

ISDA[®] JAPAN MONTHLY UPDATE

July, 2011

COMMITTEE ACTIVITIES

DOCUMENTATION: Contact Kumi Namba (knamba@isda.org)

On July 26, ISDA circulated to the Japan Documentation Committee members the draft comment letter on the "Interim Report of Points at Issue on the Civil Code (law of obligations) Reform" published by the Ministry of Justice. The draft letter includes request to make clear distinctions between retail and wholesale market in the reform discussions and either make certain proposed provisions (e.g. unjustified clauses, false indications, principle of condition changes, etc.) applicable only to the retail market, or make them adoptive provisions. Concern behind the request is that provisions that allow compulsory ex-post changes or cancellations of duly executed transactions could be seen as uncertainty risk in trading with Japanese parties and may put Japanese firms in disadvantageous position in the global OTC Derivatives market. ISDA anticipate submission of the finalized letter to the MOJ within the public comment period which closes on August 1.

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

On July 28, ISDA had a meeting with Japan FSA to exchange views on OTC derivatives regulations including the clearing requirements and licensing requirements of the CCP under the Financial Instruments and Exchange Act (FIEA).

OTC Derivatives regulations / CCP Working Group

On July 29, Japan OTC Derivatives Regulations Working Group met to discuss the draft of the outline regarding the scope of clearing obligations under the FIEA. The key issues discussed at the meeting was the treatment of cross-boarder transactions booked between Japanese and non-Japanese entities. Next step is to draft the proposals based on the outline that will be submitted to Japan FSA before the drafting of the cabinet orders toward the end of the year.

Regulators Workshop in Hong Kong

On July 22, ISDA workshop for regulators in the Asia Pacific region was held in Hong Kong, and Japan FSA made a presentation about the developments of CCP and trade repositories in Japan, including the regulatory reform of OTC derivative transactions and the current status of the CCP in Japan.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

Standard CSA Working Group (Japanese language meeting)	August 2
Impact of US and European Regulations on Global Institutions Conference Hotel Okura (English or Japanese language conference)	August 8
New ISDA 2011 Equity Derivatives Definitions Conference Hotel Okura (English or Japanese language conference)	September 9
OTC Derivatives Regulations/CCP Working Group (Japanese language meeting)	tbc
Documentation Committee (Japanese language meeting)	tbc