

**Minutes of the 64th Meeting
of the Tokyo Foreign Exchange Market Committee
(TFXMC)**

Time and date of the meeting: 13:00-15:20 May 28, 2003
Venue: Bank of Japan
Chairperson: Mr. Tetsuji Ogino (Bank of Tokyo-Mitsubishi)
Vice-chairperson: Mr. Kazunari Kobayashi (State Street Bank)
Vice-chairperson: Mr. Akio Kashima (Mizuho Corporate Bank)
Secretary: Mr. Satoshi Kawazoe (Bank of Japan)
Attending committee members: 17

. Revision of Code of Conduct

Mr. Nakajima (Standard Chartered Bank), the chairperson of the sub-committee on the Code of Conduct reported as follows, and the proposals were adopted:

- 1) A few amendments were introduced since the previous draft was distributed to members. These should be the last amendments:
 - a) On the obligation of staff engaged in foreign exchange and money market operations (Article 3), “is encouraged” was changed to “should observe”
 - b) On training personnel (Article 6), “rapid expansion” was changed to “rapid changes” and “complexity” was changed to “complex transactions.”
- 2) As regards English translation of the draft, the sub-committee was looking into quotes received from potential translators.
- 3) The new Code will be referred to as “ORANGE BOOK 2nd edition.”

. Activities of Sub-Committees

(1) The Sub-Committee on NDF

Mr. Inamura (Citibank), Chairperson of the Sub-Committee, reported as follows:

1) Feedback on the survey on NDF confirmation practices

A feedback based on returns received so far was provided to the respondents to the questionnaire and overseas (Hong Kong, Seoul, Singapore, Frankfurt, London and New York) market committees. The results were also posted on the website of the Committee and ACI Japan. Additional responses were received from members of the Hong Kong committee.

2) Conference call for the “Asian NDF Working Group”

A suggestion was made by the New York committee on necessary revisions to templates pertaining to Asian currencies (CNY, IDR, INR, KRW, TWD and PHP). Individual members were assigned to review the templates. The results of the review would be discussed at the second conference call scheduled for June 2.

(2) The Sub-Committee on Committee Steering

Mr. Note (Sumitomo Mitsui Banking Corporation), Chairperson of the Sub-Committee, reported as follows, and the proposals were approved:

1) Responding to inquiries

- a) Inquires should, in principle, be received through the e-mail address of the Committee. Responses would also be sent from the address.
- b) The chairperson of the sub-committee that is most closely related to the subject of an inquiry would determine the procedure by which the inquiry would be answered. Available options are:
 - i) The inquiry would be answered by the chairperson;
 - ii) The response to the inquiry would be drafted by the sub-committee; or
 - iii) The response to the inquiry would be drafted by the sub-committee and endorsed by the full Committee.

In cases of i) and ii) above, draft responses would be circulated to members of the sub-committee on Committee Steering before dispatching them to inquiring persons.

- c) If the subject matter of inquiries concerns issues of general interest, FAQs could be compiled by the respective sub-committees and posted on the Committee website.
- 2) The sub-committee would devote ample time in considering the amendments to the Charter of the Committee, which might no longer be consistent with the objectives of the Committee as a result of changes including the revision of foreign exchange laws.

(3) The Sub-Committee on Education

Mr. Imai (UFJ Bank), Chairperson of the Sub-Committee, reported as follows, and the proposals were approved:

- 1) The Forex Seminar would be held as follows:

Date: July 8, 2003

Venue: Nomura Securities (Otemachi Urban Net Building)

Speakers: “Outlook on the world economy and foreign exchange rates”

by Mr. Mitsumaru Kumagai (Mizuho Securities)

“U.S. Political Landscape” by Mr. Yoichi Ito (STB Research Institute)

- 2) The joint seminar with ACI Japan was being worked out (the idea was conveyed to ACI Japan and agreed in principle).
- 3) A seminar on “ORANGE BOOK 2nd edition” is envisaged as a separate seminar.

(4) The Sub-Committee on Market Research

Mr. Kashima (Mizuho Corporate Bank), Chairperson of the Sub-Committee, reported as follows, and the proposals were approved:

- 1) The sub-committee held a general examination of issues, including “the internalization of the yen,” “changing market practices,” and “functions of Tokyo operations of overseas institutions.”
- 2) Based on this discussion, the role of the sub-committee was discussed, and it was decided that the sub-committee would, with an aim to promote the Tokyo market, examine and analyze developments in the Tokyo foreign exchange market, and explore possible actions that can be taken by the Committee. More specifically, it was envisaged that the sub-committee would, for the next few meetings, invite experts on currency overlay, hedge funds active in Japan, etc., and review developments on those issues.

List of Tokyo Foreign Exchange Market Committee Members
(28 May, 2003)

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

Secretary:

Mr. Satoshi Kawazoe* (Bank of Japan)

Chairperson of the Sub-committee on Committee Steering and E-commerce:

Mr. Hirokazu Note* (Sumitomo Mitsui Banking Corporation)

Chairperson of the Public Relations

Mr. Noriaki Kanda* (Reuters Japan)

Chairperson of the Sub-committee on Education

Mr. Masato Imai* (UFJ Bank)

Chairperson of the Sub-committee on Legal Matters:

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

Chairperson of the Sub-committee on CLS:

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. Nao Nakajima* (Standard Chartered Bank)

Mr. Fumihiko Kawano* (Nomura Securities)

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

Mr. Tadahiko Nashimoto* (Barclays Bank)

Mr. Masayoshi Takegawa* (Merrill Lynch Japan Securities)

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

Mr. Kazuhiro Oki* (EBS Dealing Resources Japan)

Observers

Mr. Yoshihiko Noguchi* (Money Brokers Association)

Mr. Yoshinori Nakata* (Bank of Japan)

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

Mr. Koichi Takenaka* (Mizuho Corporate Bank)

*Attended the meeting.