

# ISDA<sup>®</sup> JAPAN MONTHLY UPDATE

May, 2012

## COMMITTEE ACTIVITIES

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

On May 22, second draft of Collateral Settlement Timing Protocol – a protocol to shorten the transfer timing in CSAs from T+3\* to T+2 following the shortened settlement timing for Japanese government bonds, was circulated to members. It aims at publishing the Protocol in mid-June to implement from the beginning of July.

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

ISDA responded to the consultative draft of Cabinet Office Ordinances published by the Financial Services Agency (FSA) on May 28. The Cabinet Office Ordinances stipulate the details of central clearing and trade reporting obligations under the Financial Instruments and Exchange Act (FIEA) that will come into effect on November 1.

ISDA's key comments include:

- Request for clarification on the definition of “rational reasons” for not being a clearing member and how to verify whether the counterparty is not a clearing member with rational reasons;
- Request for exemption from the clearing obligation for firms with very few transactions even if their parent companies or subsidiaries are clearing members. Although those firms are technically able to clear their trades via affiliate clearing, the costs will be inordinate as compared to the insignificant systemic risk these firms would potentially pose;
- Request for phase-in implementation for trade reporting by asset classes at least for three months. It is expected that TR for certain asset classes (e.g. equity derivatives) will not go live on November 1. To avoid overlapping system investments for firms, trade reporting for such asset classes should be deferred until the TR goes live.

**REGULATORY/OPERATIONS:** Contact Kumi Namba ([knamba@isda.org](mailto:knamba@isda.org))

ISDA circulated final draft of Japan FSA proposed reporting field requirements for Rates, Credit, FX and Equity. TRR Working Group members and OTC Derivatives Regulations Working Group were requested to submit comments no later than 4 June.

**CREDIT DERIVATIVES:** Contact Kumi Namba ([knamba@isda.org](mailto:knamba@isda.org))

Sumitomo Trust and Chuo Mitsui Trust Successor issue

On May 22, ISDA published the resolution of Japan DC in relation to the Succession Event questions with respect to The Sumitomo Trust and Banking Co., Ltd. and The Chuo Mitsui Trust and Banking Company, Limited.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<b>Regulatory Committee</b> (Japanese language meeting)	<b>June 11</b>
<b>Regulatory Committee/English Speaking Committee</b> (English language meeting)	<b>June 22</b>
<b>Documentation Committee</b> (Japanese language meeting)	<b>tbc</b>