

**Treasury Markets Association
Surveillance and Governance Committee Meeting
(2:30 p.m., Friday, 12 June 2015)**

Minutes of Meeting

Location Room 5609, 55/F, Two International Finance Centre,
8 Finance Street, Central

Members Mr Peter Li, PricewaterhouseCoopers (Convenor)
Mr Enoch Fung, HKMA
Mr Francis Ho, CLP Holdings Limited
Mr Jeff Kwan, MTR Corporation Limited

In attendance Mr Henry Chan, Hong Kong Association of Banks
(HKAB)'s representative (Observer)
Mr Jack Cheung, TMA
Mr Keith Kwok, HKMA and TMA Secretariat
Mr Herbert Lam, HKMA and TMA Secretariat

Secretary Mr Andy Ng, TMA

Apologies Mr Andrew Malcolm, Linklaters, Hong Kong

Preliminaries

1. The Convenor welcomed Members and Mr Henry Chan, the Observer from the Hong Kong Association of Banks (HKAB), to the sixth meeting of the Surveillance and Governance Committee (SGC).

Agenda item 1 – Confirmation of minutes of last meeting (paper TMA SGC 1503)

2. The Convenor asked if Members had any comments on the minutes of the last meeting, which had been circulated to Members ahead of the meeting. Members had no comments and the minutes were confirmed.

Agenda item 2 – Review of the quality of rate submissions and update on international developments (paper TMA SGC 1504)

3. The Secretary presented the paper.

4. Members discussed findings from post-publication checks, and noted that there were no anomalies observed from the various checks.

5. On the Spot Fixings, Members noted that there were no anomalies observed from the checks as Fixings were within the corridor of traded prices captured from Thomson Reuters.

6. A Member queried whether the TMA, as an administrator of Hong Kong's interest rate and FX benchmarks, would need to register with the European Securities and Market Authority (ESMA) in order for European Union (EU) banks to use these fixings after the EU's proposed legislation for financial benchmark reforms had been passed. The TMA Office suggested that the exact requirements were still unclear. The Member suggested the TMA to closely monitor the situation and update the SGC as appropriate.

7. Regarding the consultation on the proposed reform for TMA's Spot USD/HKD and Spot USD/CNY(HK) fixings, the TMA Secretariat told Members that the Secretariat had circulated the consultation paper to TMA institutional members and major industry associations.

8. The TMA Office noted that there were a number of stock exchanges currently using TMA's USD/CNY (HK) fixing in their futures contracts, such as the Hong Kong Exchanges and Clearing Limited, Singapore Exchange, and Taiwan Futures Exchange (TAIFEX). According to TAIFEX, they opted to use TMA's USD/CNY (HK) fixing for their standard size currency futures contracts as they considered it more credible than Taipei Forex Incorporation's USD/CNY (TW) fixing. TMA's current practice was to require users of TMA's fixings to accept standard terms, conditions, disclaimer in exchange for permissions in using the relevant fixings for free, but the permissions would be subject to review from time to time. The Office opined that the TMA should seek professional legal advice to review whether the terms, conditions and disclaimer were in order, provided that the cost would be reasonable. Members agreed to seek legal advice for this purpose.

Agenda item 3 – Control frameworks for administering benchmarks (paper TMA SGC 1505)

9. The TMA Secretariat presented the paper.

10. A Member said that the Conflicts of Interest Policy would provide guidance to relevant parties for reviewing their internal policies and plugging gaps as necessary. The TMA Secretariat added that individual entities such as SGC, TMA (administrator) and calculating agents should develop their own policies based on this Conflicts of Interest Policy. A Member suggested, and Members agreed that use of terms of “involved parties”, “relevant parties” and “parties” in the Conflicts of Interest Policy was somewhat confusing and should be tightened to minimise ambiguity. The Convenor further commented that the SGC's work would benefit going forward as there would be robust procedure and mechanism to identify and manage potential conflicts of interest.

11. A Member opined that confidentiality would be a key consideration for individuals to come forward to file complaints or

whistleblowing reports, and suggested that prior consent instead of prior notification from the whistleblower or complainants should be required for TMA to reveal their identity to others in Annexes 3 and 4 accordingly. Members agreed with this proposed change.

Agenda item 4 – Any other business

12. There being no other business, the meeting adjourned at 3:35 p.m.

*Treasury Markets Association Office
31 July 2015*