

ISDA[®] JAPAN MONTHLY UPDATE

February, 2011

COMMITTEE ACTIVITIES

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

Credit Derivatives

On February 25, the Credit CCP Working Group submitted a discussion paper to Japan FSA in order to resolve the issue of clearing members' unlimited liability against CCP losses. The discussion paper summarizes some of the preliminary views expressed in the Working Group with regard to the default management process of the CCP based on discussions held among the members until December 2010 and proposes the direction of designing the framework of CCPs in Japan.

RISK MANAGEMENT: Contact Tomoko Morita (tmorita@isda.org)

On February 8, members of Japan Risk Management Committee were updated with the recent developments in regulatory capital discussions on Basel III, including the Committee's consultative document on the capital treatment of exposures to central counterparties and ISDA's submission regarding the issues with the Committee's proposal.

COLLATERAL/OPERATION: Contact Tomoko Morita (tmorita@isda.org) / Kumi Namba (knamba@isda.org)

ISDA submitted the comment letter responding to the CFTC's NPR for Confirmation, Portfolio Reconciliation, and Portfolio Compression Requirements on February 28. The letter included Japanese members' concerns/comments with regards to some of the standards set for confirmation and portfolio reconciliation, e.g. feasibility of timing of dispute resolution and extraterritoriality application to cross-boarder transactions.

On February 9, ISDA met with Japan FSA to share members' views and concerns regarding the extraterritorial applications of the above CFTC's requirements for portfolio reconciliation and dispute resolution.

CREDIT DERIVATIVES: Contact Kumi Namba (knamba@isda.org)

Japan DC Determinations

On February 16, ISDA published Japan DC's decisions on Historical Succession Event questions for the following: 1) Ito-Yokado SHC Co., Ltd., 2) Japan Air System Co., Ltd., 3) Japan Airlines Co., Ltd., 4) Japan Airlines Domestic Co., Ltd., 5) Kinki Nippon Railway Co., Ltd., and 6) Marui Co., Ltd.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Equity Derivatives Committee (English language call)	3/16
Accounting Committee (Japanese language meeting)	tbc
Collateral Committee (Japanese language meeting)	tbc