

# ISDA® JAPAN MONTHLY UPDATE

January 2015

## COMMITTEE ACTIVITIES

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### *WGMR Legal & Documentation call for Asian members*

On January 8, members of the Japan WGMR Implementation Working Group were provided the overview of discussions held in WGMR Legal and Documentations, including the 1) what documentation tasks will need to be done presented by margin regulations, 2) method of determination of which rules apply to the transactions, 3) what needs to change for documentation including contractual architecture. The similar work will be necessary for Japanese law perspective, i.e. Japanese proposed margin rules, which will be covered by Japan WGMR Implementation Working Group going forward.

### *Withholding tax on cash collateral*

On January 23, the dealer members of ISDA met to discuss the withholding tax issues with respect to the cash collateral provider's owing also the negative interest amount payment which might occur in Japan could potentially be impacted under the scenario that, a Japanese financial institution represents a collateral provider while a foreign counterparty represents a collateral receiver in a scheme.

The crucial point of the discussion was about how to seek a clue in accounting treatment of the negative interest amounts to be paid by the collateral provider and then as to whether this would be the case subject to withholding tax, and the views on how to proceed from here were exchanged.

Based upon the assumption that the negative interest amount in question will still have a chance to be exempted from income taxation as per the [tax reform outline](#) endorsed by the Cabinet on January 14, 2015, however it does not appear to cover any transaction cases other than that a Japanese financial institution faces with a foreign financial institution or its equivalence, which remains uncertainty.

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### SANYO Electric Co., Ltd.

On January 28, ISDA published the [DC resolution and statement](#) on the current status of discussions in the Legal Subcommittee about a potential Succession Event with respect to SANYO Electric Co., Ltd.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<b>IM Segregation Working Group</b> (Japanese language meeting)	<b>February 4</b>
<b>OTC Derivatives Regulations Working Group</b> (Japanese language meeting)	<b>tbd</b>
<b>Trust Bank's Fund Account Sub-Working Group</b> (Japanese language meeting)	<b>tbd</b>

