

ISDA® JAPAN MONTHLY UPDATE

January 2017

COMMITTEE ACTIVITIES

REGULATORY: Contact: Tomoko Morita (tmorita@isda.org) / Kaori Horaguchi (khoraguchi@isda.org)

JPY Benchmark Fallback Working Group

On January 10, ISDA held a conference call with member participants joining from all of three geographically concentrated benchmark fallback working groups i.e. JPY, USD, and GBP/EUR/CHF ISDA WG, to mainly provide an update on the issues discussed at the meeting with the Financial Stability Board (FSB) Official Sector Steering Group (OSSG), where ISDA attended on January 9.

The discussion with the FSB OSSG was covering the initiatives undertaken by the ISDA Benchmark Working Groups so far and things laid out in the report submitted to the FSB OSSG in mid-December including that the Study Group on Risk-Free Reference Rates had formally selected TONA, as the JPY alternative risk-free rate on December 28.

There were some specific areas that being discussed during the FSB OSSG meeting such as any necessity of broadened scope of the triggers with regard to the relevant successor rate or the development of the term structure for any fallback selected for a term IBOR, for which ISDA currently hopes soon to receive further feedback from the FSB OSSG so that it can go onto the next step to plan to reach industry consensus.

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

Resolution Stay

On January 6, ISDA circulated a memo to members notifying that the Japanese Module to the ISDA Resolution Stay Jurisdictional Modular Protocol (the **ISDA JMP**) had been published and launched for adherence with FAQs and education materials.

Links: <http://www2.isda.org/functional-areas/protocol-management/open-protocols/>
<http://www2.isda.org/functional-areas/protocol-management/protocol/24>

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

On January 24, ISDA and Trust Companies Association of Japan (*Shintaku Kyokai*) submitted a joint letter to JFSA requesting for consideration on submitting an application to the CFTC that will permit Japanese entities that is subject to both the CFTC Margin Rules and the JFSA Margin Rules to comply with variation margin requirements under the JFSA Supervisory Guideline (*Kantoku Shishin*) as comparable requirements of its home jurisdiction, Japan, in lieu of the CFTC Margin Rules in respect of variation margin pursuant to the CFTC Cross-Border Margin Rules.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<i>JPY Benchmark Fallback Working Group</i> (Japanese language meeting)	<i>February 13 / 27</i>
<i>The ISDA Resolution Stay Jurisdictional Modular Protocol Including the Japanese Jurisdictional Module and Stay Regulations</i> (Japanese language seminar)	<i>February 15</i>
<i>OTC Derivatives Regulations Working Group</i> (Japanese language meeting)	tbd
<i>Japan Trust Bank's Fund Account Sub-Working Group</i> (Japanese language meeting)	tbd