

**Treasury Markets Association
Surveillance and Governance Committee Meeting
(2:30 p.m., Thursday, 16 November 2022)**

Minutes of Meeting

Location	Room 5603C, 56/F, Two International Finance Centre 8 Finance Street, Central, Hong Kong
Members	Mr Peter Li, PricewaterhouseCoopers (Convenor) Ms Kimberly Cheng, Hong Kong Monetary Authority Mr Andrew Malcolm, Linklaters, Hong Kong Mr Francis Ho, CLP Holdings Limited
In attendance	Ms Caris Wan, Hong Kong Association of Banks (HKAB)'s representative (Observer) Mr Chordio Chan, TMA Mr David Tsang, TMA
Secretary	Mr Andy Ng, TMA
Apologies	Mr David Pang, MTR Corporation Limited

Preliminaries

The Convenor welcomed Members to the 29th 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 22/14)

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 22/15)

4. In August 2022, Members were invited to review administrator's control framework, benchmark's definitions and methodologies, monitoring framework and Submitter Code of Conduct. Members were reminded that the external auditor had conducted this year's IOSCO assurance review based on the existing framework. The TMA recommended no change to be made according to its internal assessment. Members concurred with TMA's recommendation that no change was needed.

Agenda item 4 –Review of the quality of rate submissions (paper TMA SGC 22/16)

5. The Secretary presented the item. Members discussed the HONIA incident on 1 September 2022, 20 September 2022 and HKD HIBOR incident on 20 September 2022 respectively, which had been documented in the SGC monthly reports circulated to Members. Members discussed ways to minimise incorrect initial HONIA publication and repeated incidents from contributors within a certain period of time.

Post-meeting note: Since 21 September 2022, TMA has started assisting the HONIA's Calculation Agent to monitor and identify potential duplicated transactions as well as fat finger errors within the

contributing window in order to mitigate the risk of incorrect initial publications. Also, TMA suggests to strengthen incident remediation through more robust conversations and site visits to contributors for cases where of repeated mistakes were observed (say within a year) and further escalating to the Regulator if responses or remedial measures by the contributor were not effective.

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 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. Members discussed and agreed that the existing surveillance framework hold during the recent volatile HKD interest rate market.

Agenda item 5 – Review of surveillance framework – price tolerance check on FX Spot Rates (paper TMA SGC 22/16)

7. The Secretary presented the item. Members considered the existing practices continue to be effective in detecting anomalies and agreed on maintaining the current price tolerance checking thresholds for TMA Spot Rates.

Agenda item 6 – Update on international and local developments (paper TMA SGC 22/16)

8. Members were updated on the cessation notice of one and six month “synthetic” GBP LIBOR, consultation on fallback issues for cash products referencing TIBOR, launch of ARRC's recommended fallback rates based on forward looking term rate, mandatory conversion in Eurodollar futures by CME Group, launch of euro forward-looking

term rate and the European Commission's draft to extend transition for non-EU benchmark's usage until end of 2025.

Post-meeting note: As suggested by the Convenor, implications arising from international developments on benchmarks under the TMA's purview will be included for further discussion going forward.

Agenda item 7 – Any other business

9. The Secretary updated Members that the IOSCO assurance review conducted by external auditor is at the final stage and expected to be completed in early December.

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

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21 November 2022