

April 20, 2001

Minutes of the 40th Meeting of the Tokyo Foreign Exchange Market Committee

Time and date of the meeting: 13:00-15:00 January 22, 2001
Venue: Bank of Japan
Acting-chairperson: Mr. Takeshi Hanai (Industrial Bank of Japan)
Secretary: Mr. Hirochika Nishikawa (Bank of Japan)
Attending committee members: 16

1. Election of new Members

Mr. T. Hanai, Acting-chairperson of the Committee, reported that, in accordance with the decision taken at the 39th meeting, the Committee publicly invited applications for membership, and received two applications. After a review of the applications and presentations by each candidate, a vote was taken. All applicants, listed below, were elected as new members of the Committee.

Hirimitsu Kato (Nomura Securities)
Tomomasa Sumida (Bank of Tokyo-Mitsubishi)

Mr. T. Hanai also reported that Mr. S. Matsuda expressed his intent to relinquish his observer status at the Committee. In view of this development, the Committee decided to keep the invitation for membership applications open for the time being.

2. Election of the new Chairperson

The Committee then held the election for the chair, which had been vacant since the resignation of Mr. Morioka from the Committee. Mr. T. Sumida stood for the position and was approved. Mr. T. Sumida described the goals he would pursue as the new chairperson, which was “to align the activities of the Committee with the ongoing reforms in the Japanese economy, so as to further strengthen the Tokyo FX market.” He also expressed his wish to enhance the relations with other overseas FX market committees, in order to deal with global issues.

In another organizational matter, Mr. H. Kato was appointed as the chairperson of the Steering sub-committee.

3. The FX Seminar

Mr. H. Watanabe, Chairperson of the Sub-committee on Education and

Public Relations, reported on the results of the FX Seminar held on January 15th (see below for the outline). The Sub-committee would take the initiative on organizing the next FX Seminar.

(A) Subject: "Using the Internet in Financial Trading"

Speaker--Sadakazu Osaki (Nomura Research Institute)

"Changes in Market Structure"

Speaker--Hirochika Nishikawa (Bank of Japan)

(B) Venue: Special Meeting Room, Industrial Bank of Japan (Tokyo)

(C) Time and Date: 18:30-20:30, 15th January 2001

4. CFD

Mr. M. Yasuda (Bank of Tokyo-Mitsubishi) reported on his presentation on CFD (outline of its design and current status) at the FX EDI Committee at the Center for Financial Industry Information Systems (FISC).

Next, Mr. K. Sugata reported on the CFD testing in London as follows.

(i) BBA sent a letter to the contributors in early January, reporting that tests on the linkages between contributors and Reuters were completed and entered the stage to confirm if the Fixing Rates correctly reflected the rates provided by contributors..

(ii) BBA is planning to publicly disclose the Fixing Rates from February. BBA is also setting up a working-group to discuss matters which arise from adopting CFD (covering front, middle and back office). The plan is to hold 4 or 5 meetings between February and March. BBA is asking the contributors to join the working group.

The Committee decided to continue monitoring the testing process.

5. Other Issues

(1)New regulations on Indonesia Rupiah (IDR)

The Bank of Indonesia (BI) announced new regulations strengthening the restriction on IDR trading on January 15th. Mr. M. Yasuda informed the Committee of the summary of the announcement and also explanations given by the BI to foreign banks located in Indonesia. Many members noted that there were ambiguities, such as how to deal with contracts entered into before the regulations came into effect. Committee members agreed to continue collecting information and, if necessary, to hold a special meeting. It was also decided that

information on the regulations should be provided to the Tokyo FX market participants through the Committee Web site.

(2) Model Code

Mr. N. Nakajima, chairperson of the Working Group on the Model Code, reported that the working group held a meeting to compare Chapter 1 of the ACI Model Code and the Tokyo Code of Conduct (Orange Book). Divergences were found, and for each item, the Group examined if it was necessary to revise the Orange Book. The Committee decided to be informed and discuss on the results of the Group meetings concurrently rather than wait for the Group to complete its work.

(3) Official Market Opening Time

At the 39th meeting the Committee was briefed on the inquiry by the Singapore FX Market Committee about changing the official opening time of Monday in Sydney from the current 5:00 AM to 7:00 AM. Mr. T. Sakoh followed up as below.

- (i) According to a survey conducted by ACI Australia, about two-thirds of the participants in Sydney, and Wellington markets seemed to have opposed the later official opening time.
- (ii) Singapore FX Market Committee decided to request ACI Australia to reconsider the matter.

Some members supported the suggestion to shift back the opening time in view of the thin trade volume in major currencies, while the others noted the possibility of active trading of local currencies in the time slot concerned. The Committee decided to closely follow the discussions between Singapore and Sydney.

List of Tokyo Foreign Exchange Market Committee Members
(January 22, 2001)

Members

Chairperson:

Mr. Tomomasa Sumida* (Bank of Tokyo-Mitsubishi)

Vice-chairpersons:

Mr. Takeshi Hanai* (Industrial Bank of Japan)

Mr. Takashi Okura (Barclays Bank)

Secretary:

Mr. Hirochika Nishikawa* (Bank of Japan)

Chairperson of the Sub-committee on Committee Steering:

Mr. Hiromitsu Kato* (Nomura Securities)

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

Mr. Hidenori Watanabe* (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* (Chase Manhattan Bank)

Chairperson of the Working Group on the Model Code

Mr. Nao Nakajima* (Standard Chartered Bank)

Chairperson of the Sub-committee on CFD

Mr. Katsuhiko Sugata* (Fuji Bank)

Mr. Hirokazu Note* (Sumitomo Bank)

Mr. Eiichi Ishikawa* (EBS Dealing Resources Japan)

Mr. Noriaki Kanda* (Reuters Japan)

Mr. Kazuo Itoh* (Tokyo Forex & Ueda Harlow)

Mr. Masato Imai (The Sanwa Bank)

Mr. Takeshi Kanagami* (The Mitsubishi Trust and Banking Co.)

Mr. Kazunari Kobayashi* (State Street Bank and Trust Company)

Mr. Masakazu Bunno* (The Sakura Bank)

Observers

Mr. Yoshihiko Noguchi* (Money Brokers Association)

Chairperson of the Sub-committee on Legal Matters:

Mr. Kazuo Kobayashi* (Bank of Japan)

Mr. Masamichi Yasuda* (The Bank of Tokyo-Mitsubishi)

*Attended the meeting.