

ISDA® JAPAN MONTHLY UPDATE

November 2015

COMMITTEE ACTIVITIES

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

Trading Requirement on ETPs

On November 9, ISDA met with Japan FSA to update the market and technological issues after ETP rules were implemented on September 1. ISDA shared the list of issues which was raised and agreed in the OTC Derivatives Regulations Working Group. Additionally, cross border harmonization, especially with the European rules that will come into effect in 2017, were discussed.

COLLATERAL: Contact: Tomoko Morita (tmorita@isda.org) / Kaori Horaguchi (khoraguchi@isda.org)

IM Segregation Working Group

On November 19, the IM Segregation Working Group meeting was held to discuss the following topics:

1) Operations sub-group shared the summary report of simulation analysis on a staff workload and resource impact vs network system adaptability required on a bank custodian end by business use case for collateral management.

Also, the new operational schedule list containing the newly added items (e.g. client onboarding, service level/contents confirmation) with scheduled milestones was highlighted.

2) Members also discussed the trust agreement template (2nd phase draft), acknowledging the further modifications made to the certain articles being reflected wherever possible in order to align with the expected operational workflows, whereas the reasoning behind being incompatible with operational needs was explained.

3) Legal User Group walked through the diagrams outlining two different approaches in terms of collateral pledge fitted into the custodian IM structure as envisaged in US or Europe, to compare with the Japan regime mechanics using JGB collateral, and to summarize the possible issues as paramount consideration for future discussions, including the scenario of the failed bank custodian as an example.

ICE Swap Rate Consultation Paper Update: Contact: Tomoko Morita (tmorita@isda.org) / Kaori Horaguchi (khoraguchi@isda.org)

On November 17 & 27, ISDA circulated the memo requesting members to review the questionnaire and to revert ISDA within the requested timeframe, given that ICE Benchmark Administration had launched a consultation on the use of ICE Swap Rate (formally known as ISDAFIX),

EMMI Consultative Position Paper on EURIBOR Update: Contact: Tomoko Morita (tmorita@isda.org) / Kaori Horaguchi (khoraguchi@isda.org)

EMMI thought users feedbacks on the position paper published on October 30.

On November 27, ISDA circulated the memo advising members to review the questionnaire and to revert

back to ISDA with the high-level feedback for compiling where necessary. Members action has been requested by December 4 in consideration of the deadline of official submission is January 29, 2016.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

OTC Derivatives Regulations Working Group (English language meeting)	December 3
IM Segregation Working Group – Legal Users Sub-Working Group (Japanese language meeting)	December 9
IM Segregation Working Group (Japanese language meeting)	December 17
Trust Banks’ Fund Account Sub-Working Group (Japanese language meeting)	tbd