

Treasury Markets Association
Surveillance and Governance Committee Meeting
(10:30 a.m., Wednesday, 2 March 2022)

Minutes of Meeting

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| 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 Ms Caris Wan, Hong Kong Association of Banks (HKAB)'s representative (Observer) |
| Secretary | Mr Andy Ng, TMA |
| Apologies | Nil |

Preliminaries

The Convenor welcomed Members to the 27th 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 22/01)

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 new 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 2022.

Agenda item 2 – Confirmation of minutes of last meeting (paper TMA SGC 22/02)

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 22/03)

4. The Secretary presented the item. Members discussed the HKD HIBOR incidents in October 2021 and January 2022, CNH HIBOR incident in October 2021, TMA's Spot Rates' incident in November 2021 and HONIA incident in December 2021 respectively, which had been documented in the SGC monthly reports circulated to Members.

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 TMA. 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 4 – Review of surveillance framework –price tolerance check on FX Spot Rates (paper TMA SGC 22/03)

6. The Secretary presented the item. Members considered the existing practices are effective in detecting anomalies 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 22/03)

7. Members were updated on the Canadian Alternative Reference Rate working group’s recommendation on ending Canadian Dollar Offered Rate (CDOR) in mid-2024, summary of its spread-adjusted fallback recommendations and year-end LIBOR Transition Progress Report released by the Alternative Reference Rate Committee (ARRC) as well as USD IBOR institutional and consumer cash fallbacks published by Refinitiv. Locally, Members were also updated on the new reference links available on the TMA’s website accessing to the different SOFR rates.

Agenda item 6 – Any other business

8. Ms Kimberly Cheng updated Members that the Hong Kong Monetary Authority (HKMA) had issued HKD 1 billion of 1-year HONIA-indexed Floating Rate Notes in November 2021.

9. Mr Jack Cheung also updated Members the business contingency plan of the TMA’s benchmark administration, aiming to maintain “business as usual” under COVID-19 for the administered benchmarks given that they are important financial infrastructure in Hong Kong.

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

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