

ISDA[®] JAPAN MONTHLY UPDATE

February, 2013

COMMITTEE ACTIVITIES

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

On February 19, ISDA had a meeting with Japan FSA to discuss 1) issues arisen from extraterritoriality of Dodd Frank Act (DFA) on Japanese market participants, and 2) current status of discussions on substituted compliance of DFA after the expiration of the Final Exemptive Order on July 12, 2013, especially on mandatory clearing rules. ISDA explained concerns raised by Japanese members, a part of which were reflected in ISDA's response letter that was filed with the CFTC on February 6. ISDA also gave Japan FSA a heads up on recent discussions on the application of External Business Conduct under the DFA to transactions with Japanese trust accounts and an obligation of obtaining CICI/LEI.

TRR Working Group: Contact: Kaori Horaguchi (khoraguchi@isda.org)

On February 12, a second-round of gatherings among member firms, DTCC, and Japan FSA was held to exchange views over the topic related to TRR, subsequently from the last time meeting held in January. Each prescribed and ad-hoc question or concern arisen from the industry was gone through, and the necessary comments were obtained on the spot directly from Japan FSA and DTCC, in the similar fashion last time. This was aimed to come up with the same understanding and a full readiness towards the compliance date, throughout an intensive dialogue.

On February 8, 15, and 26, a conference call was held accordingly where both representatives from member firms and DTCC attended, and to make an every effort to clear the remaining concerned items by receiving answers or updates from DTCC.

Any further round of conference calls as part of sub-working group activities will be scheduled on a regular basis next month.

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

On February 27, members of the Japan Collateral Committee met to discuss 1) near-final proposal on margin requirements for non-centrally cleared derivatives published by BCBS/IOSCO and potential impact on Japanese market participants, 2) recent developments and schedule relating to Standard CSA, and 3) current status of Dispute Resolution Procedures (DRP) as well as US and European regulations on portfolio reconciliation and dispute resolutions.

Japan Collateral Committee members were invited to participate in 2013 annual survey of Collateral use in OTC derivatives in the Japan market. The objective of the survey is to produce useful information to track the local market practices, i.e. the state of collateral use and management among derivatives dealers and end-users who have activities in Japanese market. The responses are due March 15.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

Collateral Committee (Japan FSA session) (Japanese language meeting)	March 5
TRR Sub Working Group (Japanese language conference call)	March 6
Trust Bank's Fund Account Sub-Working Group (Japanese language meeting)	tbd
Extra-Territoriality in International Derivatives Regulation Symposium (Japanese/English language symposium)	March 14