

# ISDA® JAPAN MONTHLY UPDATE

October 2015

## COMMITTEE ACTIVITIES

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On October 30, ISDA's CEO, Scott O'Malia and Global Head of Public Policy, Steven Kennedy met with Mr. Masamichi Kono, Vice Minister for International Affairs, and Mr. Shunsuke Shirakawa, Deputy Commissioner for International Affairs at Japan FSA, to exchange views on recent developments on OTC derivatives regulations, such as margin rules, trading requirements, data & reporting, and harmonization of national rules. Risk and capital issues, such as leverage ratio and FRTB were also discussed.

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On October 9, Japan Collateral Committee was held and members were provided with the various developments and outcomes in working groups. The agenda included the following topics:

- 1) Current status on collateral documentations, i.e. new VM and IM CSA, Self Disclosure Letter template, and two versions of trust agreement templates, which are being prepared by the Trust Companies Association of Japan.
- 2) Regulatory impact on collateral operations – challenges and possible solutions for new operational flows for IM segregation using trust scheme as well as global custodians

### *IM Segregation Working Group*

On October 1, the IM Segregation Working Group meeting was held to discuss the following topics:

- 1) Operations sub-group shared the progress summary of simulation analysis on a staff workload and resource impact vs standard timetable by business use case for collateral management, focusing on a BAU process this time. The same analysis under the non-BAU process or other case scenario will be arranged for future discussions.
- 2) Members also discussed the trust agreement template (2nd phase draft), highlighting the continuous review process against the expected operational workflows being done so far. It was confirmed that several changes in the process of workflows under Emergent Conditions were being reflected, based on the input from user members.

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### Single-Name CDS Roll

Following a number of committee discussions taken place globally, a new proposal to change the Single Name CDS on-the-run contract frequency from rolling quarterly to semi-annually had been put forward, the industry will now be going live with the initiative to amend when Single-Name CDS roll to new 'on-the-run' contracts on December 20, 2015.

On October 20, ISDA circulated the email proposal as such, together with the link to the updated "[Frequently asked Questions](#)" on the ISDA website.

**ISDAFIX TR Page Discontinuation Update:** Contact: Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org)) / Kaori Horaguchi ([khoraguchi@isda.org](mailto:khoraguchi@isda.org))

ISDA happen to notice that Thomson Reuters had notified their member users in July that as of November 2, 2015, Thomson Reuters pages <ISDAFIX1>, <ISDAFIX2>, <ISDAFIX3> and <ISDAFIX4> will be discontinued. From this date, ICE Swap Rates will only be sourced via Thomson Reuters from pages <ICESWAP1>, <ICESWAP2>, <ICESWAP3> and <ICESWAP4>.

After the ISDA's discussion with Thomson Reuters, Thomson Reuters have confirmed that the discontinuation of the pages will be delayed until 1<sup>st</sup> February 2016, and Thomson Reuters will be amending their original client notification to reflect this.

On October 9,20,23,&30, ISDA disseminated the email information relating to the subject matter to members with a sense of insecurity that might affect them to some extent.

Also, ISDA requested members to provide feedback on whether the discontinuation of the relevant Thomson Reuters' ISDAFIX pages will cause significant disruption and whether further time is needed by firms to implement any necessary changes required, which is open until November 5.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<b>IM Segregation Working Group – Legal Users Sub-Working Group</b> (Japanese language meeting)	<b>November 18</b>
<b>IM Segregation Working Group</b> (Japanese language meeting)	<b>November 19</b>
<b>Trust Banks' Fund Account Sub-Working Group</b> (Japanese language meeting)	<b>tbd</b>