

Response to consultation: Proposed reforms to TMA Spot FX Fixings

Full name:

Job title:

Organisation:

Type of organisation:

Contact address:

Telephone number:

Email:

Disclosure of identity/submission (check as appropriate):

- Do **not** disclose my identity
- Do **not** disclose my submission

Questions	Response
<p>Question 1 <i>Given the reported volume and number of transactions, do you agree that there are sufficient conditions to calculate the Spot FX Fixings using <u>actual transactions</u> for every trading day?</i></p>	<p><input type="checkbox"/> Agree – sufficient conditions <input type="checkbox"/> Disagree – insufficient conditions <i>If disagreed, state the rationale</i></p>
<p><i>Recommendation 1: Calculate the Spot FX Fixings using spot transactions routed through approved money brokers</i></p>	
<p>Question 2 <i>Given the need to anchor a benchmark based on observable bona fide arm's length transactions, do you agree that <u>only transactions that are routed through approved money brokers</u> should be used? If not, what other types of transactions should be included, and how will such transactions meet the international recommendations?</i></p>	<p><input type="checkbox"/> Agree – only transactions routed through approved money brokers <input type="checkbox"/> Disagree – other types of transaction: _____ <i>If disagreed, state the rationale</i></p>

Recommendation 2: Include trades from both Electronic Brokers (EBs) and Voice Brokers (VBs)

Questions	Response
<p>Question 3 Do you agree that we should <u>collect trades from both EBs and VBs</u> in calculating a transaction-based spot fixing? Are there other types of transactions that we should take into account?</p>	<p><input type="checkbox"/> Agree – EBs and VBs <input type="checkbox"/> Disagree – <input type="checkbox"/> EBs only <input type="checkbox"/> VBs only <input type="checkbox"/> Other: _____</p> <p>If disagreed, state the rationale</p>
<p>Question 4 Do you agree that the <u>same types of transactions should be used in calculating both USD/HKD and USD/CNY(HK) fixes</u>? If not, why and how should they be different?</p>	<p><input type="checkbox"/> Agree – same type of transactions <input type="checkbox"/> Disagree – different type of transactions</p> <p>If disagreed, state the rationale</p>

Recommendation 3: A fixing window of +/- 15 minutes around 11 am

<p>Question 5 Do you agree that a <u>30-minute fixing window</u> strikes the right balance in incorporating a reasonably large number of transactions to calculate a fix and in allowing market players to replicate it? If not, what is your preferred fixing window duration, and why and how is it more suitable?</p>	<p><input type="checkbox"/> Yes – 30-minute fixing window <input type="checkbox"/> No – <input type="checkbox"/> 5 minutes <input type="checkbox"/> 10 minutes <input type="checkbox"/> 15 minutes <input type="checkbox"/> Others: _____</p> <p>If disagreed, state the rationale</p>
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Questions	Response
<p>Question 6 <i>Do you agree that we should follow the WMR Fix approach to <u>have the fixing time at the mid-point of fixing window</u>? If not, what is your preference, and why and how is it more suitable?</i></p>	<p><input type="checkbox"/> Agree – middle of fixing window <input type="checkbox"/> Disagree – <input type="checkbox"/> 10:30 am – 11:00 am <input type="checkbox"/> 11:00 am – 11:30 am <input type="checkbox"/> Other timeframe: _____</p> <hr/> <p><i>If disagreed, state the rationale</i></p>
<p>Question 7 <i>Do you agree that both USD/HKD and USD/CNY(HK) fixes should have the <u>same duration</u> as the fixing window, and adopt the <u>same approach</u> in having the fixing time at the mid-point of the fixing window?</i></p>	<p><input type="checkbox"/> Agree – same duration and approach <input type="checkbox"/> Disagree – different duration and approach</p> <hr/> <p><i>If disagreed, state the rationale</i></p>
<p>Recommendation 4: Calculate the fix as the volume-weighted median of the collected transactions</p>	
<p>Question 8 <i>Do you agree that <u>volume-weighted median</u> is the suitable averaging method? If not, what other method should be used, and why is it more suitable?</i></p>	<p><input type="checkbox"/> Agree – volume-weighted median <input type="checkbox"/> Disagree – <input type="checkbox"/> Mean <input type="checkbox"/> Median <input type="checkbox"/> Volume-weighted mean <input type="checkbox"/> Other method: _____</p> <hr/> <p><i>If disagreed, state the rationale</i></p>

Questions	Response
<p>Question 9 Do you agree that the <u>same averaging method</u> should be used for both USD/HKD and USD/CNY(HK) fixes?</p>	<p><input type="checkbox"/> Agree – same method <input type="checkbox"/> Disagree – different method</p> <p>If disagreed, state the rationale</p>
<p>Recommendation 5: Arrangement if there is no transaction within the fixing window – Either no fixing or use the last fix</p>	
<p>Question 10 Do you consider “<u>no fix</u>” or “<u>use the last fix (no expiry time limit)</u>” more suitable as the fall-back arrangement in case there were no transactions during the fixing window, and what are the reasons behind?</p>	<p><input type="checkbox"/> “No fix” is more suitable <input type="checkbox"/> “Use the last fix (no expiry limit)” is more suitable <input type="checkbox"/> Neither</p> <p>State the reasons behind</p>
<p>Question 11 Do you consider <u>any other fall-back option</u> more suitable? If so, why?</p>	<p><input type="checkbox"/> No <input type="checkbox"/> Yes – neither “no fix” nor “use the last fix” is suitable. I consider the following more suitable: _____</p> <p>If yes, state the rationale</p>
<p>Question 12 Do you agree that <u>the same fall-back arrangement</u> should apply to both USD/HKD and USD/CNY(HK) fixes?</p>	<p><input type="checkbox"/> Agree – same arrangement <input type="checkbox"/> Disagree – different arrangement</p> <p>If disagreed, state the rationale</p>

Recommendation 6: A three-month notice period for a planned overnight change in calculation methodology

Questions	Response
<p>Question 13 Do you agree with a <u>three-month notice period</u> for transition?</p>	<p><input type="checkbox"/> Agree – three-month notice period</p> <p><input type="checkbox"/> Disagree –</p> <p style="padding-left: 20px;"><input type="checkbox"/> One-month</p> <p style="padding-left: 20px;"><input type="checkbox"/> Six-month</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other: _____</p> <hr/> <p><i>If disagreed, state the rationale</i></p>
<p>Question 14 Do you agree with a <u>planned overnight change</u> in the calculation methodology? If not, why?</p>	<p><input type="checkbox"/> Agree – overnight change</p> <p><input type="checkbox"/> Disagree –</p> <p style="padding-left: 20px;"><input type="checkbox"/> Parallel run for three months</p> <p style="padding-left: 20px;"><input type="checkbox"/> Parallel run for six months</p> <p style="padding-left: 20px;"><input type="checkbox"/> Others: _____</p> <hr/> <p><i>If disagreed, state the rationale</i></p>
<p>Question 15 Do you agree that the <u>same transition arrangement</u> should apply to both USD/HKD and USD/CNY(HK) fixes?</p>	<p><input type="checkbox"/> Agree – same transition arrangement</p> <p><input type="checkbox"/> Disagree – different transition arrangement</p> <hr/> <p><i>If disagreed, state the rationale</i></p>

If there is anything else regarding this consultation that you would like to feedback to the TMA, please include this in your response.

The closing date for responses is **30 June 2015**. *Responses received after this date may not be read.* Consultation responses should be returned to:

(1) *By mail*

TMA Secretariat
55/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong

(2) *By fax*

+852 2878 7297

(3) *By email*

dkltsui@hkma.gov.hk AND hlam@hkma.gov.hk

Next steps

We do not intend to write back to those who respond. However, we will read and consider all responses, as well as publish our final response and explain how comments and views have influenced the final decisions on relevant issues.