

ISDA[®] JAPAN MONTHLY UPDATE

December, 2012

COMMITTEE ACTIVITIES

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

On December 4, Robert Pickel, CEO and Japanese Board members of ISDA met with Assistant Governor Nakaso at Bank of Japan and other senior official to exchange views on the issues on OTC derivatives market and regulatory issues, including the recent discussions on interest rate benchmark rates.

On December 5, OTC Derivatives Regulations Working Group members met to discuss recent regulatory developments in U.S. and extraterritoriality issues actively debated in the U.S. and the Europe. Robert Pickel overviewed the discussions with the CFTC and expected no-Action letters for certain relief. Members also discussed the proposed margin requirements from BCBS/IOSCO and the impact on the market, as well as the issues when the publication of certain currencies and terms of LIBORs are discontinued.

Members from the US dealers, Japanese trust banks and an investment manager met to discuss the issues relating to the swap transactions with Japanese trust accounts, including 1) the application of CFTC's External Business Conduct rules, 2) application of Recordkeeping and reporting requirements, 3) adherence to August DF Protocol and the Questionnaire process, and 4) obtaining the CICI (in what level the CICI should be obtained). Members reached some agreements subject to the confirmation with head office in the US.

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

On December 14 and December 20, Asia Pacific Equity Derivatives Operations Working Group meetings were held accordingly, where several member firms in Japan also attended, to have discussions on the approaches in consolidating the various MCAs for index variance equity swaps used across Japan and AEJ, producing its matrix applicable for the open markets based on the 2011 Equity Derivatives Definitions. Discussions will be continued and scheduled as a series.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

OTC Derivatives Regulations Working Group (Japanese language meeting)	tbc
OTC Derivatives Regulatory Reforms Symposium (Japanese/English language symposium)	January 24
Extra-Territoriality in International Derivatives Regulation Symposium (Japanese/English language symposium)	March 14