

ISDA® JAPAN MONTHLY UPDATE

May, 2008

COMMITTEE ACTIVITIES

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

On May 13, ISDA met with Financial Services Agency of Japan and Bank of Japan respectively to exchange views on recent market conditions etc. ISDA updated recent initiatives including the publication of the exposure draft of Principles governing the distributor and retail investors relationship in structured products (the Principles), hardwiring of the new settlement mechanism for credit derivatives, and operational issues to improve infrastructures of OTC derivatives transactions.

Tax issues: ISDA met with National Tax Authority regarding the treatment of ISDA Master Agreement under the Stamp Tax Law.

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

Property Derivatives: On May 19, the members of the Japan Property Derivatives Working Group met in the meeting where GFI Securities provided members with the developments in property derivatives market outside Japan i.e. UK, North America, Australia and Hong Kong.

Emission Trading: The inaugural meeting of Japan Emissions Trading Working Group was held on May 26. The Working Group was originally set up in late 2003, and it was reorganized with members from Financial Institutions who are actively involved in emissions trading in Japan and globally.

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

A meeting of Japan Credit Derivatives Committee was held on May 28 to promote better understanding of ISDA's CDS Auction Protocol mechanics and to discuss manner in which credit event settlement process under protocol could be adapted should a credit event occur in Japan. Meeting agenda included a presentation on history of changes to credit event settlement mechanics, key concepts and general timeframes of auction process under Protocol, followed by member discussions. Participants agreed unanimously to set up a separate working group to further discuss various issues raised.

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

On May 16, ISDA published the 2008 Japanese Dividend Swap Master Confirmation Agreement with the Annex IDS (Index Dividend Swap).

On May 21, the Japan Client Share/Index Option MCA Working Group met by a conference call. Summary of discussion together with a list of open issues was circulated to the Working Group on May 30 and members were requested to submit responses to open issues by June 9.

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

On May 14, Japan Operations FpML Working Group met to discuss FpML over SWIFTNet initiative. Speakers included Francoise Massin of SWIFT Standards Department in Belgium.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

CDS Auction Working Group Meeting
(Japanese language meeting)

tbc

Property Derivatives Documentation Task Force Meeting
(Japanese language meeting)

tbc