yields since the start of policy easing by the Fed last fall, resulting from both a widening in break-even rates of inflation and real yield increases. Members noted relatively strong recent economic data, an increase in the expected terminal rate, and reduced expectations of significantly lower policy rates in the future as contributing factors. Members also cited rising term premia as an important driver

amid expectations for inflation to remain sticky, continued uncertainty surrounding fiscal policy and Treasury issuance, and broader Treasury demand and supply dynamics.

- Members were focused on the notable widening in swap spreads over the last month, particularly in the long end, which was mostly attributed to deregulatory themes and Treasury demand and supply dynamics.

Year-end Standing Repo Facility (SRF) Operations

- While members generally interpreted the [announcement](#) of morning SRF operations near year end as having an overall positive effect on year-end conditions, the limited SRF's usage over year-end was attributed to subdued repo rates relative to the SRF rate and primary dealers securing balance sheet allocations ahead of year-end. Members noted that any modifications to the SRF around statement dates, such as an earlier operation time, would be most effective if announced well in advance, allowing SRF counterparties ample time for planning and potential balance sheet adjustments. Members generally anticipate that SRF morning operations would likely be in more demand around future quarter-ends and year-ends, as the ON RRP facility usage declines further, even in the absence of U.S. Treasury repo market volatility.
- The next TMPG meeting is scheduled for April 8, 2025, from 3:00-5:00 PM.