

ISDA® JAPAN MONTHLY UPDATE

November, 2007

COMMITTEE ACTIVITIES

EQUITY DERIVATIVES: Contact: Tomoko Morita (tmorita@isda.org)

Penultimate draft of Japan Index Dividend Swap General Terms Confirmation was circulated to the Working Group members on November 27. Comments on the draft were due November 30. Japanese Equity Derivatives Committee members were requested to submit the templates that they use for Japanese Index and Share Option for the client transactions. Members were also asked if they were interested in having the Japan Index & Share Swap transactions templates to be covered by AEJ Index & Share Swap MCA, which has started being drafted in October.

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

On November 19, ISDA met with Japanese FSA and made a presentation on the global developments of the credit derivatives market and the current issues related to the instruments including the history of the "Confirmation Backlog" problems.

FIEL: the minutes of the meeting with Japanese FSA on the remaining issues regarding the FIEL was circulated to the Regulatory Committee members in Japan.

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

Property Derivatives: ISDA met with the Association for Real Estate Securitization (ARES) to exchange views on the developments in property derivatives market in Japan. ARES is the industrial association for the real estate securitization, and is also interested in the derivatives as part of the revitalization of the real-estate market.

CREDIT DERIVATIVES: Contact: Tomoko Morita (tmorita@isda.org)

ISDA was invited to participate in the Credit Market Study Group hosted by Kinzai Institute for Financial Affairs. The Study Group is chaired by Prof. Ueda of the University of Tokyo, and members are from law firms (incl. Wani-sensei), Japanese banks (CPM), securities companies, market analysts, Bank of Japan and academics. ISDA was invited as a representative of the industrial body who are aware of international issues related to credit derivatives. The inaugural meeting was held on November 29, with the agenda on the recent credit crunch triggered by subprime mortgage, and how Japanese firms are conscious and what would be the challenge.

CONFERNCES

On November 27, UNDERSTANDING THE ISDA MASTER AGREEMENTS CONFERENCE was held at the ANA InterContinental Hotel in Tokyo. Agenda included the Key differences between the 2002 and the 1992 ISDA Master Agreements as well as the 2003 ISDA Credit Derivatives Definitions.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Property Derivatives Working Group
(Japanese language meeting)

December 6

Dividend Swap Working Group
(English language conference call)

December 13