

**Treasury Markets Association  
Surveillance and Governance Committee Meeting  
(2:30 p.m., Wednesday, 31 October 2018)**

**Minutes of Meeting**

Location	Room 5609, 56/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 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 Francis Ho, CLP Holdings Limited

**Preliminaries**

The Convenor welcomed Members and Observer to the sixteenth 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.

**Agenda item 2 – Confirmation of minutes of last meeting (paper TMA SGC 18/10)**

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

**Agenda item 3 – Update of Periodic review by SGC (paper TMA SGC 18/11)**

4. In August 2018, Members were invited to review SGC's terms of reference, membership, selection criteria, administrator's control framework, benchmark's definitions, Submitter Code of Conduct, surveillance and monitoring framework. Members were of the view that no change was needed.

**Agenda item 4 – Review of the quality of rate submissions (paper TMA SGC 18/12)**

5. The Secretary presented the item. Members noted the incident of the Calculation Agent's failure to capture certain transactions for the USD/CNH spot rate on 20 August 2018, which had been documented in SGC monthly reports circulated to the Members and quarterly incident reports available to the public. The incident was caused by some server issues and expected to be completely rectified by a system fix.

6. Members noted that no anomalies were identified in the benchmark determination process of HIBORs. The 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 the 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 5 – Review of surveillance framework – adjusting the price tolerance check on trades used to calculate FX Spot Rates (paper TMA SGC 18/12)**

7. The Secretary presented the item. Members noted that there were trades rejected for calculating the USD/HKD spot rate on 24 September due to breaching of the pre-set threshold. Members discussed and concluded that it was an exceptional case in an exceptionally volatile market. Members considered the existing practices are effective in removing input errors such as fat finger error and agreed on keeping the current levels of thresholds for price tolerance check for TMA Spot Rates.

**Agenda item 6 – Update on international and local developments (paper TMA SGC 18/12)**

8. The Secretary presented the item and updated Members about the latest developments related to EURIBOR, SIBOR, SOFR and EONIA. Members were also updated about the ISDA's consultation in relation to the fall-back arrangements for derivative contracts referencing certain IBORs and the relevant assessment on HIBOR conducted by the TMA Office.

9. Members discussed the local implication regarding potential discontinuation of USD LIBOR post 2021. The Convenor presented the results of a survey on the preparation by financial institutions in the United Kingdom for transition from LIBOR to Alternative Reference Rates.

**Agenda item 7 – Any other business**

10. With no other business, the meeting adjourned at 3:10 pm.

**Treasury Markets Association Office**  
**2 November 2018**