

**Minutes of the 149<sup>th</sup> Meeting**  
**of the Tokyo Foreign Exchange Market Committee**  
**(TFEMC)**

Time and date of the meeting:	13:00-14:30 February 21 <sup>st</sup> , 2012
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:	19

I. Activities of Sub-Committees

1. Sub-Committee on Committee Steering

Mr. Tsukada, Chairperson of the Sub-Committee, reported that the Sub-Committee had proposed several topics, including the request to report the activities of each Sub-Committee at the Annual General Meeting, internal audit on the revenues and the expenses of the TFEMC, and how to proceed the informal meeting to exchange views on the recent developments in regulations on the FX trading.

2. Sub-Committee on BCP

Mr. Mori, Associate Member of the Committee, reported that the Sub-Committee had conducted the BCP exercise on January 26 and that 33 institutions (about 150 members in total) had participated in the exercise. He also reported that the Sub-Committee was conducting a questionnaire survey in order to improve the BCP exercise in the future.

3. Sub-Committee on Market Research

Mr. Tsutsui, Associate Member of the Committee, reported that the Sub-Committee would hold a workshop on March 1 for 13 financial institutions

which would be expected to newly participate in the “Turnover Survey of Tokyo FX Market.” He also reported that the Sub-Committee would send a letter indicating several changes in the survey, including its frequency, to the financial institutions which had already participated in the survey.

Mr. Takeuchi, Secretary of the Committee, explained that the BIS had proposed to (i) expand the counterparty breakdown, (ii) clarify the definitions of the execution methods, and (iii) expand the list of currencies subject to compulsory reporting in the Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. He also reported that based on the discussion at the Sub-Committee, he had proposed not to impose excessive burden on financial institutions at a telephone conference among technical experts on February 16.

#### 4. Sub-Committee on Legal Matters

Mr. Imanishi, Chairperson of the Sub-Committee, reported that there were concerns about the manipulation of the market price in the morning during the year-end and new-year holidays when the market liquidity was extremely low and that the Sub-Committee had asked the ISDA for its opinion about using the market price in an extremely illiquid market as an exercise price of options.

He also reported that he had received a response from the ISDA saying this issue would be dealt with by both the ISDA and the Foreign Exchange Committee (FXC). In addition, he also mentioned that the ISDA had asked the Sub-Committee to explain this issue in the first place to the Financial Markets Lawyers Group (FMLG), which is sponsored by the Federal Reserve and that the Sub-Committee had explained the TFEMC’s awareness of the issue to the FMLG on February 2. The Committee confirmed that this issue would be discussed at the Global FX Committee, which would be held in Frankfurt in March.

#### 5. Sub-Committee on NDF

Mr. Hirota, Chairperson of the Sub-Committee, reported that the Sub-Committee had received eight public comments regarding the recommendation for the calculation of the fixing rate of NDF transactions against the yen. He also explained that the Sub-Committee would prepare written answers to individual comments. Mr. Imanishi, Chairperson of the Sub-Committee on Legal Matters, stated that the Sub-Committee on Legal Matters would examine to what extent those answers should be disclosed from legal perspectives after the preparation by the Sub-Committee on NDF.

## II. Others

### 1. Report of Internal Audit

Mr. Tsukada, Chairperson of the Sub-Committee on Committee Steering, reported that the Sub-Committee had conducted an internal audit on the revenues and the expenses of the TFEMC for the fiscal year 2011 on January 24 and confirmed they were managed properly.

### 2. Trade Repository

Mr. Tsukada, Chairperson of the Sub-Committee on Committee Steering, reported that the Sub-Committee had held an informal meeting on February 15 to exchange views on the recent developments in new regulations on the FX trading. He also reported that the Sub-Committee had received a lot of feedback and that many participants thought the meeting was useful in terms of sharing information and understanding the situation of other financial institutions. In addition, he stated that the Sub-Committee would continue to hold this kind of meeting on a regular basis.

### 3. Presentation by Mr. Tsuchiya from CLS Bank

The TFEMC invited Mr. Kiyoshi Tsuchiya from CLS Bank to this Committee meeting and asked him to deliver a presentation. He explained the risk design of CLS Bank, the risk testing, and the liquidity facilities by liquidity providers.

## List of Tokyo Foreign Exchange Market Committee Members

(February 21<sup>st</sup>, 2012)

### 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. Tsunemasa Tsukada\* (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\* (Credit Suisse Securities)

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. Yuji Sokawa\* (Thomson Reuters Japan)

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

Mr. Tomoo Onishi (Deutsche Securities)

Mr. Hiroshi Maeba (Nomura Securities)

Mr. Tomohiro Iwata\* (Goldman Sachs Japan Co.)

### Associate Members

Mr. Yusuke Ito\* (Money Brokers Association)

Mr. Sinichi Tsutsui\* (Mizuho Corporate Bank)

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

Mr. Joji Ide\* (Bank of Japan)

### Observer

Mr. Daisaku Kihara\* (Ministry of Finance)

\*Attended the meeting.