

September 3, 2004

Minutes of the 72th Meeting
of the Tokyo Foreign Exchange Market Committee
(TFEMC)

Time and date of the meeting:	13:00-15:30 March 22, 2004
Venue:	Bank of Japan
Chairperson:	Mr. Tetsuji Ogino
Vice-chairperson:	Mr. Akio Kashima
Vice-chairperson:	Mr. Tadahiko Nashimoto
Secretary:	Mr. Satoshi Kawazoe
Attending committee members:	12

I. Election of Chairperson

Mr. Nashimoto, Vice-chairperson of the Committee, reported that the term of Mr. Ogino as Chairperson and Member of the Committee would shortly expire. Mr. Ogino expressed his wish to serve another term and was reelected unanimously.

II. Abolition of reports on the stuffing in trading through brokerage firms

Mr. Noguchi, Observer of the Committee, reported that reports on the stuffing in trading through brokerage firms was to be abolished because the reports have become less relevant indicators as the number of trading through brokerage firms decreased.

— Money Brokers Association reported them to Bank of Japan once a month compiling the data from brokerage firms. The abolishment was reported at the Committee since the former version of the Code of Conduct provided that Tokyo Foreign Exchange Market Practices Committee could request Money Brokers Association to take account of important cases.

III. Activities of Sub-Committees

1. The Sub-Committee on the Committee Steering

Mr. Note, Chairperson of the Sub-Committee, reported that Mr. Nakajima expressed his wish to resign from the Committee. Mr. Imai expressed his wish to resign as the Chairperson on Education, and Mr. Kawano announced the candidacy for its Chairperson and was elected unanimously.

Mr. Note also reported on the changes of member's affiliation as follows.

- Mr. Nakajima would withdraw from the Sub-Committees on the Committee Steering and the Code of Conduct.
- Mr. Imai would withdraw from the Sub-Committees on Education, Market Research and the Code of Conduct.
- Mr. Oki would withdraw from the Sub-Committee on the Education.
- Mr. Kawate would participate in the Sub-Committees on the Code of Conduct and E-commerce.

Mr. Ogino, Chairperson of the Committee, proposed that the issues about business continuity in foreign exchange markets, whose treatment had been entrusted to the Sub-Committee on Committee Steering, be discussed concretely in the Sub-Committee on Market Research. And it was approved.

2. The Sub-Committee on Legal Matters

Mr. Takeda, Chairperson of the Sub-Committee, reported that the Sub-Committee discussed the following issues in relation to the elimination of exchanging MT300 for confirmation related to CLS eligible transaction: ISDA Master Agreement and its related contracts for foreign exchange transaction, current market practice, relevant clauses for confirmation in 1992 ISDA Master Agreement, the definition of confirmation in 1998 FX and Currency Option Definitions and sending and matching instructions to CLS Bank.

3. The Sub-Committee on Settlement

Mr. Hanao, Member of the Committee, reported on behalf of Mr. Ichikawa, Chairperson of the Sub-Committee, that Mr. Ichikawa met Mr. Tom Newman

from CLS Bank and exchanged views on the effects of eliminating MT300 for confirmation related to CLS eligible transaction.

4. The Sub-Committee on Market Research

Mr. Takenaka, Observer of the Committee, reported on behalf of Mr. Kashima, Chairperson of the Sub-Committee, as follows.

- 1) The Sub-Committee completed "The study of Ancillary Electronic Trading Systems" (The Report) as the result of discussion in the Sub-Committee before EBS introduced "Prime Broker".
- 2) The Sub-Committee would send The Report to overseas FX committees and ask for their opinions. Also, the Sub-Committee would share The Report with market participants by carrying it on the Committee home page.

It was decided that The Report would be discussed again at the next Committee after the Sub-Committee carried examination afresh based on today's discussion.

5. The Sub-Committee on Code of Conduct

Mr. Nakajima, who was going to resign at this meeting, presented his idea as follows on the future direction of the Sub-Committee and its prospective activities.

- The Sub-Committee would be held once a month.
- Each necessary revision would be taken care of and Orange Book 2003 would be amended thereof, in order for making the further revision efficient.
- For the present, the Sub-Committee would discuss the inclusion of a supplementary note to the main text and the necessity of adding clauses on the elimination of MT300 for confirmation related to CLS eligible transaction or on some new additional contents in ACI Model Code.

6. The Sub-Committee on NDF

Mr. Inamura, Chairperson of the Sub-committee, reported as follows.

- 1) The way and contents of test poll were confirmed on Steering Group on February 26th and Large Group Call on February 27th.

- 2) NY foreign exchange market committee replied to the questions brought up at the Sub-Committee as follows.
 - The way of test poll (rolling or clean up) would be further discussed based on the result of the test poll.
 - It would be left on open issue to fix a valuation relevant city for deciding a confirmation template valuation date.
- 3) Singapore foreign exchange market committee reported that test polls about Asian currencies, which were Indonesian rupiah, Philippine peso, Korean won, Indian rupee, Taiwan dollar and Chinese yuan, started from March 1st and went smoothly.

List of Tokyo Foreign Exchange Market Committee Members
(March 22, 2004)

Members

Chairperson:

Mr. Tetsuji Ogino* (Bank of Tokyo-Mitsubishi)

Vice-chairperson and Chairperson on Market Research:

Mr. Akio Kashima (Mizuho Corporate Bank)

Vice-chairperson:

Mr. Tadahiko Nashimoto* (Barclays Bank)

Secretary:

Mr. Satoshi Kawazoe* (Bank of Japan)

Chairperson of the Sub-Committee on Committee Steering:

Mr. Hirokazu Note* (Sumitomo Mitsui Banking Corporation)

Chairperson of the Sub-Committee on Public Relations:

Mr. Kazuhiro Oki* (EBS Dealing Resources Japan)

Chairperson of the Sub-Committee on Education:

Mr. Fumihiko Kawano* (Nomura Securities)

Chairperson of the Sub-Committee on Legal Matters:

Mr. Keiichiro Takeda* (The Mitsubishi Trust and Banking Co.)

Chairperson of the Sub-Committee on Settlement:

Mr. Toru Ichikawa (Mizuho Bank)

Chairperson of the Sub-Committee on NDF:

Mr. Hidehiko Inamura* (Citibank)

Chairperson of the Sub-Committee on the Code of Conduct

Mr. Yoshiharu Yanagisawa* (State Street Bank and Trust Company)

Chairperson of the Sub-Committee on E-commerce

Mr. Kosuke Hanao* (The Royal Bank of Scotland)

Mr. Masato Imai (UFJ Bank)

Mr. Masayoshi Takegawa (Merrill Lynch Japan Securities)

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

Mr. Yasuhiro Kawate* (Reuters Japan)

Observers

Mr. Yoshihiko Noguchi* (Money Brokers Association)

Mr. Tetsuya Inoue* (Bank of Japan)

Mr. Mitsuhide Terasawa* (Bank of Tokyo-Mitsubishi)

Mr. Koichi Takenaka* (Mizuho Corporate Bank)

*Attended the meeting.