

ISDA® JAPAN MONTHLY UPDATE

May 2013

COMMITTEE ACTIVITIES

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

Japan Regulatory Committee was held on May 9, where members were provided with the progress toward client clearing in Japan and globally, regulatory landscape regarding client clearing, as well as issues in implementing client clearing, including risk and control, systems and processing, margining and reporting. More than 100 members, both dealers and buy-side, attended and exchanged views and concerns about client clearing.

Members of Japan OTC Derivatives Regulatory Working Group were requested to submit their comments on [the Canadian Securities Administrators \(CSA\) Consultation Paper on Derivatives: Registration](#). The paper proposes a framework for the regulation of key derivatives market participants through the implementation of a registration regime in the Canadian OTC derivatives markets. Japanese members' comments will be included in the submission to the CSA by the deadline of June 17.

Also, members of the Working Group were asked to submit the preliminary comments on [SEC's proposed rules for Cross-Border Security-Based Swap Activities](#), which will be discussed at the Japan OTC Derivatives Regulations Working Group on June 10.

Trust Bank's Fund Account Sub-Working Group:

On May 1, Co-chairs of the Sub-Working Group met with JFSA to share the current discussions with regards to application of External Business Conduct (EBC) and Swap Trading Relationship Documentation (STRD) rules of the Dodd Frank Act and CICI/LEI for trust funds account, which were tentatively agreed by members until any further clarifications are made by regulators.

TRR Working Group: Contact: Kaori Horaguchi (khoraguchi@isda.org)

On May 15, ISDA hosted the forum, attended by JFSA, DTCC, MarkitSERV and 30+ members representing industry. It was composed by two contents of presentation done by DTCC, 1) their analysis based on the pre-submitted industry answers to the questionnaires related to any issues, concerns, requests or the level of satisfaction during the reporting process via DTCC of post-reporting compliance date for Japan Financial Instruments Business Operators (FIBOs) on Japan's FIEA (i.e. April 1) and 2) the new DTCC system functionality updates on Japan reporting in line with other jurisdiction, followed by the Q&A sessions.

EQUITY DERIVATIVES: Contact Kaori Horaguchi (khoraguchi@isda.org)

ISDA has continuously worked on documenting and implementing the Equity Matrix covering the following product based on 2011 ISDA Equity Derivatives Definitions and some Japanese members have been involved in the relevant discussions:

Accumulators/Decumulators: On May 2 and May 16, the working group meetings were held respectively to discuss among members based on the draft of the 2011 Definitions Appendix including ED Transaction Types for Accumulators/Decumulators together with the members' comments to the questionnaires, and being able to be getting the consensus on most of the remaining issues.

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Nippon Paper Group Successor issue

On May 10, ISDA published the resolution of Japan DC in relation to the Succession Event questions with respect to Nippon Paper Group, Inc. The published resolution can be accessed at <http://dc.isda.org/cds/nippon-paper-group-inc/>.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

Japan OTC Derivatives Working Group
(Japanese language meeting)

June 10

TRR Sub Working Group
(Japanese language conference call)

tbc

Understanding the ISDA Master Agreements Conference The ISDA March 2013 Dodd-Frank Protocol Including Japanese Specific Issues
(Japanese language conference)

June 26

Understanding Collateral Arrangements and the ISDA Credit Support Documents Conference Including Regulatory and Current Issues on Collateral
(Japanese language conference)

June 27