

ISDA® JAPAN MONTHLY UPDATE

September 2014

COMMITTEE ACTIVITIES

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

Cleared Derivatives Execution Agreement:

On September 19, dealer members of ISDA met to discuss the legal, documentation and operational issues in using the ISDA/FIA Europe Cleared Derivatives Execution Agreement (CDEA) for OTC derivatives that are intended to be cleared by Japan Securities Clearing Corporation (JSCC).

On September 30, the session on the CDEA was held where Linklaters, who reviewed the CDEA whether it can be used in Japanese market (JSCC), explained the document to the members of OTC Derivatives Regulations Working Group, including the structure, purpose, and key provisions.

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

On September 17, members of IM Segregation Working Group had another meeting to discuss the documentation framework as well as operational flows between related parties - parties posting collateral and receiving collateral, and trust accounts. Members also reviewed the steps for two schemes (custodians and Japanese trust accounts) toward the implementation deadline of December 1, 2015.

CREDIT DERIVATIVES: Contact: Tomoko Morita (tmorita@isda.org) / Kaori Horaguchi (khoraguchi@isda.org)

ISDA 2014 Credit Derivatives Definitions Protocol

ISDA initially launched the ISDA 2014 Credit Derivatives Definitions Protocol ("Protocol") on August 21. The Protocol was designed to enable market participants to agree to amend transactions within the scope of the Protocol with all other adhering parties to incorporate the 2014 Definitions into the documentation for those transactions in place of the 2003 Definitions.

Although the Protocol had seen a high level of adherence globally, at the last minute there were some critical issues being raised from among the certain working group members around the reference entities on the list that are excluded from the scope of the Protocol requiring further revision by adding a couple of reference entities, involving a complex and evolving credit situation, to that Protocol's excluded reference entity list.

Hence on September 12, ISDA announced to extend the adherence period for the Protocol until September 17, 2014 at 12 noon New York time. This adherence extension was not meant to be affecting the intended September 22, 2014 launch date on which trading using the new 2014 ISDA Credit Derivatives Definitions was expected to begin. However the effective date for changes to existing trades under the Protocol to be delayed until October 6, 2014 (from the original Protocol implementation date i.e. September 22) was recommended in order to allow time for necessary operational processing and infrastructure changes, and to avoid some possible market impact. For details, please visit [ISDA's website](#).

On September 11, ISDA met with Japan FSA to discuss the 2014 Definitions and the Protocol.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

2014 ISDA Annual Japan Conference

(English and Japanese language conference)

October 30

Global Swap Regulations

What is new and what impacts local participants?

(English language conference)

October 31

OTC Derivatives Working Group

(Japanese language meeting)

tbd