

Treasury Markets Association
Surveillance and Governance Committee Meeting
(10:30 a.m., Wednesday, 3 March 2021)

Minutes of Meeting

Location	Video conference
Members	Mr Peter Li, PricewaterhouseCoopers (Convenor) Mr Barry Yip, HKMA Mr David Pang, MTR Corporation Limited Mr Francis Ho, CLP Holdings Limited Mr Andrew Malcolm, Linklaters, Hong Kong
In attendance	Mr Jack Cheung, TMA Mr Steve Choi, Hong Kong Association of Banks (HKAB)'s representative (Observer)
Secretary	Mr Andy Ng, TMA
Apologies	Nil

Preliminaries

The Convenor welcomed Members to the 24th 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 21/01)

2. Members had no new conflicts of interest to declare. Members also noted that the TMA staff related to benchmark

administration had submitted the annual declaration form and had no conflicts of interest to report. Members further noted that the HKD HIBOR Calculation Agent's annual attestation arrangements for Code of Conducts was completed by January 2021.

Agenda item 2 – Confirmation of minutes of last meeting (paper TMA SGC 21/02)

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 21/03)

4. The Secretary presented the item. Members discussed the HONIA incident in October 2020 and CNH HIBOR incident in December 2020, which had been respectively documented in the SGC monthly reports circulated to Members. Members agreed to enrich the existing surveillance and monitoring framework when identifying “obvious” error during the re-calculation window. Members also agreed the suggestions from The Secretary to enrich the questionnaire in the annual recertification to the compliance with HKMA SPM CG-7 from the contributing banks.

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 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 4 – Review of surveillance framework –price tolerance check on FX Spot Rates (paper TMA SGC 21/04)

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 21/05)

7. Members were updated on the administrator’s consultation on potential LIBOR cessation, timeline for SIBOR discontinuation and new rules addressing LIBOR cessation from the Council of the European Union including the extended transitional period to use third-country benchmarks until the end of 2023.

8. The Secretary presented the latest progress on the findings on examining the calculation of HIBOR fallbacks for HIBOR-linked derivatives. Members were updated that the Calculation Agent had rectified the incorrect HONIA data on their platform as well as the TMA is in discussion with ISDA concerning the proper HIBOR convention.

Agenda item 6 – Any other business

9. With no other business, the meeting adjourned at 11:15 a.m.

**Treasury Markets Association
4 March 2021**