

# ISDA® JAPAN MONTHLY UPDATE

*March, 2009*

## COMMITTEE ACTIVITIES

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

Japan Regulatory Committee met on March 3, and Tim Hailes, Chairman of the JAC, joined the meeting and explained the activities and JAC's work products to date, as well as updating members on self-regulatory initiatives and regulatory developments concerning the retail structured products in Europe, US, Hong Kong and Singapore.

The conference call was organized to provide Chinese update with Japan Regulatory Committee members on March 18, and Keith Noyes and Jing Gu from ISDA Asia Pacific and Way Yee Bay from ISDA Singapore went through recent developments of legal/regulatory & documentation and relevant activities in China, such as PBOC announcement on the publication of the new NAFMII Agreement, SASAC's announcement of their controls and approval requirements for Chinese state owned enterprises wishing to trade derivatives, and a survey on margin under ISDA CSAs conducted by CBRC in January.

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

Members of Japan Accounting Committee met on March 11, and Mr. Tanaka, the member of Accounting Standard Board of Japan (ASBJ) Financial Instruments Working Group, presented what have been discussed in the WG meetings, i.e. ASBJ's approach toward international convergences including hedge accounting and fair value options. The final draft letters to be submitted to ASBJ and the Japanese Institute of Certified Accountants (JICPA) were circulated to the members for comments.

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

On March 3, ISDA hosted a conference call to provide Japan Credit Derivatives Committee members with updates on revised auction hardwiring schedule and to review the look-back period provisions, DC Rules and Big Bang protocol with a focus on changes since the initial draft. Other market practice changes relating to the North American credits were also briefly discussed.

Then on March 19, ISDA hosted another conference call to further assist members in their understanding of the Auction Supplement and the Protocol. Members were reminded of the upcoming deadlines for firms to propose themselves to serve on the first Determinations Committees to be formed pursuant to the DC Rules, as well as to adhere to the Protocol.

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

On March 10, ISDA published on its website a Market Practice Statement for Japanese Share Variance Swaps when exchange-imposed daily price limitations would constitute a Market Disruption Event.

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

On March 16, ISDA participated in the fourth meeting of the Study Group on the clearing system for OTC derivatives hosted by Tokyo Financial Exchange (TFX). The summary of the recent developments of the central counterparty initiatives for Interest rates and credit derivatives products in other regions were provided by the TFX and members discussed the policies and future plans regarding how the central counterparty should be in Japan.

On March 27, ISDA participated in the final meeting of the Study Group for OTC Derivatives post-trade infrastructure organized by the Tokyo Securities Exchange, Japan Securities Clearing Corporation and Japan Securities Depository Center. The group reviewed the draft report that summarized the Study Group discussions and findings for the past 6 months and the finalized document was published on the TSE website on the same day.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

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| <b>ISDA 24th Annual General Meeting</b><br>China World Hotel, Beijing | <b>April 22–23</b> |
| <b>Japan Dividend Swap WG</b><br>(English language call)              | <b>April 2</b>     |
| <b>Asia-Pacific Ops IRD WG</b><br>(English language call)             | <b>April 2</b>     |
| <b>Asia-Pacific Ops Equity WG</b><br>(English language call)          | <b>April 9</b>     |
| <b>Japan Regulatory Committee</b><br>(Japanese language meeting)      | <b>April 13</b>    |
| <b>Asia-Pacific Ops Credit WG</b><br>(English language call)          | <b>April 16</b>    |
| <b>Japan Regulatory Committee</b><br>(Japanese language meeting)      | <b>April 28</b>    |
| <b>Japan Operations Committee</b><br>(Japanese language meeting)      | <b>tbc</b>         |