

ISDA® JAPAN MONTHLY UPDATE

April 2017

COMMITTEE ACTIVITIES

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

Risk & Capital

On April 13, Mark Gheerbrant, Head of Risk and Capital at ISDA had meetings with Japan FSA and the Bank of Japan to exchange views on issues in finalizing the Basel Capital Rules, focusing on FRTB, CVA, SA-CCR, Leverage Ratio, NSFR and implementation of the final rules in Japan.

JPY Benchmark Fallback Working Group

On April 24, ISDA locally hosted the in-person meeting participated in by members, where ISDA to provide updates from the previous meeting held on March 27 followed by the calls on March 27 / April 11 and the in-person meeting on April 3 all held globally under the ISDA USD/GBP/EUR/CHF Benchmark Working Groups, and members randomly exchanged their views on each global working groups status being updated.

The crucial topic of members' discussion during the April 24's meeting was focused on the OIS-LIBOR spread as to whether the members for JPY benchmark Working Group can still find it feasible enough to take into account by keeping in line with the global trend and approach, from the various aspects, such as, average spread calculation methodology, period selection, administrator's rolls, rate submission process, central bank's buy-ins, and so on, for which each member firm has taken away for internal discussion and will be discussed over again.

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

Collateral Committee

On April 17, Japan Collateral Committee was held and member participants were updated with the various issues encountered along with the expected operational milestones or different angles, followed by a roundtable discussion on each themed category listed as follows:

- 1) Industry readiness and planning for the VM Big Bang deadline of March 1, 2017, with a focus on the CSA negotiation and in-house policy related.
- 2) Operational highlights – based on impact analysis on and after the VM Big Bang timeline
- 3) System and operational enhancement strategy in future including the clarification of dispute resolution process and how to approach the IM optimization
- 4) Regulatory impact based on the relief granted, during transitional process, as well as the substituted compliance prospects

Members also had an open discussion based on any unexpected problematic situations currently being confronted, seeking opinions from other members to help solve the issue.

Collateral Survey for Japanese market participants

Japan Collateral Committee members were invited to participate in 2017 annual survey of Collateral use in OTC derivatives in the Japan market as of March 31, 2017. The objective of the survey is to produce useful information to track the local market practices, especially after the implementation date of VM requirements, so-called VM Big Bang, i.e. possible changes of the state of collateral use and management among derivatives dealers and end-users who have activities in Japanese market. The responses are due April 21.

DATA & REPORTING: Contact: Kaori Horaguchi (khoraguchi@isda.org)

On April 13 and April 26, ISDA hosted the global joint calls following the ones conducted in March, focusing on exchanging views among members in order for compiling information as responses from ISDA upon having industry consensus to the Financial Stability Board (FSB)'s [consultation](#) document on the [Proposed Governance Arrangements for the Unique Transaction Identifier \(UTI\)](#), issued on March 13. The responses are due May 5.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<i>JPY Benchmark Fallback Working Group</i> (Japanese language meeting)	May 22
<i>ISDA 32nd Annual General Meeting – Lisbon</i> <i>EPIC SANA LISBOA</i>	May 8 - 11
<i>Understanding the ISDA Master Agreements Conference</i> <i>Regulatory Changes and Impact on ISDA Documentation Including Japanese Issues</i> (Japanese language conference)	June 14