

**Minutes of the 143<sup>rd</sup> Meeting**  
**of the Tokyo Foreign Exchange Market Committee**  
**(TFEMC)**

Time and date of the meeting:	13:00-15:00 June 23 <sup>rd</sup> , 2011
Venue:	Bank of Japan
Chairperson:	Mr. Akira Hoshino
Vice-Chairperson:	Mr. Hokuto Nakano
Vice-Chairperson:	Mr. Tadahiko Nashimoto
Secretary:	Mr. Atsushi Takeuchi
Attending committee members:	20

I. Resignation and Election of Members

Mr. Hoshino, Chairperson of the Committee, reported that the term of Mr. Nashimoto as Vice-Chairperson of the Committee would shortly expire. Mr. Nashimoto expressed his wish to serve as Vice-Chairperson for another term and was approved unanimously.

In addition, Mr. Hoshino reported that the term of Mr. Onishi as a member of the Committee would shortly expire. Mr. Onishi expressed his wish to serve on the Committee for another term and was approved unanimously.

II. Replacement of Associate Members

Mr. Hoshino, Chairperson of the Committee, reported that Mr. Yamamoto, Associate Member of the Committee, would be replaced by Mr. Tsutsui.

III. Activities of Sub-Committees

1. Sub-Committee on Committee Steering

Mr. Hoshino, Chairperson of the Committee, reported that the Sub-Committee had discussed today's agenda. He mentioned that the

Sub-Committee had proposed some topics, including the report of resignation and election of members, several BCP issues highlighted during the Great East Japan Earthquake, and the dollar/yen rate, which is used to calculate the fixing rate of NDF transactions.

## 2. Sub-Committee on BCP

Mr. Hoshino, Chairperson of the Committee, reported that the Sub-Committee had pointed out several issues for improvement regarding the BCP in response to the Great East Japan Earthquake. He mentioned that the Sub-Committee discussed the following issues: (i) criteria for invoking the BCP, (ii) awareness of the activation of the BCP Web, (iii) functions of the BCP Web, (iv) understanding of four brokerage firms' BCP, and (v) communication tools other than the BCP Web. As measures to improve each of these issues, the Sub-Committee had proposed (i) adding more criteria for invoking the BCP, (ii) promoting the use of the BCP Web in time of massive blackout, (iii) integrating the current BCP Web into the Web for short-term money markets, (iv) clarifying the market convention in case brokers are unreachable, and (v) sending a contact list to members of the TFEME.

In addition, he said that the Committee planned to increase the number of scenarios for the next BCP exercise, which will be scheduled some time this fiscal year.

## 3. Sub-Committee on NDF

Mr. Hirota, Chairperson of the Sub-Committee, reported on the final draft about setting a practice for the dollar/yen rate, which is used to calculate the fixing rate of NDF transactions against the yen. He proposed that Asian currencies use the JPNU (after the fixing rates of emerging currencies are announced) and European and American currencies use either the JPNU (as of 9 a.m. in Tokyo on the next business day) or the WMR closing.

Although many members of the Committee supported the above proposal, they agreed to make a final conclusion after examining at the Sub-Committee on Legal Matters whether the Committee should recommend the rate above.

## 4. Others

Mr. Takeuchi, Secretary of the Committee, made a presentation on what had happened to the market making by interbank dealers and retail margin

trading when the yen had surged on March 17<sup>th</sup> based on information from market participants. Members of the Committee exchanged views after his presentation. They broadly agreed that the Committee should further study the behavior and risk of the new market players such as retail margin trading and high frequency trading (HFT) and their impact on liquidity and price movements in the foreign exchange market.

## List of Tokyo Foreign Exchange Market Committee Members

(June 23<sup>rd</sup>, 2011)

### Members

Chairperson:

Mr. Akira Hoshino\* (Bank of Tokyo-Mitsubishi UFJ)

Vice-Chairperson and Chairperson of the Sub-Committee on Market Research:

Mr. Hokuto Nakano\* (Mizuho Corporate Bank)

Vice-Chairperson:

Mr. Tadahiko Nashimoto\* (Barclays Bank)

Secretary:

Mr. Atsushi Takeuchi\* (Bank of Japan)

Chairperson of the Sub-Committee on Committee Steering:

Mr. Hideaki Inoue (Mitsubishi UFJ Trust and Banking Corp.)

Chairperson of the Sub-Committee on Public Relations:

Mr. Kazuhiro Ooki\* (EBS Dealing Resources Japan)

Chairperson of the Sub-Committee on Education and Code of Conduct:

Mr. Koichi Yoshikawa\* (BNP PARIBAS)

Chairperson of the Sub-Committee on Legal Matters:

Mr. Shinji Imanishi\* (Sumitomo Trust and Banking Co.)

Chairperson of the Sub-Committee on Operation:

Mr. Ryoichi Fukushima\* (Mizuho Bank)

Chairperson of the Sub-Committee on E-Commerce:

Mr. Haruhisa Takagi\* (Sumitomo Mitsui Banking Corp.)

Chairperson of the Sub-Committee on NDF:

Mr. Taiji Hirota\* (JPMorgan Chase Bank)

Mr. Katsunori Kitakura\* (Chuo Mitsui Trust and Banking)

Mr. Masatomo Odagawa\* (Goldman Sachs Japan Co.)

Mr. Yuji Sokawa\* (Thomson Reuters Japan)

Mr. Masanobu Ishikawa\* (Tokyo Forex Ueda Harlow)

Mr. Tomoo Onishi\* (Deutsche Securities)

Mr. Hiroshi Maeba (Nomura Securities)

### Associate Members

Mr. Yoshihiko Noguchi\* (Money Brokers Association)

Mr. Yoshiki Yamamoto\* (Mizuho Corporate Bank)

Mr. Sinichi Tsutsui\* (Mizuho Corporate Bank)

Mr. Naoki Mori\* (Bank of Tokyo-Mitsubishi UFJ)

Mr. Joji Ide\* (Bank of Japan)

### Observer

Mr. Osamu Kawanishi (Ministry of Finance)

Mr. Yunokawa attended the meeting on behalf of Mr. Kawanishi.

\*Attended the meeting.