

# ISDA<sup>®</sup> JAPAN MONTHLY UPDATE

July, 2010

## COMMITTEE ACTIVITIES

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

### Credit Derivatives

Japan Credit CCP Working Group met on July 23, and the members shared some concerns raised by non-Japanese dealer firms. There were several concerns relating to membership requirements, liability of the clearing members, risk management waterfall and etc. It was suggested that Japanese dealer firms should meet to exchange their views in consideration of concerns by global dealers, and ISDA to share these issues with Japanese FSA. Next Working Group meeting is anticipated in early September.

### Commodity Derivatives:

Ministry of Economy, Trade and Industry (METI) has published an exposure draft (in Japanese) of government ordinance to the revised Commodity Exchange Act (renamed the Commodity Futures and Exchange Act) that was promulgated in July 2009. The published exposure draft covers the third stage that sets cross-sectional rules between on-exchange and OTC transactions such as licensing requirements, the conduct of business rules such as suitability and duty of explanation, prohibition of loss compensation and cold calling. The draft ministry ordinances relating to the third stage will also be published soon. The draft government ordinance is open for comments until August 13.

### Trade Repository

On July 8, ISDA met with Japanese FSA on current status of the trade repository for CDS and future steps to be taken.

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

A meeting of APAC Implementation Group was held on July 26 to provide updates on APAC Operations Working Group activities and to discuss issues and initiatives including CCP developments in the region and Collateral Portfolio Reconciliation MOU (Memorandum of Understanding).

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

On July 13, video conference of APAC Collateral Operation Working Group was held and Japan Collateral Committee members joined at Tokyo venue. Members discussed various operational issues relating to collateral management and global initiatives. The collateral asset segregation rule in Japan was on the agenda, and members exchanged views and shared concerns in practices.

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

On July 22, ISDA hosted a call to discuss JSDA's rule on blocking relationships with Anti-social Forces dated April 20, 2010 and how it may or may not affect ISDA Master Agreement. Members agreed to follow up with the JSDA through members who are active in the relevant JSDA Working Group to clarify the scope of the rule.

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

### Japan DC Determinations:

On July 7, a standing resolution was put in place by the Japan DC which provides for consideration of each new potential Successor request by the group to be deferred until the matter has been reviewed by the Japan DC legal subcommittee. The question will automatically be passed down to the legal subcommittee unless a voting member of the Japan DC requests that the DC meet earlier.

On July 20, Japan DC decided to dismiss all questions on the Historical Succession Events list that relate to an event on Japanese names occurring prior to January 1, 2003.

Operations:

Prioritization of Historical Succession Events: Subgroup members started to review the list of potential Historical Succession Events to identify events that should be placed higher priority than other events on the list from Operations perspectives. Events so identified as priority names will be passed on to Japan DC legal subcommittee for review.

**JAPAN COMMITTEE ACTIVITIES SURVEY:**

Japan Committee members were requested to respond to a survey to help ISDA gauge members' views on Committee activities and to operate the committees more efficiently in future.

**UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES**

<b>Commodity Derivatives Call with the CFTC and FRBNY</b> (English language conference Call)	<b>August 6</b>
<b>Credit CCP Working Group - Japanese subgroup</b> (Japanese language meeting)	<b>August 12</b>
<b>“Consent = Confirmation” APAC Market call</b> (English language conference call)	<b>August 13</b>
<b>Collateral PR/DRP Working Group</b> (Japanese language meeting)	<b>August 30</b>
<b>Documentation Committee</b> (Japanese language meeting)	<b>tbc</b>
<b>Operations Committee</b> (Japanese language meeting)	<b>tbc</b>