

# ISDA® JAPAN MONTHLY UPDATE

July, 2008

## COMMITTEE ACTIVITIES

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

Basel Committee issued the consultative document that provides guidance on how an Incremental Risk Charge (IRC) should be developed. The IRC is the third component of the total trading book capital charge that will capture not only price risks volatility changes but also other risks such as credit migrations. The paper is issued for comment by 15th October 2008.

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

On July 10, ISDA had a follow-up meeting with officials from Planning and Coordination Bureau, Financial Markets Division at Japanese FSA to discuss the remaining issues specified in the letter submitted on June 23. On July 17, ISDA met with Mr. Maruyama of J-FSA to review and discuss the recent developments on the operational infrastructure of OTC derivatives including, portfolio compression, “hardwiring” of the auction mechanism, establishment of a central counterparty for CDS as well as the discussions held in CRMPG III.

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

*Emission Trading:* On July 17, ISDA gave a presentation on ISDA Master Agreement and the templates for EU Allowance transactions at the emission trading working group of Securitization Forum of Japan. The working group is hosted by METI, and was organized to promote the sound development of emission trading on CER (Certified Emission Reduction) market in Japan.

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

On July 16, a publication draft of the Japan Client Share/Index Option MCA was circulated for final working member comments. This draft included a couple of minor changes from the previous draft such as inclusion of FX provision to account for trades settled in currencies other than JPY. The finalized document was subsequently published on July 24.

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

Japan Operations Committee met on July 15. ISDA firstly informed the group that Ms. Maki Kuramochi of Goldman Sachs and Mr. Hiroaki Usui of Nomura Securities had newly assumed the co-chair role of the Committee. Then, the members discussed how to promote automation of derivatives operations in Japan market. Merits of automation and possible obstacles that are delaying implementation of electronic platforms by local members were discussed.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

<b>Understanding the ISDA Master Agreements Conference</b> (Hotel Okura)	<b>August 1</b>
<b>CDS Auction Working Group Meeting</b> (Japanese language meeting)	<b>August 6</b>
<b>Property Derivatives Documentation Task Force Meeting</b> (Japanese language meeting)	<b>August 7</b>
<b>Regulatory Committee - Chinese issues</b> (English Language Conference Call)	<b>August 28</b>