

ISDA® JAPAN MONTHLY UPDATE

October, 2007

COMMITTEE ACTIVITIES

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

On October 12, Conference call was held to discuss some issues in the first draft of Japanese Index and Share Dividend Swaps Master Confirmation which was circulated to Japan Dividend Swaps Working Group on September 10.

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

Japan Operations Committee met on October 24. ISDA provided an update on issues including the treatment of electronic confirmation under the FIEL, CDS physical settlement matrix as well as FpML developments.

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

On October 23, ISDA met with Japanese FSA and discussed the issues raised by members in implementing the FIEL. One of the significant concerns was the inconsistent treatment of the collateral posted against OTC derivatives transactions and OTC financial future transactions. Under the current rule, parties have to segregate the collateral assets posted against OTC financial futures transactions by non-professional investors, while the segregation of the asset is neither necessary if the client is professional nor the transactions are OTC derivatives. The minutes of the meeting with Japanese FSA is being prepared and to be distributed to Regulatory Committee members as soon as being finalized.

ISDA had meetings with Japanese FSA and Bank of Japan on October 24. The agenda was to exchange views on the recent market place as well as ISDA's initiatives in Japan and globally, including the release of a set of non-binding principles relating to retail structured products (the 'RSP Principles').

The representatives of ISDA met with a delegation of members of the European Parliament's Economic and Monetary Affairs Committee (Ms. Pervenche Berès and other MEPs) on October 31.

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

On October 19, a meeting was held to discuss if there is any role of ISDA in leading the discussions about property derivatives. Members agreed to set up a working group to clarify what needs to be done and what could be done by ISDA, including regulatory and documentation efforts.

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

Co-Chairs of Credit Derivatives Committee/Market Practice Subcommittee, Mr. Tateda of Mitsubishi UFJ Securities and Mr. Makabe of J.P. Morgan Securities have stepped down, and Mr. Iwai of Mitsubishi UFJ Securities and Mr. Ukai of J.P. Morgan Securities were appointed as new Co-Chairs of the Committee. ISDA would like to thank Messrs Tateda/Makabe's contributions to the Committee activities and welcome Messrs. Iwai/Ukai.

CONFERNCES

On October 25, ISDA REGIONAL MEMBER CONFERENCE was held at the Four Seasons Hotel at Chinzan-so in Tokyo. **Mr. Hiroshi Nakaso**, Director - General, Financial Markets Department, Bank of Japan was the featured keynote speakers at the Conference.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Property Derivatives Working Group
(Japanese language meeting)

tbc

UNDERSTANDING THE ISDA MASTER AGREEMENTS CONFERENCE
ANA InterContinental Tokyo

November 27