

ISDA[®] JAPAN MONTHLY UPDATE

June 2010

COMMITTEE ACTIVITIES

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

Credit Derivatives

On June 18, ISDA had a meeting on mandatory CCP clearing with the Financial Services Agency (FSA), focused on issues in the letter submitted to the FSA on June 8. Issues included the clarification of the scope of entities and products subject to rules of mandatory CCP clearing, coordinating regulations on cross-border transactions, treatment of transactions cleared via client clearing services, and additional plans before implementation.

The FSA commented that the scope of entities and products will be defined going forward by a Cabinet Office Ordinance, which is currently expected to be published during 2011. There are more than two years before implementation, but two years is not a lot of time considering the complexities to be addressed in order to start operations in 2012, and requested the FSA finalize the rules as soon as possible.

As a follow up to the June 18 meeting with the FSA, Japan Credit CCP Working Group met on June 29 to review the comments provided by the regulator and to discuss what next steps should be taken by the group. Next WG meeting anticipated in late July.

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

Meeting of Japan Operations Committee held on June 10 was joined by Oliver Stuart (Managing Director, Global Head of Derivative Operations at Morgan Stanley), who provided an update on the global operational issues and initiatives including FED letter commitments and central clearing initiatives. Mr. Stuart is the co-Chair of the ISDA Operations Steering Committee (OSC), and an active member of the ISDA Industry Governance Committee (IIGC).

CREDIT DERIVATIVES: Contact Kumi Namba (knamba@isda.org)

Market Practice:

ISDA reported back the results of the 2010 ISDA Japanese Credit Derivatives Market Survey to Committee members. This annual market survey is conducted to measure the trading volume of key Japanese credit derivative products and to identify the constraints that are impeding the further development of the Japanese credit derivatives market.

Operations:

On 6/30, ISDA hosted a market call to provide an update on operational best practices for "Strategic Restructuring", a robust approach to the processing of Restructuring Credit Events in the Trade Information Warehouse. A representative of DTCC Deriv/SERV provided an overview on planned release schedule and functional modules of the solution.

WEATHER, COMMODITIES & DEVELOPING PRODUCTS: Contact Tomoko Morita (tmorita@isda.org)

ISDA Commodity Survey which focuses on financial oil has been circulated to Japan WCDP Committee members as well as other global committees and working groups. The Survey is a part of efforts to enhance regulatory transparency for OTC commodities. The results will be submitted to the supervisors on July 30.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Understanding the ISDA Master Agreements Conference
Happo-en, Tokyo
(English and Japanese language conference)

July 29

“Consent = Confirmation” industry education call
(English language conference call)

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