

ISDA[®] JAPAN MONTHLY UPDATE

January, 2011

COMMITTEE ACTIVITIES

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

ISDA submitted a proposal to Japan FSA regarding the scope of transactions to be excluded from the licensing requirements for CCP established under the Financial Instruments and Exchange Act (FIEA), i.e. transactions that should be allowed to be cleared through non-licensed CCPs under FIEA.

Credit Derivatives

On January 26, the members of Japan Credit CCP Working Group met to discuss industry proposal regarding the default management process by Japanese CCP at a clearing member's default. The co-chairs of the working group also shared the feedback from Japan FSA when ISDA met with them on January 14. Members agreed to review the proposal internally again re submission of the final proposal to Japan FSA and respond back to ISDA by mid-February.

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

On January 21, members of Japan Collateral Working Group met to discuss the CFTC's proposed rules for Dodd-Frank Act, which specifies Confirmation, Portfolio Reconciliation, and Portfolio Compression Requirements for Swap Dealers and Major Swap Participants (internal business conduct) released on December 28, 2010. Members agreed to put together the comments to submit to CFTC through ISDA's channel.

Japan Collateral Committee members were invited to participate in the 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 February 18.

CREDIT DERIVATIVES: Contact Kumi Namba (knamba@isda.org)

Research Working Group members met on January 21 to review draft revisions to "Frequently Asked Questions on Credit Derivatives" which the WG originally prepared and published back in January 2009. Publication of revised FAQ anticipated March 2011.

Japan DC Determinations

On January 19, ISDA published Japan DC's decisions on Historical Succession Event questions for the following: 1) SEGA Corporation, 2) Sammy Corporation, 3) Sapporo Breweries Ltd., 4) Nippon Kokan Kabusiki Kaisha, and 5) Kawasaki Steel Kabushiki Kaisha.

Also on the same day, DC's Successor decision was published for Aioi Insurance, Co, Ltd.

WEATHER, COMMODITY AND DEVELOPING PRODUCTS: Contact Tomoko Morita (tmorita@isda.org)

Officials from the Ministry of Economy, Trade and Industry (METI) joined the meeting of Japan Weather, Commodities and Developing Products on January 12, and shared the debates held in IOSCO Task Force on Commodity Futures Markets, focusing on the recent discussions on trade repositories for commodities. In the industry side, it is under discussions in ISDA Commodity Steering Committee and Commodities Trade Repository Working Group, which are to finalize the draft RFP

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS/CONFERENCES

Documenting Commodity Transactions using ISDA Documentation Structure Conference 2/3
(Japanese and English language conference)

Happo-en, Tokyo

Risk Management Committee
(English language call)

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