

ISDA® JAPAN MONTHLY UPDATE

June, 2006

COMMITTEE ACTIVITIES

Equity Derivatives: Contact: Kumi Namba (knamba@isda.org)

Japan Variance Swap Working Group met by a conference call on June 27 to further discuss the definitions of Pt-1. Subsequent to the call, ISDA circulated a pre-publication draft of the Japan Master Variance Swap Confirmation Agreement and the document was published on June 30.

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

ISDA requested the Japan Operations Committee members to comment on the proposal made by the Operations Interest Rate Working Group which was proposing to calibrate the Cash Settlement Payment Date in respect of early termination options from Trade Date. There has been considerable objection from the Japanese Committee members to the proposal and this result of Tokyo member survey was shared with the Working Group at its meeting on June 7.

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

The inaugural meeting of Financial Instrument and Exchange Law ("FIEL") Working Group was held on June 28. Members started examining issues that Working Group may want to address (i.e. ask Japanese FSA for clarification or ask for specification in the cabinet order to be drafted in later this year). Members agreed to meet and continue discussions every 3-4 weeks.

Weather, Commodity and Developing Products: Contact: Tomoko Morita (tmorita@isda.org)

Emission Trading: Accounting Standard Board of Japan ("ASBJ") released the exposure draft of guidelines for the treatment of emission credit transactions, which is to revise the guidelines set forth in November 2004. On June 19, ISDA submitted a comment letter to the draft.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS

Japan Steering Committee:
(Japanese language meeting)

July 7

FIEL Working Group:
(Japanese language meeting)

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