

ISDA[®] JAPAN MONTHLY UPDATE

August, 2011

COMMITTEE ACTIVITIES

DOCUMENTATION: Contact Kumi Namba (knamba@isda.org)

On August 1, ISDA submitted to the Ministry of Justice the comment letter on the “Interim Report of Points at Issue on the Civil Code (law of obligations) Reform”. The letter included request to make clear distinctions between retail and wholesale market in the reform discussions and either make certain proposed provisions (e.g. unjustified clauses, false indications, principle of condition changes, etc.) applicable only to the retail market, or make them adoptive provisions. Concern behind the request was that provisions that allow compulsory ex-post changes or cancellations of duly executed transactions could be seen as uncertainty risk in trading with Japanese parties and may put Japanese firms in disadvantageous position in the global OTC Derivatives market.

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

Japanese members of Japan Collateral Committee met on August 2 to exchange views on standard CSA (SCSA) project, and being updated with the recent developments of SCSA discussion in US and Europe, including the agenda being discussed in the Standard CSA Working Group as well as SCSA Logistical Sub-Working Group.

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

ISDA met with officials of the Ministry of Economy, Trade and Industry to exchange views on recent industry developments in market infrastructures for commodity derivatives, i.e. ISDA Commodities Steering Committee has chosen Depository Trust & Clearing Corporation (DTCC) Deriv/SERV and EFETnet to develop the trade repository for OTC commodity derivatives. Clearing solution for commodity derivatives was also discussed.

OTC Derivatives regulations / CCP Working Group

The draft of the Proposals Pertaining to the Applicable Scope of the Mandatory Central Clearing for Over-the-Counter Derivatives was circulated to the members of the working group on August 15. In the Working Group meeting on August 25, members shared the initial feedback from Japanese FSA on the proposals, and agreed to finalize the draft by early September.

CREDIT DERIVATIVES: Contact Kumi Namba (knamba@isda.org)

Japan Determinations Committee

On August 31, Japan DC held its first meeting to discuss the question “Has a Restructuring Credit Event occurred with respect to Victor Company of Japan, Limited?” The group agreed to meet again on September 2 for further discussion.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

New ISDA 2011 Equity Derivatives Definitions Conference Hotel Okura (English or Japanese language conference)	September 9
2011 ISDA Regional Conference Four Seasons Hotel Tokyo at Chinzan-so (English and Japanese language conference)	October 27
Collateral Committee (Japanese language meeting)	mid-November

OTC Derivatives Regulations/CCP Working Group
(Japanese language meeting)

tbc

Documentation Committee
(Japanese language meeting)

tbc