

FRMSTF: Markets Track Proposal

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- **FRMSTF approved in April 2019**
 - Evaluate the recommendations in the Report of the Independent Consultants on the GreenHat Default related to Market rules updates, Credit and risk management rules updates, Membership qualifications and processes updates, and Stakeholder process changes
- **Key discussion areas for Market rules updates:**
 - Scope limited to risk mitigation – not a holistic market review
 - Market review to be conducted in 2020 through a new MIC task force
 - Enhancing forward price information
 - Timing and frequency of long-term FTR auctions
 - Structure of Balance of Planning Period (BOPP) FTR auctions

78%

Make a
Change

75%

Package A

19%

Package B

17%

Package C

- Package A received majority support; majority prefer to make a change
- Minor points of contention included:
 - Retaining quarter effective periods for BOPP vs. months only (Package C)
 - Annual long-term products vs. quarter long-term products (Package B)
 - Timing of 5 long-term rounds (resolved in Package A proposal)

Design Component	Status Quo	Modification	Justification
Frequency of long-term auctions	3 times a year; JUN, SEP, DEC	5 times a year; JUN, AUG, OCT, DEC, MAR	Provide increased level of protection from a potential default by not allowing positions to grow or deteriorate over time without posting of additional collateral
Capability offered per long-term auction round	33.33% of residual capability available each round	20% of residual capability available each round	
Available periods for the monthly FTR BOPP auctions	Any 3 individual months in the future, any remaining full quarter in the planning period that does not overlap with first three individual months	Any remaining individual month in the planning period	<ul style="list-style-type: none"> • Maximize pricing information • More granular modeling • Better case performance allows more time to analyze results

- Next FRMSTF meeting scheduled for November 7th
 - Work plan available [here](#)
- Report back to the MRC December 5th
 - Vote on package A – proposed implementation time 20/21 planning period
 - Manual 6 and OA/OATT language posted with today's materials
- Work plan is scheduled through the early Q1 2020