

**Treasury Markets Association  
Surveillance and Governance Committee Meeting  
(3:00 p.m., Tuesday, 29 June 2021)**

**Minutes of Meeting**

Location	Video conference
Members	Mr Peter Li, PricewaterhouseCoopers (Convenor) Mr Kimberly Cheng, Hong Kong Monetary Authority 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 25th meeting of the Surveillance and Governance Committee (SGC).

**Agenda item 1 – Change of Membership (paper TMA SGC 21/04)**

2. The Convenor also welcomed Ms Kimberly Cheng, who had replaced Mr Barry Yip as representative from the Hong Kong Monetary Authority (HKMA) in the SGC.

**Agenda item 2 – Declaration of any conflicts of interest and discussion of declared interest (if any)**

3. Members had no new conflicts of interest to declare.

**Agenda item 3 – Confirmation of minutes of last meeting (paper TMA SGC 21/05)**

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

**Agenda item 4 – Enriched annual recertification to the compliance with HKMA SPM CG-7 (paper TMA SGC 21/06)**

5. The Secretary presented the item. Members agreed to add a questionnaire about the rate corroboration process and provided suggestions on the wordings.

**Agenda item 5 –Review of the quality of rate submissions (paper TMA SGC 21/07)**

6. The Secretary presented the item. Members discussed the TMA's Spot Rates' incident in April 2021, which had been documented in the SGC monthly report circulated to Members. Members suggested to switch to manual mode calculation as a precaution when there is notification of a scheduled maintenance from contributor.

*Post-meeting note: The Calculation Agent agreed to switch to manual code for TMA's Spot Rates' calculation as precaution on the next business day in order to avoid any potential system issues on the feed from contributor.*

7. 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. The TMA is considering whether to collect the rationale for all submissions from the contributing banks. Members 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.

8. The Secretary provided Members an observation that there were eligible transactions for TMA's Spot Rates when typhoon signal No. 8 was hoisted and black rainstorm warning was in force but no publication of such rates according to the special weather arrangements. On the other hand, there could be no eligible transaction for the USD/HKD pair within the 30-minute window even on a good business day. Feedback from market participants (eg through the Market Practice Committee) will be sought to assess the benefits of any changes to the current arrangements.

*Post-meeting note: There are no special weather arrangements from other FX benchmark administrators for reference.*

**Agenda item 6 – Review of surveillance framework –price tolerance check on FX Spot Rates (paper TMA SGC 21/07)**

9. The Secretary presented the item. Members queried if there is a need for adjustment on the threshold set for tolerance check and agreed to further review the current level.

*Post-meeting note: The Secretary circulated a detailed study with recommendations (SGC 2017a) for discussion at the next meeting.*

**Agenda item 7 – Update on international and local developments  
(paper TMA SGC 21/07)**

10. Members were updated on the confirmed cessation of LIBOR by the UK Financial Conduct Authority (FCA) which triggered the “Index Cessation Event” under ISDA’s IBOR Fallbacks Protocol, New York State LIBOR Legislation into law, CME Group selected as the administrator of a Forward-Looking SOFR Term Rate, position paper published by the TIBOR administrator, timelines to cease issuance of SOFR derivatives and SIBOR-linked financial products by the administrator as well as HKMA’s latest circular on reform of interest rate benchmarks.

**Agenda item 8 – Any other business**

11. With no other business, the meeting adjourned at 3:40 p.m.

**Treasury Markets Association  
2 July 2021**