

ISDA® JAPAN MONTHLY UPDATE

May 2014

COMMITTEE ACTIVITIES

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

OTC Derivatives Regulations Working Group

On May 2, JFSA published the draft of Cabinet Ordinances of the Financial Instruments and Exchange Act (FIEA) in which the rules for second phase mandatory clearing were set out. Members of the OTC Derivatives Regulations Working Group were asked to submit their comments by May 23. The final comments will be filed on June 2, the deadline for public comments.

Trust Bank's Fund Account Sub-Working Group:

On May 26, the meeting of the Sub-Working Group members met to discuss the issues which were pending from the previous meetings as well as additional issues regarding the detailed process of obtaining LEIs for funds. Members also discussed documentation issues for non-US Swap Dealers whether adherence to DF Protocols are necessary or not.

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

On May 23, Japan Collateral Committee meeting was held and participants were updated with the following issues:

1. Current discussions on possible schemes using Japanese banks' trust account to segregate initial margins as well as current operational schemes using custodians
2. Regulatory issues toward implementing margin requirements for non-cleared OTC derivatives in Japan, US and Europe.
3. Summary of the results of 2014 annual survey of Collateral use in OTC derivatives in the Japan market

The detailed results of an annual survey of Collateral use in OTC derivatives in the Japanese market, which were participated by 20 institutions including Japanese and non-Japanese financial institutions, were distributed to the Japan Collateral Committee on May 28. The results showed the continuous increase in the use of collateral for OTC derivatives transactions in Japanese market. Also, respondents expected more CSAs executed in 2014 than 2013.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

The New 2014 ISDA Credit Derivatives Definitions Symposium **June 11**
(English language symposium)

Swap Execution Facilities: The Evolution of OTC Trading **June 13**
Including Japanese Requirements for Electronic Trading Platforms
(Japanese language conference)

Understanding the ISDA Master Agreements Conference Regulatory Changes and Impact on ISDA Documentation Including Japanese Issues **July 2**
(Japanese language conference)

Understanding Collateral Arrangements and the ISDA Credit Support Documents Conference
Including Regulatory and Current Issues on Collateral
(Japanese language conference) **July 3**