

**Treasury Markets Association**  
**Surveillance and Governance Committee Meeting**  
(2:30 p.m., Wednesday, 4 December 2019)

**Minutes of Meeting**

Location	Room 5610B, 56/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 Andrew Malcolm, Linklaters, Hong Kong
In attendance	Mr Jack Cheung, TMA
Secretary	Mr Andy Ng, TMA
Apologies	Mr Francis Ho, CLP Holdings Limited Ms Boey Wong, Hong Kong Association of Banks (HKAB)'s representative (Observer)

**Preliminaries**

The Convenor welcomed Members to the twentieth 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 19/13)**

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 19/14)**

4. In August 2019, Members were invited to review SGC's terms of reference, membership, selection criteria, administrator's control framework, benchmark's definitions and methodologies, Submitter Code of Conduct, surveillance and monitoring framework. Members were of the view that no change was needed. The Secretary updated Members the progress of implementing the error correction policy, compliance with the Submitter Code of Conduct for HONIA and preparation for the upcoming independent assurance review on IOSCO compliance.

**Agenda item 4 – Review of the quality of rate submissions (paper TMA SGC 19/15)**

5. The Secretary presented the item. Members noted the incidents of HKD HIBOR reported on 24 July 2019 and incidents of HONIA on 15 August 2019 and 17 September 2019, which had been respectively documented in the SGC monthly reports circulated to the Members and quarterly incident reports available to the public.

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 19/15)**

7. 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 6 –Update on international and local developments (paper TMA SGC 19/15)**

8. Members were updated about the latest developments related to LIBOR, EURIBOR, SIBOR, EONIA and SORA respectively. Members were also updated about the latest developments from the Alternative Reference Rates Committee and ISDA respectively on fallbacks regarding alternative nearly risk-free rates. Members were further informed that the TMA published a quick reference guide for LIBOR transition on the website.

**Agenda item 7 – Any other business**

9. The Secretary presented the consultation conclusion on technical refinements to HKD Overnight Index Average (HONIA). Members noted the feedback from the consultation on data source, reporting window and publication time. Members agreed the TMA to undertake a study of interbank funding market to examine whether there is room for enhancing the representativeness of HONIA. Members also endorsed to extend the reporting window to 8:00-16:00 and keep the publication time on a same-day basis.

10. With no other business, the meeting adjourned at 3:15 pm.

**Treasury Markets Association**  
**6 December 2019**