

ISDA[®] JAPAN MONTHLY UPDATE

August, 2012

COMMITTEE ACTIVITIES

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

Extraterritorial issues on OTC derivatives regulations:

On August 1, Japan OTC Derivatives Regulations Working Group met to discuss the issues posed by the extraterritorial application of OTC derivatives regulations in US and potentially in Europe. Among other things, members were concerned that the CFTC's Proposed Interpretive Guidance on Cross-Border Application of the Swaps Provisions of the Dodd-Frank Act would have a serious negative impact on Japanese market and the participants, e.g. certain transactions such as JPY interest rate swaps will be subject to duplicate clearing mandates by US and Japanese regulators, which may result in the suspension of the transactions when both regulations become effective in late 2012 at the earliest. On August 6, ISDA met with Japan FSA and shared the concerns and comments raised by the Working Group members.

Margin requirements for non-centrally-cleared OTC derivatives:

OTC Derivatives Regulations Working Group was held on August 29 and discussed the consultative paper on Margin requirements for non-centrally-cleared derivatives published by BCBS/IOSCO in July. Members shared concerns e.g. the mandatory initial margin (IM) will give significant impact on firms' assets, thus it should be considered carefully.

Trade Reporting and Repositories (TRR):

On August 1, members of the TRR working group attended the meeting hosted by Japan FSA on trade recording and reporting requirements under the Financial Instruments and Exchange Act (FIEA).

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

ISDA met with the officials at the Ministry of Economy, Trade and Industry on August 28 to exchange views on recent issues in commodity derivatives market. METI published the report on August 21, jointly with Ministry of Agriculture, Forestry and Fisheries, on industry framework of commodity future market, which analyzed the recent changes in global market environments and how Japanese market should be reformed corresponding to these changes.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

Collateral Committee (Japanese language meeting)	September 5
Documentation Committee (Japanese language meeting)	September 6
OTC Derivatives Regulations Working Group (Japanese language meeting)	tbd
Weather, Commodities and Developing Products Committee (Japanese language meeting)	October 4