

ISDA® JAPAN MONTHLY UPDATE

August, 2008

COMMITTEE ACTIVITIES

RISK MANAGEMENT: Contact: Tomoko Morita (tmorita@isda.org)

On August 1, ISDA held a seminar jointly with Tokyo Risk Managers Association (TRMA) in which David Mengle, Head of Research at ISDA, updating participants with current issues relevant to Trading Book including Incremental Risk Charge (IRC) outlined in the consultative paper recently issued by Basel Committee, European Commission capital requirement proposals impacting CDS and securitizations market, credit derivative infrastructure issues. Over 80 members from ISDA and TRMA participated in the session and held active discussions after the presentation.

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

The first conference call was organized to provide Chinese update with Japan Regulatory Committee members on August 28, and Keith Noyes and Jing Gu from ISDA Asia Pacific and Way Yee Bay from ISDA Singapore went through recent developments of legal/regulatory & documentation and relevant activities in China.

WEATHER, COMMODITY & DEVELOPING PRODUCTS: Contact: Tomoko Morita (tmorita@isda.org)

Emission Trading: On August 19, ISDA submitted the comment letter to Ministry of Economy, Trade and Industry (METI) on final report of the issues when facilitating an accessibility of emission credits under Kyoto Protocol (Kyoto credits), which was published by METI on June 26.

Property Derivatives: On August 7, the members of Japan Property Derivatives Documentation Task Force met to discuss the confirmation template to be used for transactions referencing Japanese Property Indices. Two index sponsors, Association for Real Estate Securitization (ARES) and IPD Japan, were invited to the meeting to provide additional information about their indices. ARES was newly included in the Annex A of the 2007 ISDA Property Index Derivatives Definitions published on July 24, 2008.

CREDIT DERIVATIVES: Contact: Kumi Namba (knamba@isda.org)

Japan CDS Auction Working Group met on August 6 to discuss issues associated with adoption of credit event auction mechanism in Japan market. Representatives of auction Administrators Creditex and Markit including joined the group to do a presentation on auction history and mechanics, demonstration of auction platform and update on regulatory issues. Members plan to meet again a few weeks after the circulation of initial draft Auction Supplement.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Property Derivatives Documentation Task Force Meeting
(Japanese language meeting)

September 24

Credit Derivatives Committee / CDS Auction Working Group
(Japanese language meeting)

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