

May 23, 2013

TMPG Announces Market Practice Recommendations to Support More Timely Trade Confirmation in the Tri-Party Repo Market

The Treasury Market Practices Group (TMPG) today [announced](#) recommendations to broaden the existing “[Best Practices for Treasury, Agency Debt, and Agency Mortgage-Backed Securities Markets](#)” by incorporating practices that support more timely trade confirmation in the tri-party repo market. In order to promote the integrity and efficiency of tri-party repo settlement, the TMPG recommends that by August 1, 2013, market participants should execute and confirm substantially all of their tri-party repo trades by 3:00 p.m. ET to help ensure an orderly start to tri-party settlement processing at 3:30 p.m. ET. The TMPG also recommends that:

- All tri-party repo trades should be allocated, matched, and confirmed in a timely manner.
- All tri-party repo trades executed before 3:00 p.m. ET should be matched and confirmed by 3:00 p.m. ET.
- Any tri-party repo trades executed after 3:00 p.m. ET should be matched and confirmed within 15 minutes.
- Trade cancellations and corrections for tri-party repo transactions should be rare and occur only as a result of operational errors or other mistakes made in good faith. Trade cancellations and corrections should not be used to adjust or amend previously matched and confirmed trades for purposes other than error correction.
- Trade cancellations and corrections for tri-party repo transactions should be routinely reviewed by senior desk management and compliance staff, with particular focus on any occurrences after 3:00 p.m. ET.

While the TMPG recommends that substantially all of a market participant’s tri-party repo trades should be executed and confirmed by 3:00 p.m. ET, the TMPG recognizes that some tri-party repo trading may still need to occur after 3:00 p.m. ET, subject to the market practices recommended above.

Smooth, predictable, and efficient settlement and clearing are crucial for preserving the liquidity and function of the Treasury, agency debt, and agency MBS markets. A well-functioning tri-party repo market is critical to the health and stability of the U.S. financial markets as it is closely interconnected to other payment clearing and settlement services and serves as a key source for funding and investment. Moreover, a tri-party repo market that is more stable under market stress provides support for continuous market liquidity and price transparency in U.S. government and corporate securities markets.

The TMPG will continue to observe trading conditions and behavior in the tri-party repo market and may consider further practice recommendations, if necessary.

For additional information on the tri-party repo infrastructure reform effort, please see: http://www.newyorkfed.org/banking/tp_r_infr_reform.html.

The logo features the text "TMPG | Treasury Market Practices Group" in white serif font against a dark blue background. The background image shows a close-up of a financial instrument, possibly a bond or a derivative, with a grid pattern and numbers like "23" and "30" visible.

TMPG | Treasury Market Practices Group

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About the Treasury Market Practices Group (TMPG):

The Treasury Market Practices Group (TMPG) is a group of market professionals committed to supporting the integrity and efficiency of the Treasury, agency debt and agency mortgage-backed securities (MBS) markets. The TMPG is composed of senior business managers and legal and compliance professionals from a variety of institutions – including securities dealers, banks, buy-side firms, market utilities and others – and is sponsored by the Federal Reserve Bank of New York. More information is available at: www.newyorkfed.org/tmpg

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