

# ISDA® JAPAN MONTHLY UPDATE

February 2010

## COMMITTEE ACTIVITIES

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

On February 4, Credit Derivatives Committee members met to review and discuss the credit event auction methodology, timeline and processes in advance of upcoming Japanese corporate credit event auctions. Representatives of Auction Administrators (Creditex and Markit) joined the group to provide an overview of auction processes.

On February 11, ISDA circulated a draft of Second ISDA Japan Calculation Agent City Protocol. The protocol enables parties to extend amendments implemented earlier by Japan Corporate Calculation Agent City Protocol to a broader range of legacy Japan CDS transactions (including but not limited to iTraxx, Sovereign and certain bespoke portfolio). With the implementation of this new protocol, the definition of "Calculation Agent City" for applicable trades will be deemed specifying "Tokyo." Comments due February 19.

**COLLATERAL:** Contact Tomoko Morita ([tmorita@isda.org](mailto: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 12.

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

On February 5, ISDA, together with Creditex and Markit, had a meeting with the Financial Services Agency (FSA), where ISDA provided an outline of the DC mechanism and Creditex/Markit, the Auction Administrators, provided an overview of the auction process.

On February 22, ISDA submitted comments to the FSA on the proposed amendments to the Comprehensive Guidelines for Major Banks and for Financial Instruments Business Operators. The purpose of the amendments are to reinforce accountability in derivatives transactions at the time of signing contracts, after entering into transactions and when receiving complaints from clients. ISDA asked for clarifications for terms and intentions of items, and questioned the practicality of some of the guidelines.

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

Japan Accounting Committee Chair, Mr. Akira Takatsuka has stepped down and Mr. Masamichi Ishikawa from Mizuho Corporate Bank took up the position.

**WEATHER, COMMODITY & DEVELOPPING PRODUCTS:** Contact Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org))

On February 2&10: ISDA attended the second and third meetings of METI's Study Group on OTC Commodity Derivatives as an observer. Members discussed the issues preventing the commodity derivatives market development in Japan.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

**Collateral PR/DRP Working Group**  
(Japanese language meeting)

March 10

**Risk Management Committee**  
(Japanese language meeting)

tbd