March 30, 2001

Minutes of the 37th Meeting of the Tokyo Foreign Exchange Market Committee

Time and date of the meeting:	13:00-15:30 September 20, 2000
Venue:	Bank of Japan
Chairperson:	Mr. Toshiyuki Morioka (Bank of Tokyo-Mitsubishi)
Vice-chairpersons:	Mr. Takashi Okura (Barclays Bank)
Secretary:	Mr. Hirochika Nishikawa (Bank of Japan)
Attending committee members:	14

1. Committee (Steering Sub-committee)

In response to the decision taken at the 33rd meeting of the Committee held on April 20th, requesting the Bank of Japan (BOJ) to give further support and commitment to the Committee, Mr. K. Kobayashi (BOJ) explained BOJ's thinking at this stage.

(a) BOJ will continue to allow its staff to join the Committee in a private capacity. Besides it, BOJ itself is also ready to give more formal support to the Committee, in view of its wish to make appropriate contributions, as a market participant, to improve the functioning of the Tokyo foreign exchange market, and also in recognition of the important role the Committee has played as a channel for exchanging views between BOJ, as a monetary authority monitoring market developments, and other market participants.

—— Considering the character of the Committee that each member serves the Committee in a private capacity, BOJ regards it more appropriate to give a general support to the Committee's activities than to take the initiative as the authorities.

(b) More specifically, BOJ is considering following measures to support the Committee

(i) Provision of human resources as needed

—— For example, contributing analyses and/or advise by staff with appropriate expertise.

(ii) Raising institutional awareness of the useful and important role played by the Committee at institutions which members belong to, and encouraging these institutions to facilitate member's activities.

—— For example, issuing letters to encourage new members, holding meetings where Committee members and their superiors can exchange views with executive officers of BOJ.

(c) BOJ hopes that the support mentioned above would assist members to obtain further support from their organizations for the Committee's activities.

(d) Meanwhile, BOJ requests the Committee to further strengthen its activities and improve its transparency, for example, the eligibility for the membership and the procedure for electing new members.

Members welcomed the report, and decided that issues such as the strengthening of the Committee's activities and improving the transparency of the procedures for appointing new members should be discussed at the Steering Sub-committee.

2. Resignation and Recruitment of Members

Mr. T Takemoto expressed his will to resign at the end of his term in September.

The Committee then discussed general policies concerning the recruitment of new members. At the 33rd meeting, the Committee decided not to recruit new members in the light of the ongoing review of Committee functioning. Considering the significant progress in this area at the Steering Sub-committee, the Committee decided to resume the recruitment of new members, adopting a more transparent procedures. It was decided to post the announcements for recruitment on the Committee's Web site, and to elect new members by a vote by the Committee members. As for the public notices, the Committee decided to clearly indicate that members were expected to make active contributions, including drawing support from member's organizations.

3. FX Seminar

Mr. H. Watanabe, Chairperson of the Sub-committee on Education and Public Relations, suggested reconsidering the subject and the logistics of the Seminar. A number of members expressed their support for the view that the task of preparing the Seminar must be shared, and would prefer holding smaller-audience seminars on more specialized subjects.

Issues including the cooperative arrangements with the Japan Forex Club and the desirability of holding large-scale seminars will be further discussed in the Sub-committee.

4. CFD

Mr. N. Kanda (Reuters Japan) reported on the progress of CFD index rate testing in London.

(a) In late August, a Japanese newspaper reported that transactions to settle differences would be introduced in the forex market from September, but it was incorrect. Actually, the BBA selected the contributing panel for the Fixing Rates in August, and Reuters started intra-form tests using the Fixing Rates obtained from a few firms on the panel from September 6th.

(b) After tests involving all the contributing firms have been completed, BBA is going to organize a study group and consider the matters such as the documentation of CFDs and SWIFT message formats.

(c) At first, the test was planned to have been completed by the end of September, but Reuters is 2~3 weeks behind schedule, with program installation for the contributors not yet complete.

Considering the progress in London, the Committee decided to reactivate the Sub-committee on CFD in order to follow the situation of the test, and appointed Mr. K. Sugata as the chairperson.

5. Other Matters

(1) EBS Voice Service

Mr. E. Ishikawa (EBS) reported about the EBS voice service as follows.

(a) EBS decided to quit providing the voice service after it had considered the problem of the inappropriate use of the service by some of users.

(b) However, regarding Tokyo market, where there is a strong demand from users, EBS is considering, from technical and legal perspectives, the possibility to continue the service as an exception.

A number of members pointed that provision of the voice service was a issue to be determined within the framework of bilateral contracts with individual institutions, therefore the idea to treat the whole Tokyo market participants as an exception appears odd, and may give a negative impression on market participants in overseas markets.

The Committee agreed that it was regrettable to see uses of the service in violation of contracts, and that such violations should cease immediately.

(2) Web site

Mr. H. Watanabe, Chairperson of the Sub-committee on Education and Public Relations, reported that the web site of the Committee would soon be opened.

(3) NDF

Mr. T. Takamatsu, Chairperson of the Sub-committee on Risk Management, reported and proposed as follows, and the Committee approved his proposal.

(a) EMTA had informed that the teleconference of the Asia NDF Sub-Committee would be held on 26th September connecting London, Tokyo, Singapore and Hong Kong.

(b) The agenda would be to decide seven Reference Dealers for five Asian currencies, and to discuss the Asian Currency Templates related issues that have not been settled by the last meeting.

(c) While the Sub-committees on Risk Management and Legal Issues, which had monitored the discussion on NDF so far, in view of the fact that significant progress had been seen on major issues, as a rule, each interested firm should individually take part in further deliberations at EMTA. Nevertheless, if it becomes apparent that there were topics common to Tokyo market participants more generally, the Committee will revisit NDF issues.

(4) Request from International Banker's Association

Mr. T. Okura, Vice-chairperson of the Committee, reported as follows.

(a) The International Bankers' Association (IBA) asked the Committee to send a speaker to IBA's Financial Market Committee to be held on October 10th.

(b) Mr. T. Okura, as a speaker, Mr. T. Morioka, chairperson of the Committee, and Mr. K. Kobayashi would attend the IBA's committee.

List of Tokyo Foreign Exchange Market Committee Members

(September 21, 2000)

Members

Chairperson:

Mr. Toshiyuki Morioka* (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 Trust and Banking Co.)

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 model Code

Mr. Nao Nakajima* (Standard Chartered Bank)

Mr. Hirokazu Note* (Sumitomo Bank)

Mr. Katsuhiko Sugata* (Fuji Bank)

Mr. Satoshi Matsuda* (Commonwealth Bank of Australia)

Mr. Takahiko Takemoto* (Deutsche Bank)

Mr. Eiichi Ishikawa* (EBS Dealing Resources Japan)

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)

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

*Attended the meeting.