

# ISDA® JAPAN MONTHLY UPDATE

October, 2009

## COMMITTEE ACTIVITIES

**REGULATORY:** Contact Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org))

On October 29, ISDA's Chairman Eraj Shirvani and CEO Robert Pickel met with senior officials at the Payment and Settlement Systems Department, Bank of Japan. The main agenda of the meeting was the developments of the CCP and trade repository covering OTC derivatives products relating to Japanese transactions, including the concerns over the risk associated with the multiple CCPs vs. concentration on a single CCP.

On the same day, ISDA also met with senior officials from Planning and Coordination Bureau at Financial Services Agency (FSA) and his team members for exchanging views on recent market and regulatory environments for OTC derivatives. The topics discussed at the meetings include 1) industry efforts for improving trading/operational infrastructures i.e. various targets stipulated in the June 2 letter to the NY FED, 2) new proposals over OTC derivatives regulations in the US and Europe, 3) reorganized OTC derivatives Industry Governance which is being developed by ISDA, 4) regulations over bilateral collateralization, and 5) the future direction of Japanese OTC derivatives market.

On October 30, CEO Robert Pickel met with the Securities and Exchange Surveillance Commission (SESC), and exchanged views over the new framework of CDS market, such as Credit Derivatives Determinations Committee.

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The 6<sup>th</sup> meeting of Japan Credit CCP Working Group was held on October 23, and members were updated with the feedback received from the CCPs after the WG sent the letter summarizing the discussions held in the WG meetings. The members were also informed of the discussions on the CCP on Japanese CDS, which were held between ISDA and the regulators, i.e. Bank of Japan, Japanese FSA and SESC. As the WG went through all of the agenda items set forth so far, the activities of the WG will cease until the further issues are raised as an agenda item.

On October 26, the members of Japan Credit Derivatives Working Group met to discuss the procedures relating to the Credit Derivatives Determination Committee.

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On October 20, a revised draft of amendments to Japan Dividend Swaps MCA was circulated to the WG members for review. Proposed changes from the earlier draft include deletion of Rights Issue from Unadjusted Stock Dividend provisions as well as use of base value (*kijun nedan*) in the Morning Print language.

On October 22, ISDA published the Market Practice Statement for variance swap transactions involving Japanese shares and indices. The statement addressed when exchange-imposed daily price limitations would constitute a Market Disruption Event due to a Trading Disruption. This statement may be used as a framework for a Calculation Agent in making its materiality determination. This document is available on Market Practice Statements page of ISDA website ([www.isda.org](http://www.isda.org)).

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

**Accounting Committee**  
(Japanese language meeting)

**November 6**

**Collateral Committee**  
(Japanese language meeting)

**November 13**