

ISDA[®] JAPAN MONTHLY UPDATE

December, 2010

COMMITTEE ACTIVITIES

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

Japan Regulatory Committee meeting was held on December 6. Agenda items included the US Dodd-Frank Act and the EU regulatory reform proposals for OTC derivatives, with an emphasis on the potential impact on non-US and EU market participants, and Japanese regulatory developments i.e. mandatory clearing requirements.

Credit Derivatives

The Credit CCP Working Group prepared a draft proposal to the FSA in order to resolve the issue of clearing members' unlimited liability against CCP losses. The draft proposal is to set a cap in the form of a multiple of the guarantee fund, which would theoretically cover "unfunded losses" incurred by a clearing member's default. The draft was shared with the FSA on December 24 in order to open discussions as early as possible. A follow-up meeting will be held in January.

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

Collateral Working Group members met to discuss the APAC Portfolio Reconciliation MoU, which went live on January 3, 2011. Members also discussed recent developments of G14 commitments in the area of collateral management operations such as Dispute Resolution Procedure and Market Polling Procedure (MPP).

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

Exposure Draft of the revised IFRS hedge accounting rules were published by IASB, and the matrix comparing current IFRS rules, revised rules being proposed by IASB, and current Japanese rules was circulated to Japan Accounting Committee.

DOCUMENTATION: Contact Kumi Namba (knamba@isda.org)

A meeting of Japan Documentation Committee was held on December 22. Discussion topics included the following: provisions for exclusion of anti-social forces, Section 2(a)(iii) of ISDA Master Agreement and potential changes to netting opinion relating to implementation of legislation requiring mandatory clearing of OTC derivatives.

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

Japan DC Determinations

On December 8, ISDA published Japan DC's decisions on Historical Succession Event questions for 1) Hankyu Corporation, 2) Konica Corporation, 3) Seino Transportaion Co., Ltd., 4) Tomen Corporation, and 5)CSK Corporation.

Similarly on December 23, DC's Successor decision was published for Softbank Investment Corporation.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Weather, Commodities and Developing Products Committee
(Japanese language meeting)

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