

ISDA® JAPAN MONTHLY UPDATE

August 2015

COMMITTEE ACTIVITIES

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Electronic Trading Platforms (ETPs)

Following up the matter discussed in the Sub-Working Group of a Timing of Trade Execution which was held in May, ISDA had a meeting with Japan FSA to exchange views. In response to the discussions with Japan FSA, ISDA circulated the revised recommendation to the OTC Derivatives Regulations Working Group regarding the timing of trade execution when the error or delay in inputting the trade data occurs.

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Japan WGMR Implementation

Second Draft of Self-Disclosure Letter (Japan part) circulated to the member of Japan WGMR Implementation working group on August 4. The comments for the draft are requested to be sent by August 21.

IM Segregation Working Group

On August 6, the IM Segregation Working Group meeting was held to discuss the following topics:

- 1) Operations sub-group shared the results of survey conducted among custodians and trust banks, which will be used to consider operational flows, i.e. which process could be automated and what are prioritized. It was noted that the operations at the event of default could be different by custodians/trust banks and it is necessary to secure the process that the posted IM to the defaulting party will be returned immediately. Members also share the initiatives on work volume simulation by business use case for collateral management.
- 2) Members also discussed the trust agreement template (draft), comparing the operational process under consideration and the process stipulated in the draft. In order to align the process in the document with the actual operational flows, trust banks considered some amendments to the draft. Trust banks also work on English translation of the summary of trust agreement template (draft) that will be ready in the next Working group in September.

Annual Survey of Collateral use in OTC derivatives in the Japanese market

The detailed results of an annual survey of Collateral use in OTC derivatives in the Japanese market, which were participated by 21 institutions including Japanese and non-Japanese financial institutions, were distributed to the Japan Collateral Committee on August 13. The results showed the 11% increase from the previous year in the use of collateral for non-cleared OTC derivatives transactions in Japanese market. Also, respondents expect more CSAs executed in 2015, and increased number of staff in collateral management as well as documentation.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

IM Segregation Working Group (Japanese language meeting)	September 3
Collateral Committee (Japanese language meeting)	October 9
2014 ISDA Annual Japan Conference The Ritz-Carlton, Tokyo (English and Japanese language conference)	October 29
Trust Banks' Fund Account Sub-Working Group (Japanese language meeting)	tbd