

# ISDA<sup>®</sup> JAPAN MONTHLY UPDATE

August, 2010

## COMMITTEE ACTIVITIES

**ACCOUNTING:** Contact Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org))

On August 17, Japan Accounting Committee (JAC) submitted a comment letter to IASB with respect to the proposed revisions to IFRS hedge accounting rules which are under consideration. ISDA and IASB had a roundtable session in May concerning the hedging practices of Japanese corporates, the impact of the proposed changes to hedge accounting on these market participants, and possible simplifications to existing hedge accounting requirements which might enhance the quality of financial statements of these hedgers. The comment letter includes further explanations on the JAC's proposal on hedge accounting and answers to the questions posed by the IASB Staff during the roundtable.

**REGULATORY:** Contact Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org))

### Credit Derivatives

On August 12, Members from Japanese firms from Japan Credit CCP Working Group met to exchange views on central clearing for CDS, including current consideration on participating in the CCP as a clearing member.

### Commodity Derivatives

Japan Regulatory Committee and Weather, Commodity and Developing Products Committee were invited to the call with the members of the IOSCO on August 6. The representatives from the U.S. Commodity Futures Trading Commission (CFTC) and the Federal Reserve Bank of New York (FRBNY) explained the current deliberation with regard to the transparency of the OTC commodity derivatives market, and co-Chairs of Commodities Steering Committee (COSC) and Commodities Major Dealers (CMD) presented the industry's initiatives for increasing market transparency. In addition, the session to exchange opinions between Japanese regulators and market participants was held after the call.

**COLLATERAL:** Contact Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org))

Members from Japan Collateral Committee met to share the current status of the industry initiatives in collateral operations in prior to the Collateral Committee scheduled on September 13. The issues discussed at the meeting are to be shared at the meeting on September 13.

**CREDIT DERIVATIVES:** Contact Kumi Namba ([knamba@isda.org](mailto:knamba@isda.org))

### Market Practice

On August 25, ISDA hosted a call to consider broadening the scope of the ISDA Swaption Matrix to cover CDS Swaptions on Japanese underliers. Participants discussed three proposed parameters for Japan Transaction Types: Exercise Time: 9-4 Tokyo Time; Exercise Business Day: same as in the Physical Settlement Matrix; and Supplement no. 5 to 2006 ISDA Definitions: Excluded.

### Operations

On August 13, ISDA hosted a market call to review the upcoming processing changes in respect to novations of credit derivative transactions. Effective September 30th 2010, the current two-step practice of consent followed by confirmation will be replaced with an automated, single step, process for parties to provide both consent and their confirmation to a novation simultaneously.

### Japan DC Determinations

On August 9, ISDA published Japan DC's decisions on Succession Event questions for 1) Nikko Cordial Corporation and 2) Mitsubishi UFJ Securities Co, Ltd.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

<b>Collateral Committee</b> (Japanese language meeting)	<b>9/13</b>
<b>Credit CCP Working Group</b> (Japanese language meeting)	<b>tbc</b>
<b>Documentation Committee</b> (Japanese language meeting)	<b>tbc</b>
<b>Operations Committee</b> (Japanese language meeting)	<b>tbc</b>