

ISDA[®] JAPAN MONTHLY UPDATE

November, 2010

COMMITTEE ACTIVITIES

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

Financial Instrument and Exchange Act (FIEA)

On November 22, ISDA submitted comments to FSA regarding the exposure draft of the revised Cabinet Office Orders to the FIEA focusing on rules for domestic and foreign CCPs. The revisions detail the rules on clearing houses for OTC derivatives, such as the financial or licensing requirements for inter-operation between CCPs. The revisions also cover regulations such as cold calling for OTC derivatives, hedge funds as well as new rules for property derivatives.

Credit Derivatives

On November 2, representatives from the Japan Credit CCP Working Group met with the FSA and shared the results of the survey on default management process in which 14 firms participated. The survey results showed mixed views, especially on compensation for central clearing losses caused by a default of a clearing member. At the meeting, specific loss compensation mechanism which will not trigger systemic risk was discussed. The Working Group met on November 12 and 26 to further discuss and to prepare a proposal on loss compensation mechanism.

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

The final draft of Asia Pacific Collateralized Portfolio Reconciliation Memorandum of Understanding (APAC MoU) was circulated to the members of Japan Collateral Committee.

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

Updates on the recent discussions and tentative decisions by IASB on Hedge Accounting rules (IFRS) were shared by Japan Accounting Committee. The Exposure Draft is expected to be published by the end of 4Q 2010.

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

Japan DC Determinations

On November 17, ISDA published Japan DC's decisions on Historical Succession Event questions for 1) Ishikawajima-Harima Heavy Industries Co., Ltd., 2) SOFTBANK TELECOM CO., LTD., 3) SANYO Electric Credit Co., Ltd., 4) Vodafone K.K., and 5) Sojitz Corporation.

Also on November 17, Japan DC's resolution was published that a Succession Event DID occur with respect to SANYO SHINPAN FINANCE CO., LTD. on 1 October 2010 and that Promise Co., Ltd. was the sole Successor at such time.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Japan Regulatory Committee (Japanese and/or English language meeting)	12/6
Japan Documentation Committee (Japanese language meeting)	12/22