

October 26, 1999

Minutes of the 28th Meeting of the Tokyo Foreign Exchange Market Committee

Time and Date of the meeting: October 20, 1999 13:00-14:45
Meeting place: Bank of Japan
Chairperson: Mr. Toshiyuki Morioka (The Bank of Tokyo-Mitsubishi)
Vice-chairpersons: Mr. Takashi Okura (Bank One)
Mr. Takeshi Hanai (The Industrial Bank of Japan)
Secretary: Mr. Masaru Tanaka (Bank of Japan)
The number of the attending committee members: 16

1. Resignation and recruitment of a member

Mr. Kikuchi resigned as a member, and the Tokyo Foreign Exchange Market Committee (TFEMC) decided to recruit a new member.

2. Preparation for Y2K

Mr. Kobayashi reported that the Y2K Best Practice, endorsed by TFEMC, had been announced in the Foreign Exchange Committee of New York's (FXC's) web site (<http://www.ny.frb.org/fxc/>). It was reported that the Australian Financial Markets Association, the British Bankers' Association, the Canadian Foreign Exchange Committee, the Emerging Markets Traders Association, the International Swaps and Derivatives Association, Inc. and the Singapore Foreign Exchange Market Committee (SFEMC) joined with FXC in the issuance of this Best Practice.

3. The report from the Sub-committee on Education and Public Relations

Mr. Watanabe, chairperson of the Sub-committee on Education and Public Relations, proposed that the 2nd Forex Seminar would be held at the Hall of the Tokyo Bankers' Association on December 6, 1999. TFEMC approved his proposal and requested the Sub-committee to decide the details and send the invitation letters to market participants as soon as possible.

4. The report from the Sub-committee on CFD

Mr. Mishima, chairperson of the Sub-committee on CFD, reported that the Sub-committee received some questions from Reuters as follows.

(1) Should an index rate be announced on bank holidays in a mother

country of a currency pair?

(2) Can the settlement currency of CFD be restricted to US dollar?

Concerning point (1), many members shared the view that, CFD should observe the spot convention and no index rate should be announced on bank holidays in a mother country of a currency pair, because CFD, after all, is a product of settling a spot transaction by difference.

Concerning point (2), there were various opinions, including “for promoting internationalization of yen, CFD transactions based on Tokyo index rate should be settled by yen, at least if a currency pair includes yen.”, “because the settlement currency can be determined by a bilateral negotiation, it may be better to require electronic brokers to develop their systems as parties can choose settlement currencies.”, and “it is desirable that each currency pair has the single settlement currency regardless of being London index rate or Tokyo index rate, so acceptance of US dollar settlement is unavoidable at last.”

The Sub-committee would continue to examine those issues.

5. The report from the Sub-committee on Committee Steering

Mr. Kato, chairperson of the Sub-committee on Committee Steering, reported that the members who would attend the joint meeting of SFEMC and FXC to be held in Singapore on November 4 was determined.

Mr. Tanaka, Secretary, reported how the committee is steered in Singapore, Hong Kong (Hong Kong Foreign Exchange and Financial Market Committee) and New York.

6. The report from the Sub-committee on Legal Matters

Mr. Kobayashi, chairperson of the Sub-committee on Legal Matters, reported that FXC had sent a draft of revised version of “The Barrier Option Addendum” to the ICOM Guide and a draft of “the 1999 Collateral Annex” to IFEMA, ICOM or FEOMA to TFEMC. He also reported that he had distributed the drafts to the members of TFEMC and the Sub-committee, and there are no members that had questions or problematic comments on them as to date.

The Tokyo Foreign Exchange Market Committee Members' List
(October 26, 1999)

Members

Chairperson:

Mr. Toshiyuki Morioka* (The Bank of Tokyo-Mitsubishi)

Vice-chairperson:

Mr. Takeshi Hanai* (The Industrial Bank of Japan)

Mr. Takashi Okura* (Bank One)

Secretary:

Mr. Masaru Tanaka* (Bank of Japan)

Chairperson of the Sub-committee on Committee Steering:

Mr. Hiromitsu Kato* (The Nomura Trust and Banking Co.)

Chairperson of the Sub-committee on Education and Public Relations:

Mr. Hidenori Watanabe* (The Dai-ichi Kangyo Bank)

Chairperson of the Sub-committee on Market Operation:

Mr. Takao Sakoh* (UBS)

Chairperson of the Sub-committee on Risk Management:

Mr. Tsutomu Takamatsu (The Chase Manhattan Bank)

Chairperson of the Sub-committee on CFD:

Mr. Hiroshi Mishima* (The Sakura Bank)

Mr. Hirokazu Note* (The Sumitomo Bank)

Mr. Katsuhiko Sugata* (The Fuji Bank)

Mr. Hiroshi Saito* (The Mitsubishi Trust and Banking Co.)

Mr. Satoshi Matsuda* (Commonwealth Bank of Australia)

Mr. Nao Nakajima (Standard Chartered Bank)

Mr. Takahiko Takemoto* (Deutsche Bank)

Mr. Eiichi Ishikawa* (EBS Dealing Resources Japan)

Mr. Shinichiro Ozaki* (Ueda Harlow)

Mr. Noriaki Kanda* (Reuters Japan)

Observers

Mr. Yoshihiko Noguchi* (Money Brokers Association)

Chairperson of the Sub-committee on Legal Matters:

Mr. Kazuo Kobayashi* (Bank of Japan)

Note: * tells those that attended the meeting.