

January 14th, 2010

Minutes of the 127th Meeting
of the Tokyo Foreign Exchange Market Committee
(TFEMC)

Time and date of the meeting:	13:00-14:00 October 21 st , 2009
Venue:	Bank of Japan
Chairperson:	Mr. Akira Hoshino
Vice-Chairperson:	Mr. Hokuto Nakano
Vice-Chairperson:	Mr. Tadahiko Nashimoto
Secretary:	Mr. Keiichi Miyata
Attending committee members:	22

I. Presentation Themes at the “Global Meeting of Foreign Exchange Committees”

Mr. Miyata, Secretary of the Committee, reported that Mr. Hoshino, Chairperson of the Committee, would explain recent activities of Japanese foreign exchange margin traders and Mr. Miyata himself would explain recent developments in Japan’s foreign exchange market at the “Global Meeting of Foreign Exchange Committees” to be held on December 2nd in Singapore, and this was approved.

II. “Quarterly FX International Committee Liaison Conference”

Mr. Miyata, Secretary of the Committee, reported that, at the quarterly regular conference call with secretaries of each foreign exchange market committee, he explained about activities of the joint BCP exercise with the money market and securities market and about the discussion on settlement risk immediately after the failure of Lehman Brothers. He also reported that other committees had similar discussions on settlement risk and that many of them found CLS played a certain role in reducing the risk.

III. Disposal of Some Publications

Mr. Noguchi, Associate Member of the Committee, offered a proposal on the disposal of excess stock of the Committee's printed publications, "Overview of the Tokyo Foreign Exchange Market" and "Description of 1998 FX and Currency Option Definitions," and it was approved.

The Committee, however, agreed to post "Description of 1998 FX and Currency Option Definitions" on the Committee's web site with a view to better meeting user needs.

IV. Possible Effects of a New National Holiday to Celebrate the Emperor's 20-year Reign

Mr. Koike, Member of the Committee, pointed out that depending on the discussions at the current extraordinary session of the Diet, November 12th might become a national holiday to celebrate the 20th Anniversary of His Majesty the Emperor's Accession to the Throne. He remarked that, in that case, the market would need to consider the settlements and exercises of transactions whose due date is the day of the new national holiday. In response, the Committee agreed to summarize and announce its impact to the market, if the bill cleared the Diet.

V. Activities of Sub-Committees

1. Sub-Committee on BCP

Mr. Hoshino, Chairperson of the Sub-Committee, reported that he and the representatives in the money market and securities market held a meeting and agreed to conduct the joint BCP exercise around the second week of February 2010. Mr. Hoshino, Chairperson of the Sub-Committee, also said that he would report the scenario when its details were confirmed.

VI. Others

Mr. Amagi, Associate Member of the Committee, introduced the discussion mainly held in Europe about introducing international solidarity levy on foreign exchange transactions. According to Mr. Amagi, the funds raised by the levy are expected to be utilized not only for assistance to developing countries but also for the stabilization of the financial market. Since the levy would have a great influence on foreign exchange market, the

Committee agreed to monitor carefully how the discussion would proceed and to consider expressing the Committee's opinion on it if necessary.

Mr. Koike, Member of the Sub-Committee on Committee Steering, reported that it had become the mainstream in the United States and Europe to set the premium payment date of FX option contract not on spot date but on the delivery date of the contract. On this point, Mr. Hoshino, Chairperson of the Committee, reported that according to the interview with the FXJSC, it often happened that market participants could not reach the agreement on interest rates for calculating the premium amount paid on spot date especially after the failure of Lehman Brothers. Therefore, it had become common in London market to pay the premium not on spot date but on the delivery date of the contract. Although it did not mean that premium payment on spot date could not be accepted in the immediate future, the Committee agreed to examine the feasibility of the business procedures and processing system, and to discuss whether it was necessary to make modifications.

List of Tokyo Foreign Exchange Market Committee Members
(October 21st, 2009)

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. Keiichi Miyata* (Bank of Japan)

Chairperson of the Sub-Committee on Committee Steering:

Mr. Masaru Matsuo* (Mitsubishi UFJ Trust and Banking Co.)

Chairperson of the Sub-Committee on Public Relations:

Mr. Kazuhiro Ooki* (EBS Dealing Resources Japan)

Chairperson of the Sub-Committee on Education:

Mr. Hiroshi Maeba (Nomura Securities)

Chairperson of the Sub-Committee on Legal Matters:

Mr. Masashi Kobayashi* (Sumitomo Trust and Banking Co.)

Chairperson of the Sub-Committee on Code of Conduct:

Mr. Koichi Yoshikawa* (BNP Paribas)

Chairperson of the Sub-Committee on Settlement:

Mr. Atsushi Komatsu* (Mizuho Bank)

Chairperson of the Sub-Committee on E-Commerce:

Mr. Masamichi Koike* (Sumitomo Mitsui Banking Co.)

Mr. Katsunori Kitakura* (Chuo Mitsui Trust and Banking)

Mr. Masatomo Odagawa* (Goldman Sachs Securities)

Mr. Ryuichi Atsuta* (Bank of America)

Mr. Yuji Sokawa* (Reuters Japan)

Mr. Masanobu Ishikawa* (Tokyo Forex & Ueda Harlow)

Mr. Tomoo Onishi* (Deutsche Securities)

Mr. Taiji Hirota* (JPMorgan Chase Bank)

Associate Members

Mr. Yoshihiko Noguchi* (Money Brokers Association)

Mr. Keiichi Uchiyama* (Mizuho Corporate Bank)

Mr. Yutaka Amagi* (Bank of Tokyo-Mitsubishi UFJ)

Mr. Akihiko Watanabe* (Bank of Japan)

Observer

Mr. Daiho Fujii* (Ministry of Finance)

*Attended the meeting.