

ISDA® JAPAN MONTHLY UPDATE

May, 2007

COMMITTEE ACTIVITIES

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

Japanese JMPF/MNPI Working Group met on May 10 to exchange views on interpretation of insider trading provisions set out in the exposure draft of ordinances to Financial Instruments and Exchange Law ("FIEL"). Members then discussed how each firm's credit portfolio management function and other related business units are currently structured and operated, and how they should be in future in light of FIEL coming into full effect.

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

On May 7, ISDA requested Japan Dividend Swaps Working Group members to submit sample forms of Japanese Index and Share Dividend Swaps. Submitted forms will be compared against the European dividend swap templates to identify issues that need to be considered in Japanese dividend settings.

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

ISDA conducted a local survey on implementation status of so-called "Trade Date methodology", a newly agreed calibration method of Cash Settlement Payment Dates in connection with early termination options which went live globally on March 12. Responses are due May 25.

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

On May 8, FIEL Legislative WG met to discuss the exposure draft of FIEL's cabinet ordinances published by Japanese FSA on April 14. Members confirmed the procedure before the deadline of the comment letter, and were requested to submit their comments viz. confirmations and proposals to the draft by May 10. In prior to the submission of the comment letter to J-FSA, ISDA discussed with Japanese FSA to confirm understandings of the articles (May 11 and 18).

The comment letter ISDA submitted to Japanese FSA on May 21 focused on the confirmations and requests regarding financial instruments business, definitions of qualified institutional investors, application of the law to the transactions solicited/conducted outside Japan, collateral management under CSA vs. obligation of segregating assets, credit derivatives vs. insider trading regulations, etc.

ISDA was invited to speak at the meeting of the Study Group for Internationalization of Capital and Financial Markets in Japan, which was held on May 10. The Study Group was established within the FSA in January 2007, chaired by Prof Ikeo of Keio University; aiming to study, discuss and show the path for the internationalization of the financial markets in Japan. The agenda of the meeting on May 10 was the development of credit market in Japan, and ISDA did presentation on the Recent Developments in Credit Derivatives market and the Challenges for Japan.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS

Weather, Commodities and Developing Products Committee (Japanese language meeting)	tbc
Regulatory Committee (Japanese language meeting)	tbc
English Speaking Committee (English language meeting)	tbc

PRE-STRATEGIC MEETING

On May 9, representatives of ISDA members and Committee chairpersons in Tokyo gathered to hear updates on recent ISDA activities, both global and regional, and to present their concerns and requests to ISDA. ISDA's Executive Director and Chief Executive Officer, Robert Pickel who is based in New York also joined the meeting.

CONFERENCES

On May 15, ISDA SYMPOSIUM – 2006 ISDA DEFINITIONS was held at the ANA InterContinental Hotel. 3-hour session focused on changes between the 2000 ISDA Definitions and the 2006 ISDA Definitions. It was very well attended with nearly 100 delegates.