

ISDA® JAPAN MONTHLY UPDATE

July, 2006

COMMITTEE ACTIVITIES

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

Definitions of two newly proposed JPY Rate Options – long term prime rate and short term prime rate - were circulated to Japan Operations Committee members for comments. Most responses were supportive of inclusion of these two rates to the 2006 ISDA Definitions.

A conference call on calibration of Cash Settlement Payment Dates in connection with early termination options will be held on September 5.

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

Second meeting of Financial Instrument and Exchange Law (“FIEL”) Working Group was held on July 21. The focuses of the group are mainly three items; the definition of financial instruments to be covered under the law, definitions of professional and general investors, and the prohibited acts such as the regulation regarding insider dealings in light of credit default swaps.

The members will discuss the issues in more detail in the upcoming meeting scheduled on August 7, and it is planned for Working Group to submit the comments (required clarifications or requests) to Japanese FSA who is in charge of FIEL by mid-August.

CONFERENCES

Understanding the ISDA Master Agreements Conference was conducted at the Imperial Hotel in Tokyo on July 11 where experts from law firms and financial institutions reviewed and examined the 2002 ISDA Master Agreement and the 2003 ISDA Credit Derivatives Definitions. The Conference was very well attended with over 130 delegates.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS

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| Japan Steering Committee: (Japanese language meeting) | August 4 |
| FIEL Working Group: (Japanese language meeting) | August 7 |
| ISDA/TRMA Joint Seminar: (Japanese language meeting) | September 4 |
| Japan Operations Committee: (English language conference call) | September 5 |

UPCOMING CONFERENCES

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| ISDA REGIONAL MEMBER CONFERENCE: TOKYO - Four Seasons Hotel Tokyo at Chinzan-so | October 26 |
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