

ISDA® JAPAN MONTHLY UPDATE

February, 2008

COMMITTEE ACTIVITIES

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

FIEL: Regulatory Committee/FIEL Legislative Working Group members were asked to comment on the remaining issues which would impact on the current practices. The remaining issues include 1) the treatment of the outstanding swap transactions conducted before the implementation of the FIEL, 2) the treatment of the collateral posted against OTC derivatives transactions and OTC financial future transactions, and 3) the treatment of property index derivatives, i.e. whether or not it is subject to the FIEL.

Retail Structured Products: Two revised drafts of Principles for Managing the Distributor-Individual Investor Relationship with the Japanese translation for reference were distributed to Japan Regulatory Committee members on February 12 and 20. It is intended to release a draft set of principles for public comment early in March, with a view to then finalizing the consultation process over a 6-week period.

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

Property Derivatives: The second meeting of the Japan Property Derivatives Working Group convened on February 6. The agenda for the meeting was the introduction of Japanese Property Indices and the requirements for those indices when they are used in OTC derivatives transactions. No indices associated with Japanese properties is listed on the Annex while the demand for transactions are increasing, and the group discussed which indices they would like to include in the Annex A for Japanese properties.

CREDIT DERIVATIVES: Contact: Tomoko Morita (tmorita@isda.org)

The detailed results of an annual survey of Japanese CDS Market Activities, which were participated by 18 institutions including dealers and non-dealers, were reported back to the survey participants on February 29.

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

ISDA received many comments and questions on the draft for revised version of 1995 ISDA Credit Support Annex (Security Interest - Japanese Law), and the answers to the questions/proposed changes will be explained by Mr. Wani, Japanese legal counsel and Mr. Tanaka, the Chair of the Documentation Committee in the next Japan Collateral Committee scheduled in March.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Collateral Committee (Japanese Language Meeting)	March 10
Property Derivatives Working (Japanese language meeting)	March 14
Emission Trading Working Group (Japanese Language Meeting)	tbc