

ISDA® JAPAN MONTHLY UPDATE

May, 2009

COMMITTEE ACTIVITIES

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

On May 21, ISDA met with the FSA of Japan to discuss the recent regulatory developments including the US Treasury's proposal for regulations of OTC derivatives by Secretary Timothy Geithner, and the future global coordination by regulators.

On May 27, Japan Financial Instruments and Exchange Act (FIEA) Working Group met to discuss the bill revising the FIEA which will change the scope of the rules on customers' assets segregation. The bill will be expected to pass the Diet and then the FSA will draft the ordinances to specify the scope. ISDA will plan to draft proposals on the exemptions from the scope of the rules in due course.

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

On May 7, ISDA submitted comment letters to Accounting Standard Board of Japan (ASBJ) and Japanese Institute of Certified Public Accountants (JICPA) on the rules and guidelines relating to the hedge accounting applicable to derivatives transactions. The letters were circulated to the members of Japan Accounting Committee afterward.

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

The detailed results of an annual survey of Collateral use in OTC derivatives in the Japanese market, which were participated by 23 institutions including Japanese and non-Japanese financial institutions, were distributed to the Japan Collateral Committee on May 11.

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

On May 19, Japan Dividend Swap Working Group met by a conference call to discuss the scope of Material Non-Cash Dividends under the Japan Dividend Swap MCA, with a particular focus on treatment of commodities dividends. As a next step, ISDA will draft and circulate a revised Dividend Swap MCA reflecting the WG discussions, including previous agreement regarding treatment of certain stock dividends

On May 28, Japan Variance Swap Working Group met by a conference call to discuss when exchange-imposed price limitations would constitute a Market Disruption Event ("MDE") for Japanese Index Variance Swaps.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Japan Collateral Committee (Japanese language meeting)	June 8 / June 23
Japan Variance Swap Working Group (English language conference call)	tbc
Japan Credit Derivatives Committee/Working Group (Japanese language meeting)	tbc
Japan Operations Committee (Japanese language meeting)	tbc