

**Treasury Markets Association**  
**Surveillance and Governance Committee Meeting**  
(4:30 p.m., Wednesday, 20 February 2019)

**Minutes of Meeting**

Location            Room 5602, 56/F, Two International Finance Centre  
8 Finance Street, Central, Hong Kong

Members            Mr Peter Li, PricewaterhouseCoopers (Convenor)  
Mr Andrew Malcolm, Linklaters, Hong Kong  
Mr Barry Yip, HKMA  
Mr David Pang, MTR Corporation Limited  
Mr Francis Ho, CLP Holdings 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  
Ms Boey Wong, Hong Kong Association of Banks  
(HKAB)'s representative (Observer)

Secretary          Mr Andy Ng, TMA

Apologies

**Preliminaries**

The Convenor welcomed Members and Observer to the seventeenth 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 19/01)**

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 19/02)**

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 19/03)**

4. The Secretary presented the item. Members noted the incident of a contributing bank mistakenly omitted a component for benchmark collaboration on 6 November 2018, which had been documented in SGC monthly reports circulated to the Members and quarterly incident report available to the public. The bank claimed that they would remind their staff to diligently check and approve their submissions and explore further automation of the rate collaboration process in order to reduce the risk of manual errors. The Convenor suggested that the actual impact of such incidents on the rates can be also be documented in the incident report going forward.

*Post-meeting note: The Secretary will document the impact in the incident report going forward.*

5. 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 suggested to review the methodology of comparing the HIBOR curves with the relevant implied yield curves for surveillance purpose. Members also noted that there were no anomalies in the determination of TMA's Spot Rates and HONIA.

*Post-meeting note: The Secretary will explore to include more details such as trend, shape or deviation for the comparison.*

**Agenda item 4 – Review of surveillance framework – adjusting the price tolerance check on trades used to calculate FX Spot Rates (paper TMA SGC 19/03)**

6. The Secretary presented the item. 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 5 – Update on international and local developments (paper TMA SGC 19/03)**

7. The Secretary presented the item and updated Members about the latest developments related to EURIBOR, TIBOR and U.S. Dollar ICE bank yield index proposed by the LIBOR administrator respectively. Members were also updated about the final result of ISDA's consultation in relation to the fall-back arrangements for derivative contracts referencing certain IBORs. Members further noted the latest consultations by the Alternative Reference Rates Committee and Working group on euro risk-free rates respectively on alternative nearly risk-free rate.

8. The Convenor invited Members to comment on the U.S. Dollar ICE bank yield index proposed by the LIBOR administrator. The

TMA Office briefly analysed the index and the Secured Overnight Financing Rate (SOFR) by comparing their pros and cons.

**Agenda item 6 – Any other business**

9. With no other business, the meeting adjourned at 5:00 pm.

**Treasury Markets Association Office  
21 February 2019**