

**Treasury Markets Association
Surveillance and Governance Committee Meeting
(4:30 p.m., Tuesday, 27 February 2018)**

Minutes of Meeting

Location	Room 5501D, 55/F, Two International Finance Centre 8 Finance Street, Central, Hong Kong
Members	Mr Peter Li, PricewaterhouseCoopers (Convenor) Mr Barry Yip, HKMA Mr Andrew Malcolm, Linklaters, Hong Kong
In attendance	Mr Jack Cheung, TMA Mr Kim Hung Li, HKMA/TMA Secretariat Mr Alex Kwok, HKMA/TMA Secretariat Mr Steve Choi, Hong Kong Association of Banks (HKAB)'s representative (Observer)
Secretary	Mr Andy Ng, TMA
Apologies	Mr Francis Ho, CLP Holdings Limited

Preliminaries

The Convenor welcomed Members and Observer from HKAB to the fourteenth meeting of the Surveillance and Governance Committee (SGC).

Agenda item 1 – Declaration of any conflicts of interest and discussion of declared interest (if any) (paper TMA SGC 18/01)

2. Members had no new conflicts of interest to declare. Members also noted that the TMA staff related to benchmark administration submitted the annual declaration form and had no conflicts of interest to report.

Agenda item 2 – Confirmation of minutes of last meeting (paper TMA SGC 18/02)

3. 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 18/03)

4. The Secretary presented the item. Members noted the incidents of HKD HIBOR on 31 October 2017, of CNH HIBOR on 1 November 2017, and of Spot Rates on 6 November 2017 and 2 January 2018, which had been documented in SGC monthly reports circulated to the Members and quarterly incident reports available to the public.

5. The Convenor asked the TMA Office to produce a consolidated report of incidents with respective remedial actions for the Committee to review. The Secretary replied that the SGC annual report would include relevant information.

Post-meeting note: The Secretary circulated the annual report to the SGC on [X].

6. Members noted that no anomalies were identified in the benchmark determination process of HIBORs. Relevant CNH and HKD HIBOR contributing banks were able to provide valid rationale to explain the basis of their submissions when approached by the TMA. Members discussed and generally agreed that the implied curves still acted as a reasonable proxy for actual HIBOR curves insofar as surveillance was

concerned. Members also noted that there were no anomalies in the determination of TMA's Spot Rates and HONIA.

Agenda item 4 – Review of surveillance framework – adjusting the price tolerance check on trades used to calculate FX Spot Rates (paper TMA SGC 18/03)

7. The Secretary presented the item. Members considered the existing practices are effective in removing input error such as fat finger error and agreed on keeping the current levels of thresholds for price tolerance check for TMA Spot Rates.

Agenda item 5 – Update on international and local developments (paper TMA SGC 18/03)

8. The Secretary presented the item. Members discussed the EU Benchmarks Regulation (EUBMR). The TMA secretariat reported that they have been weighting up the pros and cons of different options for TMA-administered benchmarks under the EUBMR, and assessing the impact of EUBMR on European banks in Hong Kong. The TMA secretariat also updated Members about the latest developments related to EONIA.

Agenda item 6 – Any other business

9. With no other business, the meeting adjourned at 5:05 pm.

**Treasury Markets Association Office
6 March 2018**