

ISDA[®] JAPAN MONTHLY UPDATE

April 2010

COMMITTEE ACTIVITIES

ACCOUNTING: Contact Tomoko Morita (tmorita@isda.org)

The draft presentation materials for IASB roundtable on hedge accounting rules in Japan was circulated to Japan Accounting Committee members. The roundtable was scheduled on May 11 with the following agenda:

- Risk management of Japanese corporates and the importance of hedging derivatives
- Hedging needs and challenges for Japanese corporates in applying hedge accounting
- Some special hedge accounting treatment under JGAAP
- Proposed simplifications to existing hedge accounting requirements

REGULATORY: Contact Tomoko Morita (tmorita@isda.org)

The Financial Services Agency (FSA) published the revised Guidelines (*Kantoku Shishin*) regarding rules for investors protection i.e. accountability rules for OTC derivatives, which ISDA submitted comments in February. The revisions focused on the responsibilities of the financial institutions when selling the OTC derivatives and structured products, e.g. maximum loss in the worst case scenario or loss associated with cancellation before maturity has to be explained plainly in writing to the customers.

COLLATERAL: Contact Tomoko Morita (tmorita@isda.org)

The detailed results of an annual survey of Collateral use in OTC derivatives in the Japanese market, which were participated by 22 institutions including Japanese and non-Japanese financial institutions, were distributed to the Japan Collateral Committee on April 27.

REGULATORY/ CREDIT DERIVATIVES: Contact Tomoko Morita (tmorita@isda.org) / Kumi Namba (knamba@isda.org)

JAL AUCTION:

On April 22, 14 dealers participated in the auction to settle CDS trades across the market referencing Japan Airlines Corporation. It was Japan's second CDS auction.

ISDA, with the representatives from member firms and outside counsel, held a session for officials from the Bank of Japan on April 26 to review the JAL auction.

Weather, Commodities & Developing Products: Contact Tomoko Morita (tmorita@isda.org)

PROPERTY DERIVATIVES:

On April 8, Japan Property Derivatives Working Group met to discuss regulatory issues on property derivatives when a bank enters into a property index derivatives transaction. Members also exchanged views on recent environment of property derivatives, including the developments of the indices on Japanese properties (IPD, AJPPi etc). Although the market is still relatively slow, it was agreed to resume discussions on developing the confirmation template for Japanese indices in May/June.

ANNUAL GENERAL MEETING

ISDA's 25th Annual General Meeting was held from April 21st to 23rd in San Francisco. Variety of industry specialists/professionals joined the sessions, including regulators, professors and market participants who discussed industry efforts towards further stability of OTC derivatives market.

Upon expiration of Mr. Atsushi Takahashi (Mizuho Corporation Bank)'s term as ISDA Board Member, Mr. Yutaka Nakajima of Nomura Securities was elected as a new member at the Board of Directors meeting. ISDA would like to thank Mr. Takahashi for his contributions to the association over the years, and welcome Mr. Nakajima.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

ISDA/IASB Roundtable Session (English language video conference)	May 11
Credit CCP Working Group (Japanese language meeting)	May 21
Credit Derivatives Conference at Happo-en (Japanese language conference)	May 27

STAFF NOTES

As of April 26, Akemi Nihira joined the ISDA Tokyo office as a new assistant for Conferences and Membership.