

ISDA[®] JAPAN MONTHLY UPDATE

March, 2012

COMMITTEE ACTIVITIES

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

Japan Accounting Committee (JAC) was held on March 16, and members were provided with the information on 1) enhancement of risk system infrastructure and data management including the introduction of OIS curve discounting, 2) general hedge accounting including novation of derivatives transactions to CCPs and discontinuation of the hedge, 3) IASB's proposed new macro hedge model, 4) Offsetting rules, 5) Accounting treatment of embedded derivatives.

Committee survey was conducted and the members of the JAC were asked to provide their views to enhance JAC's activities for the remaining of 2012.

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

On March 26, Japan Collateral Committee (JCC) was held to discuss the recent issues surrounding collateral management, including 1) recent discussions in SCSA working groups and items for further consideration among Japanese participants, 2) approaches to change the definitions in CSAs in accordance to the expected change in which the settlement cycle will be shortened to two days (T+2) for JGB outright transactions., 3) Dispute Resolution Protocol, 4) summary results of 2012 annual survey of Collateral use in OTC derivatives in Japan market, and 5) regulatory developments in US and Europe for CCP and trade reporting regulations as well as margin rules for non-cleared OTC derivatives. The full results of 2012 annual collateral survey in Japan market are expected to be circulated to the JCC members late April.

On March 27, JCC members were asked to respond to the survey on the change of the settlement cycle of JGB to T+2. The purpose of the survey is for ISDA to determine whether to prepare the protocol and its timing as a way to amend the terms in CSAs.

REGULATORY/OPERATIONS: Contact Kumi Namba (knamba@isda.org)

Trade Repository and Reporting (TRR) Working Group

On March 7, ISDA met with Japan FSA officials to discuss the scope of Day 1 reporting requirements in Japan.

Subsequent to the meeting with the regulator, TRR WG members met on March 16 to further discuss issues including; Whether or not overseas affiliates and branches must report, Whether to report trades facing corporate or retail customers, Whether to report internal trades, How to report hybrid/cross-asset trades, and timeframe for upcoming publication of the cabinet ordinances and designation timing of TRs.

On March 29 and 30, ISDA attended a series of TR workshops hosted by the Japan FSA, where DTCC representatives provided guidance on Global TR reporting. DTCC and FSA officials explained how some of the existing GTR reporting fields may or may not be relevant for Japanese regulatory purposes.

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

Elpida Memory, Inc.

On March 22, an Auction to settle Elpida Memory CDS was successfully held. Auction results can be found on Auction Administrators' website (<http://www.creditfixings.com/CreditEventAuctions/fixings.jsp>).

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

OTC Derivatives Regulations Working Group (Japanese language conference call)	4/3
OTC Derivatives Regulations WG/TRR WG (joint meeting with FSA) (Japanese language meeting)	4/6
Understanding the ISDA Master Agreements Conference (Japanese language conference)	4/19
ISDA 27th Annual General Meeting Chicago	4/30 – 5/2
Documentation Committee (Japanese language meeting)	tbc