

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

Minutes of Meeting

Location Room 5501D, 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 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
Mr Henry Chan, Hong Kong Association of Banks
(HKAB)'s representative (Observer)

Preliminaries

1. The Convenor welcomed Members to the seventh meeting of the Surveillance and Governance Committee (SGC).

Agenda item 1 – Confirmation of minutes of last meeting (paper TMA SGC 1506)

2. Members had no comments on the minutes of the last meeting. The minutes were confirmed.

Agenda item 2 – Review of the quality of rate submissions and update on international developments (paper TMA SGC 1507)

3. The Secretary presented the paper.

4. Members discussed a re-calculation of CNH HIBOR caused by a technical incident of a contributing bank, and that the re-calculation was handled in accordance with existing procedures.

5. On the summary of post-publication checks, Members noted that there were no anomalies observed from the checks.

6. On the Spot Fixings, Members noted that there were no anomalies observed from the checks.

7. The Convenor enquired about the progress of taking up ownership and administration of the Hong Kong Dollar Overnight Index Average (HKD ONIA) from the Hong Kong Inter-Dealer Broker Association (HKIDBA). The TMA Office told Members that the TMA were engaging HKIDBA to obtain an operational manual. On users of the benchmark, the TMA Secretariat said that it remained the underlying floating rate for HKD Overnight Index Swap, which had very active trading until the very low interest rate environment started after the global financial crisis. The Secretariat added that the rate remained to be used by Hong Kong Interbank Clearing Limited for cheque clearing.

8. Regarding the update on the development of IBOR+ and risk-free rates in Hong Kong, the Convenor sought Members' opinions on how such developments would affect the work of the Committee. A

Member opined that it would be crucial to keep the SGC updated of the international developments and reforms, as they would be useful reference when Hong Kong started work to reform its benchmarks in the future. A Member echoed, adding that from his experience, users of Hong Kong's financial benchmarks typically agreed that it would be important to reform Hong Kong's financial benchmarks to better follow the latest international recommendations to the extent possible, having regard to local market conditions. A Member supplemented that oversight committees was an integral part of international benchmark reforms, e.g. part of the IOSCO Principles.

9. Summarising Members' views, the Convenor agreed that going forward, the committee would continue to play a role in ensuring the robustness and transparency of Hong Kong's financial benchmarks. He requested the Secretary to review the role that the SGC could play going forward, drawing reference from other major markets. The Secretary said he would report the findings in due course.

Agenda item 3 – Any other business

9. With no other business, the meeting adjourned at 3:20 pm.

Treasury Markets Association Office
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