

ISDA® JAPAN MONTHLY UPDATE

February 2017

COMMITTEE ACTIVITIES

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

On February 14, ISDA filed the request to CFTC to issue no-action relief from the requirements for the settlement timing by T+1 and daily calculation in order to resolve regulatory compliance challenges arising from Covered Swap Entities (CSEs) in Japan being subject to multiple regulations i.e. CFTC margin rules and the Japanese margin rules.

In response to the request, on February 23, CFTC issued [No-Action Letter No.17-13](#) granting an SD that is a dual SD/JFSA Covered Entity for failure to comply with the variation margin posting and collection timing requirements of Commission Regulation 23.153(a) and (b) with respect to an uncleared swap with a Supervised Counterparty, subject to the following conditions:

1. Subject to any minimum transfer amount not exceeding the amount permitted under Commission Regulation 23.153(c), the SD posts or collects any variation margin amount required pursuant to Commission Regulation 23.153(a), within three business days of the execution of the uncleared swap ("T+3");
2. Subject to any minimum transfer amount not exceeding the amount permitted under Commission Regulation 23.153(c), the SD posts or collects any variation margin amount required pursuant to Commission Regulation 23.153(b) at least T+3 until the uncleared swap is terminated or expires;
3. The SD uses its best efforts to comply with the T+1 requirement of Commission Regulation 23.153(a) and (b) for transactions with Supervised Counterparties as soon as possible; and
4. No later than March 1, 2020, the SD complies with the T+1 requirement of Commission Regulation 23.153(a) and (b) for all transactions with Supervised Counterparties.

JPY Benchmark Fallback Working Group

On February 13 and 27, ISDA held the meetings within members to discuss issues, in a conscious manner to keep pace with other relevant working groups, basically as highlighted in the two joint calls held in January as an all-hands member call of ISDA Benchmark Working Groups on January 10 and the ISDA USD/GBP/EUR/CHF Benchmark Working Groups on January 31 / February 14 respectively.

The agenda was covering the discussion topics relating to the proposed expansion of the scope of work of the ISDA Benchmark Working Groups to include the selection of a fallback from any nature of discontinuation of a relevant rate and a not-just-sudden discontinuation of it as well as a term structure that would need to be developed for any fallback selected as risk-free rate.

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Mitsubishi Chemical Corporation

On February 15, ISDA published [DC Resolutions](#) on the ISDA website, upon member discussion over the question as to whether a Succession Event that had occurred in respect of Mitsubishi Chemical Corporation on or about March 28, 2016 with Mitsubishi Chemical Holdings Corporation as a potential Successor.

UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<i>JPY Benchmark Fallback Working Group</i> (Japanese language meeting)	March 27
<i>Overview & Implications of Final Basel Capital Rules</i> (English or Japanese language seminar)	April 12
<i>Japan Collateral Working Group</i> (Japanese language meeting)	April 19
<i>Japan Trust Bank's Fund Account Sub-Working Group</i> (Japanese language meeting)	tbd