

ISDA® JAPAN MONTHLY UPDATE

February 2016

COMMITTEE ACTIVITIES

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IM Segregation Working Group

On February 18, the IM Segregation Working Group meeting was held to discuss the following topic areas:

1. The Operational Sub-WG presented the information summary outlining the Margin Call flow model in the use of the Triparty services as a new model which enables to handle the automated collateral asset allocation, along with any benefits gained through the services and any other notable points associated, in comparison with the current model.

The T+1 settlement cutoff issues were continuously discussed to come up with ideas as to how the T+1 in terms of the settlement cutoff criteria should ideally be defined, and to satisfy in a string of operational process flow condition regardless of a form of collateral.

2. There was an update on the business impact of the negative interest rates on the trust scheme as currently being suffered, since the Bank of Japan officially announced on Jan 29 of its decision to introduce the negative interest rates for the first time in Japan.

Finalization of the second draft version of the Trust Agreement would be dependent on whether there are any material changes in the final rules that is expected to be published soon.

Collateral Survey for Japanese market participants

Japan Collateral Committee members were invited to participate in 2016 annual survey of Collateral use in OTC derivatives in the Japan market. The objective of the survey is to produce useful information to track the local market practices, i.e. the state of collateral use and management among derivatives dealers and end-users who have activities in Japanese market. The responses are due March 11.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

Japan Documentation Committee (Japanese language meeting)	March 9
Japan Collateral Working Group (Japanese language meeting)	March 10
IM Segregation Working Group (Japanese language meeting)	March 17
IM Segregation Working Group – Legal Users Sub-Working Group	March 23

(Japanese language meeting)

Margin for Uncleared Swaps - Regulations and Documentation
(English language Symposium)

April 12

ISDA 31st Annual General Meeting – Tokyo
ANA InterContinental Hotel

April 12 - 14