

ISDA® JAPAN MONTHLY UPDATE

October 2017

COMMITTEE ACTIVITIES

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

JPY Benchmark Working Group

On October 13, ISDA hosted an a meeting joined by members and regulators to update the discussions held in GBP/EUR/CHF/USD Working Groups, including term fixings of risk-free rates, timing toward implementation, the doctrine of frustration under English law, which may be relevant if a key IBOR is discontinued and the existing fallbacks are not amended, and the potential use of auction mechanism for the transition of legacy portfolios. With regards to the doctrine of frustration, Linklaters briefly explained the relevancy under Japanese law that could cause similar effects to frustration under English law.

In addition to the discussions on fallback, members discussed the [FSB's progress report](#), published on October 10, on the implementation of its July 2014 recommendations in relation to reforming major interest rate benchmarks.

OPERATIONS AND DOCUMENTATION: Contact: Tomoko Morita (tmorita@isda.org) / Kaori Horaguchi (khoraguchi@isda.org)

Thomson Reuters - JPNU, JPNV, JPNW, TKFE, TKFE2, TKYFX - Change of Primary Data Source to Calculate Hourly Spot/Cross Rates:

On October 12, there was a joint ISDA global working groups' call by inviting all relevant members to go through the planned contract documentation process in order for relevant member firms to take into account, given the fact that Thomson Reuters had changed the primary data source to calculate hourly Spot/Cross reference rates published on <JPNU>, <JPNV>, <JPNW>, <TKFE>, <TKFE2> and <TKYFX> with effective July 31, 2017, and with this change, members were being reminded that above mentioned pages will no longer be classified as FX benchmarks and data on these pages should be used for reference/monitoring purposes only going forward.

DATA & REPORTING: Contact: Kaori Horaguchi (khoraguchi@isda.org)

CPMI IOSCO's Technical Guidance and FSB Consultation on UPI

On October 4, ISDA circulated a memo advising (1) the CPMI IOSCO Harmonization Group's the Technical Guidance on the Unique Product Identifier (UPI) released in late September and (2) the FSB's Consultation on Unique Product Identifier (UPI) Governance published on October 3.

CPMI IOSCO's Technical Guidance on UPI

The [report](#) envisions a UPI system in which a unique UPI code would be assigned to each distinct OTC derivative product, with each UPI code mapping to a set of data comprised of reference data elements with specific values that together describe the OTC derivative product. The collection of reference data elements and their values for each OTC derivative product would reside in a corresponding UPI reference data library. Press Release: <http://www.bis.org/press/p170928.htm>

FSB Consultation on UPI Governance

The [consultation](#) sets out proposed governance arrangements for the unique product identifier (UPI). The FSB seeks public comment on proposed key governance criteria and governance functions for the UPI, a key data element for reporting over-the-counter (OTC) derivative transactions.

The consultation identifies key criteria and functions for the UPI governance arrangements for consultation and also seeks specific feedback on certain issues relating to UPI service provider(s), cost recovery and fee models, and the reference data library that will underlie the UPI system. The FSB expects to publish a further consultation in early 2018 on proposals for the allocation of the UPI governance functions to various entities and further aspects of the UPI service provider model. It is envisaged that one or more UPI service providers will be selected during 2018.

The due date of responses to the questions set out in the FSB consultation: November 17, 2017

Press Release: <http://www.fsb.org/2017/10/fsb-publishes-consultation-on-unique-product-identifier-upi-governance/>

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

JPY Benchmark Fallback Working Group
(Japanese language meeting)

November 6

Financial Benchmarks

An entirely new framework which affects administrators, contributors and users
(Japanese language symposium)

December 6