

ISDA® JAPAN MONTHLY UPDATE

June 2017

COMMITTEE ACTIVITIES

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

JPY Benchmark Working Group

On June 16, ISDA locally hosted the in-person meeting participated in by members, where ISDA to provide progress updates from the previous calls or meeting under the ISDA USD Benchmark Working Group, APAC Benchmark Working Group and a joint call for four Benchmark Working Groups.

Members also discussed the feasibility of a compounded overnight rate plus a spread as the fallback for Japanese yen interbank offered rates (JPY IBORs) as well as the use of the Tokyo Interbank Offered Rate (TIBOR) as a fallback for the JPY LIBOR. Members agreed to work on calculating the spread for TIBOR-OIS and JPY LIBOR-OIS and share a progress or issues they identifies during the calculation in the next meeting scheduled on July 3.

OTC Derivatives Regulations Working Group

On June 9, the meeting for OTC Derivatives Regulations Working Group was held to discuss the practical issues regarding the requirements to trade on Electronic Trading Platforms (ETPs), 1) treatment of the delta hedge transactions conducted at the time of exercising cash settled swaption and 2) treatment of package transactions when the legs are booked in different entities. Members also discussed the possible revision of the Japanese ETP requirements in tune with the discussions around US SEF rules and the MiFID II/MiFIR, and the current status of the equivalence determination. Members also agreed to speak with JFSA on the topics discussed at the meeting.

Co-Chair of Japan OTC Derivatives Regulations Working Group, Mr. Sakurai of Mizuho bank has stepped down, and Mr. Ichiya, ISDA Board member from Mizuho Securities was appointed as new co-Chair of the Working Group. ISDA would like to thank Mr. Sakurai's contributions to the Working Group activities and welcome Mr. Ichiya. Mr. Watanabe of Citi was also elected to continue to be another co-Chair.

On June 15, ISDA had a meeting with JFSA to discuss the issues relating to the trading requirements on ETPs raised in the Working Group meeting on June 9. The summary of the discussions with JFSA will be circulated to members shortly.

ISDA and GFMA LEI FAQ Outreach document

On June 29, ISDA sent the final publication version of the joint ISDA and GFMA LEI FAQ Outreach document that should help remind members and for their clients to obtain a Legal Entity Identifier ("LEI") in order to comply with MiFID II starting January 2018.



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UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<i>JPY Benchmark Fallback Working Group</i> (Japanese language meeting)	July 3/18
<i>Japan Trust Bank's Fund Account Sub-Working Group</i> (Japanese language meeting)	July 24
<i>Markets in Financial Instruments Directive II/ Regulation Implementing the New Regime</i> (Japanese language conference)	July 26