

# ISDA® JAPAN MONTHLY UPDATE

October 2014

## COMMITTEE ACTIVITIES

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

On October 29, new CEO of ISDA, Scott O'Malia and Japanese Board members met with Vice Minister for International Affairs, Japan FSA, Masamichi Kono to exchange views on the recent issues on OTC derivatives market and regulatory issues including margin requirements for uncleared derivatives, regulatory harmonization, CCP resolutions and etc.

On October 30, the Financial Services Agency (FSA) published the consultative draft (Japanese only) of the official notice which designates the scope of products to be exempted from registration requirements with clearinghouses ("Financial Instruments Obligation Assumption Services" or clearing services). The draft notice also designates which clearinghouses are exempted for this purpose. The current official notice specifies that CDS on reference entities other than Japan nor Japanese entities that are cleared by clearinghouses licensed in the US or UK, and interest rate swaps denominated in non-Japanese currencies that are cleared by either LCH Clearnet or KRX are exempted from the scope. The consultative draft proposes to extend the deadline of the outstanding exemption from December 31, 2014 to June 30, 2015. Submission deadline is December 1.

### Japan FIEA Representations Repository

In October 2012, ISDA has published the form of Confirmation on Mandatory Clearing Obligation of OTC Derivatives Transactions (the "Confirmation") and the list of entities who submitted the Confirmation. Transactions entered into with the firms which submitted the Confirmation are exempt from the mandatory clearing requirements.

In response to the expansion of the scope of mandatory clearing for JPY interest rate swaps that will become effective from December 1, 2014, the note was posted on the website to clarify that the Confirmation will only apply to certain CDS transactions due to the amendments to the relevant ordinances, and from December 1, 2014, the certain interest rate swaps denominated in Japanese Yen may be required to be cleared under the FIEA regardless of the contents of the Confirmation. Please refer to the link below for the details:

<http://www2.isda.org/regions/japan/japan-fiea-representations-repository/>

### Cleared Derivatives Execution Agreement:

Japanese translation of the CDEA was published on ISDA's website for educational purposes. (Parties should execute only the English language version of the ISDA/FIA Europe CDEA.)

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

On October 31, ISDA met with Japan FSA to update the developments made in the ISDA WGMR Workstreams in the past several months, and exchanged views on methodologies for IM calculations.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<b>Steering Committee</b> (Japanese language meeting)	<b>November 12</b>
<b>Documentation Committee</b> (English language meeting)	<b>November 14</b>
<b>Collateral Committee</b> (Japanese language meeting)	<b>tbd</b>
<b>OTC Derivatives Working Group</b> (Japanese language meeting)	<b>tbd</b>