

# ISDA® JAPAN MONTHLY UPDATE

November 2013

## COMMITTEE ACTIVITIES

**REGULATORY:** Contact: Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org))

### OTC Derivatives Working Group

ISDA Japan OTC Derivatives Working Group submitted the interim report to Japan FSA on November 12, with a follow up meeting. The interim report summarized the issues on the expansion of the scope of clearing obligations scheduled around November 2014. Key issues discussed in the report are as follows:

- 1) Careful consideration is necessary on the scope of entities (clients) subject to the mandatory clearing including a phase-in approach, taking into account the feasibility of the clearing brokers and a clearing house.
- 2) It is necessary to set a scope of products, taking into account the equivalence with the US and European regulations on mandatory clearing.
- 3) Implementation timeline and phase-in schedule should be harmonized with margin requirements for uncleared derivatives as much as possible.

### The Financial Instruments and Exchange Act

Japan FSA published the [consultative draft](#) (Japanese only) of the official notice which designates the scope of products to be exempted from registration requirements for clearing houses providing “Financial Instruments Obligation Assumption Service” or clearing service. The draft notice also designates which clearing houses are exempted for this purpose, and propose to extend the deadline of the outstanding exemption from December 31, 2013 to December 31, 2014. Members were requested to provide comments before the submission deadline, December 18.

**OPERATIONS:** Contact: Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org)) / Kaori Horaguchi ([khoraguchi@isda.org](mailto:khoraguchi@isda.org))

On November 14, Japan Operations Committee meeting was held, attended by member representatives. The guest speaker was Oliver Stuart, Managing Director, Global Head of Derivative Operations at Morgan Stanley, who provided an update on the operational process around the global regulatory change initiatives pursuant to DFA, EMIR framework that might also affect members sitting in Japan.

Mr. Stuart is the co-Chair of the ISDA Operations Steering Committee (OSC), and an active member of the ISDA Industry Governance Committee (IIGC).

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<b>OTC Derivatives Working Group</b> (Japanese language meeting)	<b>TBC</b>
<b>Trust Funds' Account Sub-Working Group</b> (Japanese language meeting)	<b>TBC</b>