

ISDA® JAPAN MONTHLY UPDATE

June 2016

COMMITTEE ACTIVITIES

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

IM Segregation Working Group

On June 17, the IM Segregation Working Group meeting was held to discuss the topics based on the updates from the respective sub-working groups as follows:

- Latest updates on the documentation work for the required final documents particularly for the Trust Agreement and the associated Legal Opinion Letters that enable to make some certain conditions meet and compliant to the margin rules within the framework using the trust scheme
- An update from the Operations sub-group meeting where the leading member firm representatives met US regulators in Washington D.C. recently, to have an intensive dialogue with them, to discuss about the T+1 settlement issues subject to Margin rules, and to emphasize the fundamental perception gap in terms of implication of T+1 between the market participants based in US and those in APAC region, and
- Members also discussed the possible impact onto us in Japan, due to the EU postponement of imposing on margin rule.

On June 30, ISDA held an ad-hoc meeting among the phase one bank members to confirm the job progress towards the readiness of enforcement of margin rules due coming September and to share the current stance at the each firm as to how to have a take on the EU delay in margin rules as recently announced.

Commodity Derivatives

On June 9, the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Economy, Trade and Industry (METI) jointly published [proposed amendments to Ministerial Ordinance](#) (Japanese only) for the introduction of margin requirements for over-the-counter commodity derivatives. Covered entities will be required to notify MAFF/METI that they collect and post initial and variation margin for commodity derivatives in accordance with the margin rules set by the Japanese Financial Services Agency in March. On June 17, MAFF and METI also published [the proposed amendment of Supervisory Guidance regarding margin requirements](#) (Japanese only) for OTC commodity derivatives.

The deadline for public comments for Ministerial Ordinance and Supervisory Guidance is July 8 and 16 respectively, and members are asked to submit comments to ISDA.

The rules are expected to be finalized in late July and will become effective on September 1, 2016.

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

On June 22, Japan FSA published the [draft stay regulations](#) (Japanese only) requiring the inclusion of stay provisions in non-Japanese law governed master agreements. The comment deadline is July 21, and members were asked to submit comments to ISDA. English translation is available for members upon request.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

IM Segregation Working Group – Legal Users Sub-Working Group
(Japanese language meeting)

July 6 and 27

IM Segregation Working Group
(Japanese language meeting)

July 15