

Minutes of the 154th Meeting
of the Tokyo Foreign Exchange Market Committee
(TFEMC)

Time and date of the meeting:	13:00-14:15 July 25 th , 2012
Venue:	Bank of Japan
Chairperson:	Mr. Akira Hoshino
Vice-Chairperson:	Mr. Hokuto Nakano
Vice-Chairperson:	Mr. Tadahiko Nashimoto
Secretary:	Mr. Yoshihito Saito
Attending committee members:	21

I. Activities of Sub-Committees

1. Sub-Committee on Committee Steering

Mr. Tsukada, Chairperson of the Sub-Committee, reported the summary of discussions in several Sub-Committees, which had met after the last Committee.

In addition, he reported the progress made in implementing the Turnover Survey of Tokyo Foreign Exchange Market by the Committee and the survey on retail margin trading by the Financial Futures Association of Japan. Regarding the Turnover Survey, he explained that the Sub-Committee on Market Research had shared its result at the Sub-Committee meeting on July 18 and that the Sub-Committee would publish the survey result on July 30 following the discussion at today's meeting. Regarding the survey on retail margin trading, he explained that the Sub-Committee on Market Research would share its result at the Sub-Committee meeting in August and ask the Financial Futures Association of Japan to report the result to the Committee in September.

2. Sub-Committee on E-Commerce

Mr. Takagi, Chairperson of the Sub-Committee, reported that the Sub-Committee had discussed on July 23 the revision of the Orange Book related to e-commerce and decided to add and revise some sentences by referring to the Model Code published by the ACI. In addition, he explained that the Sub-Committee would consider how to formulate the trading practice of prime brokerage in the Orange Book including the necessity of creating a new chapter, by cooperating with the Sub-Committee on Code of Conduct.

3. Sub-Committee on Code of Conduct

Mr. Yoshikawa, Chairperson of the Sub-Committee, reported the basic policy of the revision to the Code of Conduct. Specifically, he explained that the Sub-Committee would compare the content of the Orange Book with that of the Model Code by the ACI and formulate a new code in line with the current market practice based on the current Orange Book, and his proposal was approved by the Committee members.

In addition, Mr. Hoshino, Chairperson of the Committee, mentioned that the content of the revised Code of Conduct should be subject to a legal check. Based on the discussion, the Sub-Committee on Legal Matters would examine the new code from a legal perspective when the Sub-Committee of Code of Conduct mostly completed the revision.

4. Sub-Committee on Education

Mr. Yoshikawa, Chairperson of the Sub-Committee, reported that the Committee would hold a Forex Seminar on August 27 jointly with ACI Japan and invite Mr. Sasaki from JPMorgan Chase Bank and Mr. Ikeda from Nomura Securities as guest speakers.

II. Turnover Survey of Tokyo Foreign Exchange Market

Mr. Ide, Associate Member of the Committee, reported the result of the Turnover Survey of Tokyo Foreign Exchange Market. Specifically, he explained that the monthly foreign exchange turnover in April 2012 decreased slightly compared with one year ago owing to the lower volatility of major currency pairs in the foreign exchange market. In addition, he explained that regarding the trading instrument, the turnover in spot and option transactions decreased, while that in forward transactions increased slightly. He also explained that by

execution method, the volume of electronic trading, which had increased in the past two years, was lower than a year earlier, while the volume of non-electronic trading such as trading through voice brokers increased.

Mr. Nakano, Vice-Chairperson of the Committee, requested the Committee members to recognize once again that the basis of reporting for both the Turnover Survey and BIS Triennial Central Bank Survey was the location of the sales desk. Based on the discussion, the Committee members agreed to remind the staff working on the survey to report the data on a sales desk basis in the next survey in October 2012.

III. Margin Requirements for Non-Centrally-Cleared Derivatives

The Committee invited Mr. Kobayashi, Director of the Bank of Japan, and asked him to explain the consultative paper on margin requirements for non-centrally-cleared derivatives issued by the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO). After his presentation, a lively Q&A session with Committee members was conducted. Mr. Kobayashi asked Committee members to send comments to the BCBS and IOSCO if they had any opinions on the consultative paper.

List of Tokyo Foreign Exchange Market Committee Members

(July 25th, 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. Yoshihito Saito* (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 Mitsui Trust Bank)

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. Yuji Sokawa* (Thomson Reuters Japan)

Mr. Masanobu Ishikawa* (Tokyo Forex Ueda Harlow)

Mr. Tomoo Onishi (Deutsche Securities)

Mr. Tomohiro Iwata* (Goldman Sachs Japan Co.)

Mr. Atsuo Ogaki* (Nomura Securities)

Mr. Kosuke Hanao* (HSBC)

Mr. Joseph A. Kraft Jr.* (Bank of America)

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)

*Attended the meeting.