

**Treasury Markets Association**  
**Surveillance and Governance Committee Meeting**  
(2:30 p.m., Tuesday, 19 June 2018)

**Minutes of Meeting**

Location	Room 5603B, 56/F, Two International Finance Centre 8 Finance Street, Central, Hong Kong
Members	Mr Peter Li, PricewaterhouseCoopers (Convenor) Mr Barry Yip, HKMA Mr Francis Ho, CLP Holdings Limited Mr David Pang, MTR Corporation Limited
In attendance	Mr Jack Cheung, TMA Mr Kim Hung Li, HKMA/TMA Secretariat Ms Jess Lee, HKMA/TMA Secretariat Ms Elsie Wu, HKMA/TMA Secretariat Mr Steve Choi, Hong Kong Association of Banks (HKAB)'s representative (Observer)
Secretary	Mr Andy Ng, TMA
Apologies	Mr Andrew Malcolm, Linklaters, Hong Kong

**Preliminaries**

The Convenor welcomed Mr David Pang as a new joiner, Members and the Observer, to the fifteenth meeting of the Surveillance and Governance Committee (SGC).

**Agenda item 1 – Declaration of any conflicts of interest and discussion of declared interest (if any)**

2. Members had no new conflicts of interest to declare. Members also noted that the new joiner 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 18/06)**

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

**Agenda item 3 – Policy on review of performance of third parties (paper TMA SGC 18/07)**

4. The Secretary presented the proposed policy. Members noted that further changes could be proposed by circulation post-meeting.

*Post-meeting note: The further changes proposed by the Convenor and a member were incorporated and the Secretary circulated the final draft to the SGC on 29 June 2018 for approval. Members approved the final draft.*

**Agenda item 4 – Policy for managing operational risk (paper TMA SGC 18/08)**

5. The Secretary presented the proposed policy. Members noted that further changes could be proposed by circulation post-meeting.

*Post-meeting note: The further changes proposed by the Convenor and a member were incorporated and the Secretary circulated the final draft to*

*the SGC on 29 June 2018 for approval. Members approved the final draft.*

**Agenda item 5 – Review of the quality of rate submissions (paper TMA SGC 18/09)**

6. The Secretary presented the item. Members noted the incidents of Spot Rates on 31 February 2018 and from 7 March to 21 March 2018, and of HKD HIBOR on 25 May 2018, which had been documented in SGC monthly reports circulated to the Members and quarterly incident reports available to the public.

7. The Secretary presented a consolidated report of incidents with respective remedial actions. Members noted that the incidents of Spot Rates since transaction-based benchmark reform in August 2016 were caused by I.T. issue which were expected to be completely rectified by remedial actions.

8. 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 6 – Review of surveillance framework – adjusting the price tolerance check on trades used to calculate FX Spot Rates (paper TMA SGC 18/09)**

9. 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.

*Post-meeting note: The Secretary circulated a correct version of chart for CNH price tolerance check to the SGC on 21 June 2018.*

**Agenda item 7 – Update on international and local developments (paper TMA SGC 18/09)**

10.            The Secretary presented the item and updated Members about the latest developments related to LIBOR, SOFR, EURIBOR, EONIA and TIBOR.

**Agenda item 8 – Any other business**

11.            With no other business, the meeting adjourned at 3:30 pm.

**Treasury Markets Association Office  
22 June 2018**