

Minutes of the 148th Meeting
of the Tokyo Foreign Exchange Market Committee
(TFEMC)

Time and date of the meeting:	13:00-14:30 January 11 th , 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:	20

I. Resignation and Election of Members

Mr. Hoshino, Chairperson of the Committee, reported that he had received an application from Mr. Tomohiro Iwata (Goldman Sachs Japan Co.) as a successor to Mr. Odagawa. After listening to Mr. Iwata's speech and reviewing Committee members' recommendations, a vote was taken, and the candidate was elected unanimously as a member of the Committee.

II. 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 review of the Code of Conduct, discussion points of trade repositories, and the request to report the activities of each Sub-Committee at the Annual General Meeting.

2. Sub-Committee on Market Research

Mr. Tsutsui, Associate Member of the Committee, reported that the Sub-Committee had formally written a letter on behalf of the TFEMC to visit financial institutions which would be expected to newly participate in the "Turnover Survey of Tokyo FX Market." In addition, the Committee confirmed

that members of the Committee would visit those institutions this month and hold an explanatory meeting for them around February and March 2012 as scheduled.

3. Sub-Committee on BCP

Mr. Hoshino, Chairperson of the Committee, reported that the Sub-Committee had checked every single step of the BCP exercise which was scheduled for January 26, 2012.

4. Sub-Committee on Legal Matters

Mr. Imanishi, Chairperson of the Sub-Committee, reported that the Sub-Committee had asked the Investment Trusts Association, Japan and Japan Securities Investment Advisers Association to advertise for public comment regarding the recommendation of the dollar/yen rate, which is used to calculate the fixing rate of NDF transactions. In addition, the Committee agreed to request public comment through ACI Japan. Mr. Hoshino, Chairperson of the Committee, also reported that the Sub-Committee would also post an English translation of the announcement about inviting public comments on the Committee's web site in order to inform foreign investors.

5. Sub-Committee on Education

Mr. Maeba, Member of the Committee, reported that the Sub-Committee would invite Mr. Osamu Takashima from Citibank Japan and Mr. Daisaku Ueno from UBS AG to the next Forex Seminar as guest speakers.

III. Others

1. Review of the Code of Conduct

Mr. Takeuchi, Secretary of the Committee, explained a note prepared by the Foreign Exchange Committee (FXC), which compared codes of conduct in several countries. He also proposed that the Committee should review the Code of Conduct of the TFEMC this year. Based on the discussion, the Committee decided that the Sub-Committee on Code of Conduct would review it, providing an international comparison.

2. Trade Repository

Mr. Hoshino, Chairperson of the Committee, proposed that the Committee should collect information about the recent developments in new regulations on the FX trading, including the discussion about trade repositories, and make constructive proposals to the authorities. Regarding this proposal, Mr. Takagi, Member of the Committee, suggested that the Committee should hold a joint discussion among members of the Sub-Committee on Legal Matters, Market Research, and Operation. The Sub-Committee on Operation and the Sub-Committee on Legal Matters supported the idea. Based on the discussion, however, the Committee recognized that details such as members and activities should be decided first and concluded that each financial institution would choose the right persons for this issue and inform Mr. Mori, Associate Member of the Committee, of their names and titles.

3. Reports on Activities of Sub-Committees at the Annual General Meeting

Mr. Hoshino, Chairperson of the Committee, asked each Sub-Committee to prepare a report on its activities by early February for the Annual General Meeting, which would be held on February 28, 2012.

4. Decrease in the Number of Members of the TFEMC

Mr. Takeuchi, Secretary of the Committee, stated that the number of members of the TFEMC might decrease this year as a result of mergers between financial institutions. Regarding this comment, Mr. Imanishi, Member of the Committee, mentioned that the merger between Sumitomo Trust and Banking Co. and Chuo Mitsui Trust and Banking in April would reduce the number of members of the Committee from two to one. He also stated that with more human resources, Sumitomo Trust and Banking Co. and Chuo Mitsui Trust and Banking would continue to play their role in a proper way in terms of the contribution to the activities of each Sub-Committee, including the discussion on trade repositories.

5. BIS Survey in 2013

Mr. Takeuchi, Secretary of the Committee, reported that the BIS had proposed to expand various items of the Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity. The Committee decided that Mr. Takeuchi would report the details of the draft proposals by the BIS to

the Sub-Committee on Market Research after consulting with the BIS in order to review various issues, including the burden of financial institutions.

6. FX Market Opening Hours during Winter Holidays

Each member of the Committee explained its practice of opening hours during the year-end and new-year holidays (Australian market holidays on December 26 and January 2). Based on the discussion, the Committee concluded that there were concerns about the manipulation of the market price when the market liquidity was extremely low. The Committee decided to ask the ISDA an opinion about using the market price in an extremely illiquid market as an exercise price of options. The Committee also agreed that it was desirable to discuss the opening hours during the year-end and new-year holidays at the Global FX Committee, which would be held in Frankfurt in the spring of 2012.

List of Tokyo Foreign Exchange Market Committee Members

(January 11th, 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.