

ISDA® JAPAN MONTHLY UPDATE

February, 2009

COMMITTEE ACTIVITIES

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

On February 13, Japan Regulatory Committee was held, and members discussed the draft report released by the Ministry of Economy, Trade and Industry (METI) in December 2008. Since early 2008, Commodity Exchange Council which was set up under METI and MAFF held a series of meetings, and the council discussed how to strengthen and reform the structure of the Japanese Commodity market. As a result of discussions, the recommendations were put together in aforementioned report which would lead to the revision of the Commodity Exchange Act which will be submitted to the current Diet session.

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

Japan Collateral Committee members were invited to participate in the annual survey of Collateral use in OTC derivatives in the Japan market. The objective of the survey is to produce useful information to track the local market practices, i.e. the state of collateral use and management among derivatives dealers and end-users who have activities in Japanese market. The responses are due March 2.

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

Japan Credit Derivatives Committee members met on February 17 to discuss the following issues: draft Auction Supplement and related documentation, Credit Event processes prior to the implementation of the new Supplement, and new form of Japan CDS market survey. Also, ISDA provided updates on expected market practice changes in North America and European markets.

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

Japan Variance Swap Working Group meeting was held on February 23 and 27 to continue discussion on the approaches relating to determination of MDE in Japan share variance swap market. New practices agreed by the participants will be published as a Market Practice Statement in March.

Japan Equity Derivatives Committee met by a conference call on February 24 to discuss issues including; G15 agreed methodology for deciding new projects, new equity documentation structure and proposed two new documentation projects: Interdealer Share Swap Annexes project and Basket Option project.

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

On February 25, ISDA participated at the 6th meeting of the Study Group for OTC Derivatives post-trade infrastructure organized by the Tokyo Securities Exchange, Japan Securities Clearing Corporation and Japan Securities Depository Center. Main topic of the meeting was potential launch of a central counterparty in Japan.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Japan Regulatory Committee (English language meeting)	March 3
Japan Credit Derivatives Committee (English and Japanese language call)	March 3
Asia-Pacific Ops IRD Call (English language call)	March 5
Japan Accounting Committee (Japanese language meeting)	March 11

Asia-Pacific Ops Equity Call (English language call)	March 13
Japan Regulatory/Documentation Committee (English language call)	March 18
Asia-Pacific Ops Credit Call (English language call)	March 19
Japan Operations Committee (Japanese language meeting)	tbc