

January 6, 2003

Minutes of the 58th Meeting of the Tokyo Foreign Exchange Market Committee

Time and date of the meeting: 13:00-15:00 October 22, 2002
Venue: Bank of Japan
Chairperson: Mr. Tetsuji Ogino (Bank of Tokyo-Mitsubishi)
Vice-chairperson: Mr. Kazunari Kobayashi (State Street Bank)
Vice-chairperson: Mr. Katsuhiko Oda (Mizuho Corporate Bank)
Secretary: Mr. Satoshi Kawazoe (Bank of Japan)
Attending committee members: 16

. Election of the Members

Mr. T. Ogino (Bank of Tokyo Mitsubishi), Chairperson of the Committee, reported that the terms of Mr. K. Kobayashi (State Street Bank and Trust Company), Mr. T. Kanagami (The Mitsubishi Trust and Banking Co.), Mr. K. Ito (Tokyo Forex & Ueda Harlow), and Mr. M. Imai (UFJ Bank) had expired, and that they had expressed their wish to serve for another term.

After reviewing the applications and presentations by the candidates, a vote was taken, and each candidate was reelected unanimously as a member.

. Revision of Code of Conduct

Concerning the draft of the revised Code of Conduct, which had been modified following feedbacks from Committee members, Mr. N. Nakajima (Standard Chartered Bank), Chairperson of the Sub-Committee, reported as follows.

- (a) Some large modifications had been made concerning “Disputes, reconciliation, and settlement of differences” (Article 27) and “Basic Trading Operations and Important Points on Market Etiquette” (Appendix 2). Concerning Article 27, wording has been revised to reflect differences between simple disagreements and those that have developed into legal disputes. Concerning Appendix 2, it has been revised to one that better reflects current business practice.
- (b) The process would be finished after various terminologies reviewed for consistency and the glossary for NDFs finalized.
- (c) The next draft brought to the Committee would be the final product from the Sub-Committee.
- (d) Concerning the process for translation into English, this will be outsourced.

. Activities of Sub-Committees

(1) The Sub-Committee on Committee Steering

Mr. H. Kato (Nomura Securities), Chairperson of the Sub-Committee reported and proposed as follows.

- (1) Based on the decision at the last Committee meeting, the reorganization plan of the Sub-Committees and members had been developed.
- (2) Mr. Noguchi (Money Brokers Association), Mr. M. Imura (Bank of Tokyo-Mitsubishi), and Mr. K. Takenaka (Mizuho Corporate Bank) would officially join the Sub-Committee on Code of Conduct.
- (3) The Sub-Committee on the Market Research would be established as a Standing Sub-Committee. The proposed activity of the Sub-Committee is given below.
 - (a) Conduct research on issues concerning financial markets transactions (not limited to FX market), and accumulate the data for use by the Committee.
 - (b) Based on the above research, if the Committee decides to take up a project, this work will be taken up by the appropriate Sub-Committee or depending on the topic, a new sub-Committee may be established.
 - (c) Mr. K. Oda (Mizuho Corporate Bank) would take up the position of the Sub-Committee Chair. The members of the Sub-Committee would consist of Mr. H. Note (Sumitomo Mitsui Banking Corporation), Mr. K. Hanao (Royal Bank of Scotland), Mr. M. Takegawa (Merrill Lynch Japan Securities), Mr. M. Imai (UFJ Bank), and Mr. Y. Nakata (Bank of Japan).

After discussing the proposals, it was decided that, concerning (1) each Committee member would review the proposed new structure, and proposals (2) and (3) were approved.

(2) the Sub-Committee on Education.

Mr. M. Imai, Chairperson of the Sub-Committee, reported on the planned forex seminar.

Date: 28th November 2002

starting at 18:00pm and lasting about 2 and a half hours

Venue: Nomura Securities, Co. (Tokyo)

Subject: "Changes in trends in financial market since October 2002"

Speaker: Hidenobu Sasaki (Nikko Salomon Smith Barney)

It was also reported that (a) a lecture on the current status of CLS (by the Tokyo office of CLS Bank) would additionally be held at the seminar, (b) the seminar would receive support from the Japan Forex Club, and (c) the invitation notice would be posted on the Committee website.

(3) the Sub-Committee on Legal Matters

Mr. K. Kanagami (Mitsubishi Trust and Banking Co.), Chairperson of the Sub-Committee, reported as follows.

- (a) The Japanese Bankers Association held a seminar on the procedure for customer identity confirmation based on the revised Foreign exchange and foreign trade law on 16th October, and Mr. T. Ogino, and Mr. Imura attended.
- (b) There was a follow-up inquiry from London FXJSC on customer identification confirmation when conducting transactions with funds. The question was whether it was possible that customer identify confirmation could be conducted with the account number that the trust bank provided its clients. The Sub-Committee answered that banks conducting FX business managed such identity confirmation using the name of the trust bank and the client number set by the trust bank.

(4) the Sub-Committee on Public Relations

Mr. N. Kanda (Reuters Japan), Chairperson of the Sub-Committee, reported that the report “Issues regarding the introduction of CLS” and the English version of the minutes of 56th meeting had been posted on the Committee website.

(5) the Sub-Committee on NDF

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

- (a) A draft questionnaire concerning why confirmations for NDFs were not exchanged had been prepared.
- (b) The Sub-Committee would send the questionnaire to financial institutions together with confirmation form based upon the EMTA (Emerging Market Traders Association) standard confirmation template and ask them to comment on it.
- (c) The Sub-Committee will finalize the questionnaire, and submit it at the next Committee meeting.

(6) the Sub-Committee on CLS

Mr. M. Imura reported as follows on behalf of Mr. T. Ichikawa (Mizuho Bank), Chairperson of the Sub-Committee, who was absent.

- (a) The Sub-Committee has sent the English version of the report “Issues regarding the introduction of CLS” to overseas FX Committees.
- (b) Discussions on incorporating provisions concerning CLS into the Code of Conduct would begin at the Sub-Committee meeting on 28th October.

. Other Issues

(1) the Proposal from HK FXMC

Mr. M. Imura reported that HKFXC had suggested holding a joint FX Committee meeting on 1st November at the time of the Asian Forex Meeting at Kuala Lumpur. The issues to be discussed were as follows.

- (1) CLS
- (2) Non Deliverable Product
- (3) Code of Conduct/Money Laundering
- (4) The impact of e-trading in Asia

The Chairman (Mr. T. Ogino) reported that he had responded that the members of Tokyo FXC would attend the meeting. Participating members would be Mr. N. Nakajima, Mr. H. Kato, Mr. M. Imura, and Mr. J. Iwabuchi (Bank of Japan). FX Committees from Tokyo, HK and Singapore were planning to attend.

(2) IMF FSAP

Mr. T. Ogino and Mr. Y. Nakata reported that the IMF mission conducting the Financial Sector Assessment Program (FSAP) for Japan had requested a meeting with the Committee to discuss FX market issues. Mr. Ogino, Mr. S. Inoue (Head of FX&Options, Bank of Tokyo-Mitsubishi), and Mr. Nakata met with a mission member to answer questions.

List of Tokyo Foreign Exchange Market Committee Members
(22 October, 2002)

Members

Chairperson:

Mr. Tetsuji Ogino* (Bank of Tokyo-Mitsubishi)

Vice-chairpersons:

Mr. Katsuhiko Oda* (Mizuho Corporate Bank)

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

Secretary:

Mr. Satoshi Kawazoe* (Bank of Japan)

Chairperson of the Sub-committee on Committee Steering

Mr. Hiromitsu Kato* (Nomura Securities)

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. Takeshi Kanagami* (The Mitsubishi Trust and Banking Co.)

Chairperson of the Sub-committee on E-commerce:

Mr. Hirokazu Note* (Sumitomo Mitsui Banking Corporation)

Chairperson of the Sub-committee on CLS:

Mr. Toru Ichikawa (Mizuho Bank)

Chairperson of the Sub-committee on NDF/CFD:

Mr. Hidehiko Inamura* (Citibank)

Chairperson of the Sub-committee on the Code of Conduct

Mr. Nao Nakajima* (Standard Chartered Bank)

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

Mr. Eiichi Ishikawa* (EBS Dealing Resources Japan)

Mr. Tadahiko Nashimoto* (Barclays Bank)

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

Mr. Masayoshi Takegawa* (Merrill Lynch Japan Securities)

Observers

Mr. Yoshihiko Noguchi* (Money Brokers Association)

Mr. Yoshinori Nakata* (Bank of Japan)

Mr. Motoshi Imura* (Bank of Tokyo-Mitsubishi)

Mr. Koichi Takenaka* (Mizuho Corporate Bank)

*Attended the meeting.

