

July 16, 2004

Minutes of the 71th Meeting
of the Tokyo Foreign Exchange Market Committee
(TFXMC)

Time and date of the meeting:	13:00-15:00 February 23, 2004
Venue:	Bank of Japan
Chairperson:	Mr. Tetsuji Ogino
Vice-chairperson:	Mr. Akio Kashima
Vice-chairperson:	Mr. Tadahiko Nashimoto
Secretary:	Mr. Satoshi Kawazoe
Attending committee members:	15

I. Resignation and Election of Members

Mr. Ogino, Chairperson of the Committee, reported that Mr. Kanda expressed his wish to resign from the Committee, and that Mr. Ogino received an application from Mr. Kawate (Reuters Japan).

After reviewing the application and presentation by the candidate, a vote was taken, and the candidate was elected unanimously as a new member of the Committee.

Mr. Ogino also reported that Mr. Nakajima and Mr. Note expressed their wish to resign as the chairperson on Code of Conduct and E-commerce Sub-Committees respectively.

As their successors, Mr. Oki, Mr. Yanagisawa, and Mr. Hanao announced the candidacy as the chairpersons on Public Relations, Code of Conduct, and E-commerce and they were elected unanimously.

II. Activities of Sub-Committees

1. The Sub-Committee on the Code of Conduct

Mr. Nakajima, Chairperson of the Sub-Committee, reported that the Committee would review Orange Book 2003 taking into consideration, for example, changes in settlement procedures with the expansion of electronic trading, and future revisions of ACI The Model Code.

Mr. Noguchi, Observer of the Committee, reported on the distribution, inventory and finances concerning Orange Book 2003.

2. The Sub-Committee on Committee Steering

Mr. Note, Chairperson of the Sub-Committee, proposed on English translation of the Charter, and it was approved.

3. The Sub-Committee on Education

Mr. Imai, Chairperson of the Sub-Committee, reported on the number of participants to the joint seminar with ACI Japan (Forex club) on February 18th, and on its finances.

4. The Sub-Committee on NDF

Mr. Inamura, Chairperson of the Sub-Committee, reported as follows. All of the proposals concerned were approved.

- 1) In determining a value date in a disruption event, the Sub-Committee would share common understandings of the differences between “Rolling” approach and “Clean up” approach with Singapore Foreign Exchange Market Committee.
- 2) The Sub-Committee would suggest these issues to Singapore Foreign Exchange Market Committee.
 - ① Computing the Indicative Survey Rates by eliminating the highest and lowest 25% of total returns and averaging the remaining 50%, in order to prevent manipulation by poll participants.
 - ② Including Tokyo and Hong Kong in addition to Singapore as the relevant city of Valuation Date, thereby treating equally these three international financial centers in Asia.

5. The Sub-Committee on Settlement

Mr. Hanao, Member of the Committee, reported on behalf of Mr. Ichikawa, Chairperson of the Sub-Committee, that the Sub-Committee identified the following issues regarding the effects of eliminating the exchange MT300 for confirmations related to CLS eligible transaction: Disruptions at CLS, Delay in reconfiguring systems at banks, Third parties trading, and Trading with investment funds.

He also reported that the Sub-Committee would discuss these issues in detail.

6. The Sub-Committee on Public Relations

Mr. Kanda, Chairperson of the Sub-Committee, reported that the members list, the charter, and the organization document of the Committee were uploaded on the Committee web site. He also reported that English translation of the Charter would be posted.

7. The Sub-Committee on Market Research

Mr. Kashima, Chairperson of the Sub-Committee, reported that the Sub-Committee discussed the potential effects of EBS “Prime Broker”. Also, he reported that the Sub-Committee would continue to discuss the release of a statement about ancillary electronic trading systems with the view of exchanging opinions with overseas FX committees.

III. Other Issues

1. Business continuity in financial markets

Mr. Inoue, Observer of the Committee, explained the following issues on business continuity in financial markets.

- (1) Necessity of financial market functioning during disaster
- (2) Conceptual framework of business continuity plan (BCP) in financial markets
- (3) Outline of “The issues for discussion on measures for market level BCP” proposed by the financial markets department of Bank of Japan
- (4) Topics relevant to Tokyo Foreign Exchange Market Committee

After the discussion, Mr. Ogino, Chairperson of the Committee, proposed that these issues be discussed in the Sub-Committee on Committee Steering and it was approved.

2. Publication of Market Review

Mr. Kawazoe, Secretary of the Committee, reported that the financial markets department of Bank of Japan published a volume in the Market Review titled “Tokyo Foreign Exchange Market Committee’s activity — a cooperative approach among market participants toward sound development of financial markets”.

List of Tokyo Foreign Exchange Market Committee Members
(February 23, 2004)

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. Tadahiko Nashimoto* (Barclays Bank)

Secretary:

Mr. Satoshi Kawazoe* (Bank of Japan)

Chairperson of the Sub-Committee on Committee Steering:

Mr. Hirokazu Note* (Sumitomo Mitsui Banking Corporation)

Chairperson of the Public Relations:

Mr. Kazuhiro Oki* (EBS Dealing Resources 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 Settlement:

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. Yoshiharu Yanagisawa* (State Street Bank and Trust Company)

Chairperson of the Sub-Committee on E-commerce

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

Mr. Nao Nakajima* (Standard Chartered Bank)

Mr. Fumihiko Kawano* (Nomura Securities)

Mr. Masayoshi Takegawa (Merrill Lynch Japan Securities)

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

Mr. Yasuhiro Kawate* (Reuters Japan)

Observers

Mr. Yoshihiko Noguchi* (Money Brokers Association)

Mr. Tetsuya Inoue* (Bank of Japan)

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

Mr. Koichi Takenaka* (Mizuho Corporate Bank)

*Attended the meeting.