

ISDA® JAPAN MONTHLY UPDATE

November, 2008

COMMITTEE ACTIVITIES

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

Inaugural meeting of Japan Accounting Committee, presided over by Mr. Akira Takatsuka from Mizuho Corporate Bank, was held on November 5. Mr. Takatsuka explained the perceived problems in the criteria for OTC derivatives to apply for hedge accounting rules, and it was suggested to present these issues to the relevant bodies such as ASBJ and JICPA. In the meeting, Ms. Ueno from E&Y Shin-Nihon also provided the updates on issues discussed in IASB and FASB/SEC.

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

Emission Trading: ISDA participated in the fifth meeting of the Emission Trading Working Group of the Securitization Forum of Japan organized by METI. Mr. Ota of Nagashima, Ohno & Tomotsune gave a presentation on ERPA and ISDA forms which were widely used for emission transaction (spot, forward/options).

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

On November 5 and 10 respectively, ISDA participated at the first meeting of Rates Derivatives Subgroup and Credit Derivatives Subgroup 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.

On November 27, ISDA participated at the second meeting of OTC Derivatives Study Group organized by Tokyo Financial Exchange to discuss potential launch of a central counterparty in Japan.

On October 25, Operations Credit Derivatives Working Group met by a conference call to discuss possible synchronization of Calculation Agent City for Japan transaction type across a variety of credit derivatives transactions. The group will meet again 1 week later to further discuss the issue.

On October 28, dealer members met to discuss operations initiatives and targets specified in the October FED letter including automation of Novation consent processes, further promotion of e-confirmation platforms in Asia including Japan and trade affirmation processes.

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

Japan Credit Derivatives Committee met on November 17 to discuss issues including; lessons learned from series of recent credit event settlement auctions, how to achieve accurate and balanced media coverage of the CDS business in Japan, and synchronizing Calculation Agent City for Japanese transaction types across a variety of credit derivative transactions. Also, ISDA provided members with updates on auction hardwiring process and discussion with Japanese FSA regarding regulatory requirement associated with credit event auction on Japanese underlying credits.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

CDS Auction Working Group (Japanese and English language meeting)	12/1
Calculation Agent City Call (English language conference call)	12/2
Operations Committee (Japanese and English language meeting)	12/3