

ISDA[®] JAPAN MONTHLY UPDATE

September, 2012

COMMITTEE ACTIVITIES

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

On September 5, Japan Collateral Committee (JCC) was held to discuss the following topics; 1) progress update on SCSA, 2) progress update on T+2 protocol (Collateral Settlement Timing Protocol), 3) update on Dispute Resolution Process (DRP), and 4) the latest status on margin requirements for non-centrally-cleared OTC derivatives.

With regard to the SCSA developments, it was reported that it now allows the eligible transport currency to be selected from seven major currencies including JPY, and that Japanese firms requested to apply T+2 settlements to be set aside as an option.

As for margin requirements for non-centrally-cleared OTC derivatives, members shared the views that global guidelines should be established with the discretion to national regulators for specific rules, and there were feedbacks with concerns related to such as the applicable scope, exempted transactions from requirements, timing of implementation with sufficient phase-in period.

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

On September 6, Japan Documentation Committee (JDC) was held, whereby members were facilitated by Mr. Matsuzoe from White & Case with ISDA August 2012 Dodd-Frank Protocol, along with the regulations under the Dodd-Frank Act in the U.S., for a better understanding towards how to comply with its requirements to be enforced shortly. Q&A sessions on ISDA August 2012 Dodd-Frank Protocol, including the key issues to be considered concerning adherence to the said Protocol, were subsequently held.

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

On September 11, ISDA obtained the final written responses from Japan FSA to the questions raised by the members of the Working Group related to the trade reporting format and procedures, and shared information with OTC Derivatives Regulations Working Group as well as Trade Reporting & Repository (TRR) Working Group.

On September 24, Japan OTC Derivatives Regulations Working Group held a meeting to discuss in order to come up with an agreed procedure of confirming a 'rational reason' for their counterparty not to become a clearing member if the case applies, which is related to the Article 2Cabinet Office Ordinance, article 2-3 (iv) to the Financial Instruments and Exchange Act (FIEA), released on July 11.

On September 26, ISDA met with Japan FSA to share members' views on margin requirements for non-centrally-cleared derivatives. On 28th, ISDA submitted its comment letter to BCBS/IOSCO on the consultative document for Margin Requirements for Non-Centrally-Cleared Derivatives.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

Weather, Commodities and Developing Products Committee
(Japanese language meeting)

October 4

2012 ISDA Regional Conference

October 25

Four Seasons Hotel Tokyo at Chinzan-so
(English and Japanese language conference)

Advanced OTC Derivatives Clearing Conference

October 26

Four Seasons Hotel Tokyo at Chinzan-so
(English and Japanese language conference)

OTC Derivatives Regulations Working Group

tbd

(Japanese language meeting)