

# ISDA® JAPAN MONTHLY UPDATE

September, 2009

## COMMITTEE ACTIVITIES

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

ISDA met with Japan FSA, Securities and Exchange Surveillance Commission (SESC) and Bank of Japan to exchange views on setting up central clearing facilities for Japanese CDS market. ISDA explained its plan to send the letter to the CCP in the US and Europe in operation as well as Japanese exchanges which plan to launch the CCP for Japanese CDS.

**CREDIT DERIVATIVES:** Contact: Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org)) / Kumi Namba ([knamba@isda.org](mailto:knamba@isda.org))

The draft of the requesting letter on the central clearing functions for Japan referencing CDS was circulated to the Working Group members for comments by September 30. The draft will be finalized and will be submitted to CCPs as early as in the first week of October.

Japan CDS Standardization Working Group reached consensus that the market will adopt a 3 standard coupon construct (25bps, 100 bps and 500 bps) and default recovery rate assumptions of 35% for Senior and 15% for Subordinated. Once confirmed by the Credit Steering Committee, agreed proposal will be submitted to DTCC who will consider setting up standardized fields for trading. Anticipated implementation of the new standards is at December roll.

**EQUITY DERIVATIVES:** Contact: Kumi Namba ([knamba@isda.org](mailto:knamba@isda.org))

On September 16, ISDA circulated the draft Market Practice Statement in regard to the circumstances under which exchange-imposed daily price limitations would constitute a Market Disruption Event due to a Trading Disruption for Japanese Share and Index Variance swaps. This Statement may be used as a framework for the Calculation Agent in making its materiality determination as to whether an MDE had occurred.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

<b>2009 ISDA Regional Conference</b> Four Seasons Hotel Tokyo at Chinzan-so	<b>10/29</b>
<b>Credit Derivatives Market Practice Changes, Industry Commitments and Collateral Initiatives Conference</b> Four Seasons Hotel Tokyo at Chinzan-so	<b>10/30</b>
<b>Credit CCP Working Group</b> (Japanese language meeting)	<b>tbc</b>
<b>Collateral Committee</b> (Japanese language meeting)	<b>tbc</b>
<b>Credit Derivatives Committee</b> (Japanese language meeting)	<b>tbc</b>