

Treasury Markets Association
Surveillance and Governance Committee Meeting
(10:30 a.m., Friday, 22 October 2021)

Minutes of Meeting

Location	Video conference
Members	Mr Peter Li, PricewaterhouseCoopers (Convenor) Ms 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
Secretary	Mr Andy Ng, TMA
Apologies	Nil

Preliminaries

The Convenor welcomed Members to the 26th 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 21/10)

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 21/11)

4. In August 2021, 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 Convenor suggested that, going forward, the TMA can provide an assessment of the various items to support conclusions as to (whether changes) are needed or not to facilitate consideration by the SGC.

Agenda item 4 –Review of the quality of rate submissions (paper TMA SGC 21/12)

5. The Secretary presented the item. Members discussed the CNH HIBOR incident in July 2021 and TMA's Spot Rates' incident in September 2021 respectively, which had been documented in the SGC monthly reports circulated to Members.

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. 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.

Agenda item 5 – Review of surveillance framework –price tolerance check on FX Spot Rates (paper TMA SGC 21/12)

7. The Secretary presented the item. Members agreed to narrow the threshold set for tolerance check of TMA's Spot USD/CNH Rate from 130 pips to 100 pips in order to be more effective in detecting anomalies, having considered the volatility of USD/CNH in the prevailing market conditions.

Agenda item 6 – Update on international and local developments (paper TMA SGC 21/12)

8. Members were updated on the further arrangements for the orderly wind-down of LIBOR by the UK Financial Conduct Authority (FCA), the transitioning interdealer swap market trading convention to SOFR, the formal recommendation of Term SOFR and loan conventions using forward-looking SOFR by the Alternative Reference Rate Committee (ARRC) as well as the IOSCO's statement on credit sensitive rates. Locally, Members were also updated on the HKMA's updated Q&A for corporate treasurers on transitioning away from LIBOR and joint publication by the Asia Pacific Loan Market Association and TMA which sets out various options available to utilise SOFR in loan transactions.

Agenda item 7 – Proposals for Independent Assurance Review on IOSCO Principles (paper TMA SGC 21/13)

9. The Convenor had left the video conference and did not participate in the discussion. The Secretary presented the item. Members reviewed the received proposals in terms of assurance option, relevant

experience, proposed timeline and fee. Members approved the recommendation of appointing Auditor B for the upcoming independent assurance review on compliance of IOSCO Principles in 2022. Members also agreed to discuss in the next selection whether to put a cap on the number of times the same auditor can be appointed consecutively.

Agenda item 8 – Any other business

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

Treasury Markets Association
25 October 2021