

Treasury Markets Association
Surveillance and Governance Committee Meeting
(4:30 p.m., Wednesday, 26 June 2019)

Minutes of Meeting

Location	Room 5501A, 55/F, Two International Finance Centre 8 Finance Street, Central, Hong Kong
Members	Mr Peter Li, PricewaterhouseCoopers (Convenor) Mr Barry Yip, HKMA Mr David Pang, MTR Corporation Limited Mr Francis Ho, CLP Holdings Limited
In attendance	Mr Jack Cheung, TMA Ms Jess Lee, HKMA/TMA Secretariat Ms Debbie Lo, HKMA/TMA Secretariat Ms Boey Wong, 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 Members and Observer to the eighteenth 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. The Convenor reported that his firm had received a request for proposal on an independent assurance review of TMA's compliance with the IOSCO Principles for financial benchmarks. The independent assurance review was not an agenda for this meeting.

Agenda item 2 – Confirmation of minutes of last meeting (paper TMA SGC 19/06)

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 19/07)

4. The Secretary presented the item. Members noted the incidents of Spot Rates on 8 March 2019 and incidents of CNH HIBOR on 21 March 2019, which had been respectively documented in the SGC monthly reports circulated to the Members and quarterly incident reports available to the public. The Secretary also provided a heads up to Members that a system limitation on the feed from a contributor of TMA Spot Rates was identified in June 2019. Details would be provided to the Committee in the upcoming monthly report.

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.

Agenda item 4 – Review of surveillance framework – adjusting the price tolerance check on trades used to calculate FX Spot Rates (paper TMA SGC 19/07)

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 19/07)

7. The Secretary presented the item and updated Members about the latest developments related to EURIBOR, EONIA and TIBOR respectively. Members were also updated about the extension on transition period for the European Benchmarks Regulation. Members further noted the latest consultations by the Alternative Reference Rates Committee and ISDA respectively on fallbacks regarding alternative nearly risk-free rates.

Agenda item 6 – Any other business

8. With no other business, the meeting adjourned at 5:07 pm.

**Treasury Markets Association Office
2 July 2019**