

ISDA® JAPAN MONTHLY UPDATE

November 2016

COMMITTEE ACTIVITIES

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

Japan Trust Bank's Fund Account Sub-Working Group

On November 11, ISDA held a meeting within the members including the dealers, trust banks, investment managers to discuss issues around how the transactions with Japanese trust accounts should be treated, from the various aspects, under the jurisdictions of EU, US, and Japan, based on the examples of measures being developed by each firm for the purpose of information sharing.

The members also discussed the documentation issues on the transactions with trust accounts that would be subject to margin requirements, within the choices of using the VM Protocol or going through a bilateral negotiation, depending on the case example given by the members, and in-depth discussions on any operational constraints and considerable necessary measures were promoted.

JPY Benchmark Fallback Working Group

On November 21, ISDA held a first round of working group meetings running locally in Japan to start discussing within members to focus on a JPY based in the selection process of a fallback rate under JPY Benchmark Fallback Working Group, while the other two independent working groups assigned on the geographical region-based were being formed and each call was kicked-off under the USD Benchmark Fallbacks Working Group and the GBP/EUR/CHF Benchmark Fallbacks Working Group accordingly.

During the JPY's working group meeting, ISDA briefed an outline of the background and the purpose as to how each of the locally formed working group should be structured within the required timeframe set out by FSB, and member participants views on to the list of the possible fallbacks that were freely exchanged.

An in-person meeting will be scheduled on a biweekly basis going forward by keeping pace with the work progress confirmed at the other two geographical regions working groups.

OTC Derivatives Regulations Working Group

On November 24, ISDA held a meeting to have discussions about the ISDA's first drafted response onto the notice of proposed rulemaking -CFTC's 11 October Proposed Rule on the Application of Certain Swap Provisions of the Commodity Exchange Act in Cross-Border Transactions- by ensuring consistency with our local market nature and its impacts that should still be incorporated in, before officially being submitted.

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

VM Big Bang

On November 17, members of Collateral Management Working Group met to discuss the issues toward

implementing VM requirements in March 1, 2017, so-called VM Big Bang. Members shared potential impediments to proceed negotiating CSAs, which include the interpretations of “T+1” especially under EU rules, how these problems could be resolved and issues to be addressed to regulators for uneventful implementation. Members are also requested to submit the level of progress in negotiating/executing CSAs and the list of issues toward VM Big Bang that will be shared with JFSA.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<i>JPY Benchmark Fallback Working Group</i> (Japanese language meeting)	December 5 / 19
<i>OTC Derivatives Regulations Working Group</i> (Japanese language meeting)	tbd
<i>Japan Trust Bank's Fund Account Sub-Working Group</i> (Japanese language meeting)	tbd