

**Treasury Markets Association
Surveillance and Governance Committee Meeting
(4:30 p.m., Monday, 17 October 2016)**

Minutes of Meeting

Location	Room 5501A, 55/F, Two International Finance Centre, 8 Finance Street, Central
Members	Mr Peter Li, PricewaterhouseCoopers (Convenor) Mr Barry Yip, HKMA Mr Francis Ho, CLP Holdings Limited
In attendance	Mr Jack Cheung, TMA Mr Keith Kwok, HKMA and TMA Secretariat Mr Alex Kwok, HKMA and TMA Secretariat Ms Doris Kwan, Hong Kong Association of Banks (HKAB)'s representative (Observer)
Secretary	Mr Andy Ng, TMA
Apologies	Mr Andrew Malcolm, Linklaters, Hong Kong Mr Jeff Kwan, MTR Corporation Limited

Agenda item 1 – Change of Membership (paper TMA SGC 16/07)

The Convenor welcomed Mr Barry Yip, who replaced Ms Kitty Lai as representative from the Hong Kong Monetary Authority (HKMA) in the SGC.

Agenda item 2 – Confirmation of minutes of last meeting (paper TMA SGC 16/08)

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

Agenda item 3 – Review of the quality of rate submissions (paper TMA SGC 16/09)

3. The Secretary presented the paper. Members noted that no anomalies were identified in the benchmark determination process of HIBORs and Spot Rates. Members also noted that relevant CNH and HKD HIBOR contributing banks were able to provide rationale to explain the basis of their submissions when approached by the TMA. Members also noted that there were no anomalies in the determination of HONIA.

Agenda item 4 – New surveillance and monitoring methodology for transaction-based FX Spot Rates [For approval] (paper TMA SGC 16/09)

4. Members discussed a proposal presented by the Secretary on a new surveillance arrangement for the FX Spot Rates, following their transition to transaction-based on 1 August 2016.

5. With deliberation, Members approved adopting the arrangement presented in the paper for the time being, and revisiting whether there would be scope for refinements as and when more brokers were included in benchmark determination.

Agenda item 5 – Update on international and local developments (paper TMA SGC 16/09)

6. Members noted that administrators of many major IBORs were facing practical difficulties in reforming the rates in a seamless manner, hence delay in reform. Members discussed and agreed that any reform proposal for HIBOR should make reference to those developments.

7. Members discussed and agreed that it would be crucial for TMA to seek a relevant status under the EU financial benchmark regulation, such that the benchmarks could continue to be used by EU-supervised entities in the future. Members asked the Secretary to keep the Committee informed about relevant developments, focusing on the implications on benchmarks administered by the TMA.

8. Members also discussed what sort of external services and assistance that TMA might need to procure in seeking such an eligible status. The Convenor raised, and Members agreed, that TMA should be vigilant about any actual or potential conflicts of interest that would or might arise when appointing such third parties to facilitate the TMA in seeking a relevant status under the EU regulation.

Agenda item 6 – Any other business

9. With no other business, the meeting adjourned at 5:15 pm.

Treasury Markets Association Office
25 October 2016