

ISDA® JAPAN MONTHLY UPDATE

October 2013

COMMITTEE ACTIVITIES

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

On October 23, ISDA met with Deputy Commissioner for International Affairs at Japan FSA, Tokio Morita, and discussed progress and challenges in effective and orderly resolution regime for financial institutions, including the impact on ISDA Master Agreement, as well as the margin requirements for uncleared derivatives which Japan FSA would implement in response to the final rules published by the WGMR (BCBS/IOSCO) in September.

On October 24, Robert Pickel, CEO and Japanese Board members of ISDA met with Deputy Governor of Bank of Japan, Hiroshi Nakaso and other senior official to exchange views on the recent issues on OTC derivatives market and regulatory issues including margin requirements for uncleared derivatives and the reform of financial benchmarks.

OTC Derivatives Working Group

Working Group meeting was held on October 22, and members discussed the second phase of Japan's mandatory clearing that is expected to start in November 2014, including the issues to be considered when determining the scope of entities and products subject to mandatory clearing, and how ISDA should approach to the regulators. Members agreed to prepare a list of issues that are requested to be considered by the FSA when drafting the revised rules. The draft was circulated to members and will be submitted to the FSA by mid-November.

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

On October 16, members of Japan Collateral Committee met to discuss the following agenda:

1. Overview of ISDA 2013 Standard Credit Support Annex, published in June 2013
2. Margin requirements for non-centrally cleared derivatives
 - (i) Outline of the final report on margin requirements for non-centrally cleared derivatives, published by BCBS/IOSCO on September 2, 2013
 - (ii) Implication of the new requirements and the implementation process
 - (iii) Update on discussions with regulators
3. Update on US and European regulations (collateral- related)

Members discussed possible amendments to documentations required by new regulations, approaches to be taken toward regulators and practical issues.

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Renesas Electronics Corporation

On October 31, ISDA published the [Japan DC decision and meeting statement](#) on the current status of discussions in the Legal Subcommittee about a potential Restructuring Credit Event with respect to Renesas Electronics Corporation.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

Operations Committee
(English language meeting)

November 14

OTC Derivatives Working Group
(Japanese language meeting)

TBC