

Minutes of the 155th Meeting
of the Tokyo Foreign Exchange Market Committee
(TFEMC)

Time and date of the meeting:	13:00-14:45 September 25 th , 2012
Venue:	Bank of Japan
Chairperson:	Mr. Akira Hoshino
Vice-Chairperson:	Mr. Hokuto Nakano
Vice-Chairperson:	Mr. Tadahiko Nashimoto
Secretary:	Mr. Yoshihito Saito
Attending committee members:	21

I. Replacement of Observers

Mr. Hoshino, Chairperson of the Committee, reported that Mr. Kihara, Observer of the Committee, would be replaced by Mr. Iizuka (Ministry of Finance).

II. Activities of Sub-Committees

1. Sub-Committee on Committee Steering

Mr. Tsukada, Chairperson of the Sub-Committee, reported the summary of discussions in several Sub-Committees, which had met after the last Committee. He also explained (i) the progress made in conducting the BIS Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity and (ii) the response by the Japanese Bankers Association (JBA) to the consultative papers on margin requirements for non-centrally-cleared derivatives and supervisory guidance for managing risks associated with the settlement of foreign exchange transactions, issued by the Basel Committee on Banking Supervision (BCBS) and other relevant parties.

2. Sub-Committee on BCP

Mr. Hoshino, Chairperson of the Committee, reported that on September 11 the Sub-Committee had discussed the scenarios for the next BCP exercise. He explained that the Committee had assumed common disaster scenarios among three markets in the previous exercises. In the next exercise, however, he explained that the Sub-Committee was considering assuming specific scenarios for the foreign exchange market, including a scenario in which financial institutions were unable to disclose their fixing rates.

3. Sub-Committee on E-Commerce

Mr. Takagi, Chairperson of the Sub-Committee, reported that the Sub-Committee had written a draft for the revision to the code related to electronic trading in the Orange Book on August 29. He also reported that the content of its draft had been shared among the members of the Sub-Committee on Code of Conduct on September 20.

4. Sub-Committee on Code of Conduct

Mr. Tsukada, Member of the Committee, reported that on September 20 the Sub-Committee had discussed the draft for the revision to the code related to electronic trading in the Orange Book prepared by the Sub-Committee on E-Commerce. He also explained that the Sub-Committee would consider to what extent the current code in other areas should be revised based on the draft written by the Sub-Committee on E-Commerce.

5. Sub-Committee on Market Research

Mr. Tsutsui, Associate Member of the Committee, reported that Mr. Matsui of the Financial Futures Association of Japan had explained its survey results on the recent developments in the covered transactions regarding retail margin trading on August 22.

He also explained the next Turnover Survey of Tokyo Foreign Exchange Market in October 2012. Specifically, he reported that the number of counterparty breakdowns would be expanded to four and that the currency pair of CNY/JPY would be newly added. Regarding the survey schedule, Mr. Ide, Associate Member of the Committee, explained that the Committee would send a letter of request to the reporting financial institutions by the end of September and ask them to submit the data by the end of November. He also reported that

the Committee would announce the survey results either in the end of January or in the beginning of February.

III. BIS Triennial Survey of Foreign Exchange and Derivatives Market Activity

Mr. Ide, Associate Member of the Committee, explained the outline of the next BIS Triennial Survey of Foreign Exchange and Derivatives Market Activity in 2013. He reported that the survey items were expanded in the next survey in order to understand in detail the trading developments in the foreign exchange market in recent years. Specifically, he explained that the breakdown of counterparties, the breakdown of execution methods, the coverage of currency pairs, and the breakdown of trading instruments were expanded. In addition, he mentioned that the Bank of Japan would hold a seminar on November 1 for the reporting financial institutions given the significant change in survey items.

IV. Consultative Papers on FX Market Regulations

Mr. Mori, Associate Member of the Committee, reported that the JBA was planning to send its written statements to the BCBS and the International Organization of Securities Commissions (IOSCO) by September 28 on the consultative paper on margin requirements for non-centrally-cleared derivatives issued by them in early July. Regarding the consultative paper on supervisory guidance for managing risks associated with the settlement of foreign exchange transactions issued by the BCBS in the middle of August, he mentioned that the JBA was currently collecting comments from member banks in order to send its written statements to the BCBS.

V. Meeting with CLS

Mr. Hoshino, Chairperson of the Committee, reported that the CEO of the CLS bank would like to exchange views with major financial institutions in the Tokyo foreign exchange market. In this context, he mentioned that the Committee members would hold a meeting with him on November 1 to exchange views upon his visit to Japan.

VI. Survey Results on Covered Transactions regarding Retail Margin Trading

The Committee invited Mr. Matsui of the Financial Futures Association of Japan to this Committee meeting and asked him to explain the survey results

on the recent developments in the covered transactions regarding retail margin trading. Mr. Matsui thoroughly explained the amount of covered transactions and the type of covered financial institutions in April this year and compared the trend with last year. After his presentation, a lively Q&A session with committee members was conducted.

List of Tokyo Foreign Exchange Market Committee Members

(September 25th, 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. Yoshihito Saito* (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 Mitsui Trust Bank)

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. Yuji Sokawa* (Thomson Reuters Japan)

Mr. Masanobu Ishikawa* (Tokyo Forex Ueda Harlow)

Mr. Tomoo Onishi* (Deutsche Securities)

Mr. Tomohiro Iwata (Goldman Sachs Japan Co.)

Mr. Atsuo Ogaki* (Nomura Securities)

Mr. Kosuke Hanao* (HSBC)

Mr. Joseph A. Kraft Jr.* (Bank of America)

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. Masaaki Iizuka* (Ministry of Finance)

*Attended the meeting.