

PRESIDENT'S MESSAGE



Michael Ross
President - CEO
FIA Japan

Growing the Market

For the last several years, it seemed that the Japanese regulators were the only regulator that was actively questioning the regulatory environment that had been created after the financial crisis. It is good to learn that the new CFTC Chairman Giancarlo is going to lead the CFTC with three concepts in mind: 1) Fostering Economic Growth, 2) Enhancing US financial Markets and 3) Rightsizing its regulatory footprint. This is refreshing and it seems US and Japan will be in sync. Meanwhile in Europe, MIFID II is being getting ready to be enforced. MIFID II consists of over 100 interlinked documents. Portions will be implemented uniformly while other portions will be implemented separately in each country... I like the sound of the CFTC's new Project KISS – Keep It Simple Stupid – and wish that regulators in Europe will consider taking on a similar project.

FIA Japan has been working with the Japanese regulators over the years and really appreciates the positive approach taken by the Japanese regulators. We look forward to this approach to continue.

In this issue of the newsletter, we learn that TFX, TOCOM and Japan OTC Exchange are launching new contracts and services. Innovations by various exchanges are important for the Japanese markets. Let's hope we see more such news from the exchanges.

FIA Japan will continue to work to be the catalyst in the market. We hope FIA Japan members will continue to contribute toward this effort.

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Introducing CFTC Chairman Giancarlo – “CFTC: A New Direction Forward”

J. Christopher “Chris” Giancarlo was sworn in as a CFTC Commissioner in June 2014 for a term expiring in April 2019. Mr. Giancarlo was designated as Acting Chairman of the Commission on January 20, 2017 and was nominated as official chairman by President Trump in March (to be confirmed by the Senate).

Before entering public service, Mr. Giancarlo served as the Executive Vice President of GFI Group Inc., a financial services firm. Prior to joining GFI, Mr. Giancarlo was Executive Vice President and US Legal Counsel of Fenics Software and was a corporate partner in the New York law firm of Brown Raysman Millstein Felder & Steiner. Mr. Giancarlo has been a member of the Bar of the State of New York since 1985.

At the FIA 42nd Annual International Futures Industry Conference in Boca Raton this past March, Acting Chairman Giancarlo delivered a speech on a new direction for the CFTC with a three-part agenda: 1/ Fostering Economic Growth; 2/ Enhancing US financial markets; and 3/ Right-sizing its regulatory footprint.

His speech included the following remarks:
“So much policymaking, rulemaking, and thought have



OSE CEO Yamaji exchanging ideas with CFTC Acting Chairman Giancarlo on the sidelines of the FIA Boca event in March

been directed at building a regulatory superstructure that ostensibly would prevent another 2008-style crisis that we’ve lost sight of the emerging challenges just ahead and what is the right regulatory response.

THE AMERICAN PEOPLE HAVE ENTRUSTED THE TRUMP ADMINISTRATION TO TURN THE TIDE OF OVER-REGULATION.

The American people have entrusted the Trump Administration to turn the tide of over-regulation. Accordingly, financial market regulators, like the CFTC, must pursue their missions to foster open, transparent, competitive and financially sound markets in ways that best foster American economic growth and prosperity.

I am today announcing the launch of Project KISS, which stands for “Keep It Simple Stupid”. Project KISS will be an agency-wide review of CFTC rules, regulations and practices to make them simpler, less burdensome and less costly.

PROJECT KISS: “KEEP IT SIMPLE STUPID”

The CFTC must interpret its regulatory mission by pursuing a three-part agenda: first, contributing to American economic growth by reducing regulatory burdens, improving market intelligence and embracing FinTech innovation; second, enhancing US financial markets by addressing trading liquidity risk, fixing the CFTC’s flawed swaps rules and engaging effectively with overseas regulators; and third, rationalizing our regulatory footprint by getting back to regular order, focusing on our core mission and running a tighter ship.”

The entire [Remarks of Acting Chairman Giancarlo](#) are available on the CFTC website.

MiFID II and its Impact on Japanese Financial Institutions

By Dr Christian Voigt
Senior Regulatory Adviser, Fidessa

The Markets in Financial Instruments Directive (MiFID) is a law aimed at creating a single market for financial services across Europe. Already in force since 2007, the most recent update - MiFID II - will apply from January 3, 2018.

MiFID II is a complex piece of legislation covering more than 100 interlinking documents. Even though the law (known as Level 1) is finalised, the details spelt out in Level 2 and Level 3 documents are only partially complete. Additionally, some parts of MiFID II are set to be enacted uniformly across Europe whilst others will be implemented separately in each country. This means that even within the EU there is ongoing discussion on the interpretation of the new rules.

MiFID II could impact Japanese firms both directly and indirectly. Firms are directly impacted if they are regulated themselves by a European regulator. This might be the case if a firm has an establishment within the EU and provides investment services or performs investment activities within that jurisdiction. Those firms working with European brokers, buy-sides or exchanges could be impacted indirectly and possibly in a more subtle way, with changes being required under the guise of best practice. Given the structure of markets, it's likely that many more Japanese firms will fall into the latter category with few facing off to EU regulators directly.

There are a number of ways in which MiFID II could impact Japanese financial institutions, including the following three examples.

With the regulator determined to ensure that buy-side firms manage their clients' money in an appropriate way, MiFID II will put an end to the traditional practice of bundling research and execution into a single fee. Going forward, buy-sides can either pay for research out of their own pocket, or manage client money via a research payment account, allowing for sufficient regulatory oversight. Global buy- and sell-side firms will have to adhere to the new 'unbundling' rules within the EU, and may either ring-

fence their European operations or voluntarily enforce the rules globally. Additionally, any EU-based buy-side firm investing in Japanese stocks will require unbundled pricing from its Japanese broker. Given these interdependencies, it is feasible that unbundling will spread voluntarily as a best practice over time.

MiFID II also introduces new rules on electronic trading. Direct Electronic Access (DEA) is an umbrella term combining Direct Market Access and Sponsored Access. It is generally agreed that a DEA user (e.g. a Japanese broker) will be subject to a higher standard of due diligence and monitoring through its DEA provider (e.g. an EU broker) than a non-DEA user. There is an on-going debate as to whether a DEA user accessing an EU market directly should be fully in scope of MiFID II, even if it does not have any EU establishment. Whilst this point remains open, it is difficult to determine if and how Japanese firms might be impacted by the DEA rules.

In a third example, MiFID II requires all shares listed on a European exchange to be traded on-exchange, with few exemptions. However, many Japanese stocks are dual-listed in the EU and are subject to the rule. Since Japanese exchanges are not registered under MiFID II, they are considered off-exchange, preventing EU brokers from trading on them. This is an unintended consequence of the new rules. Because the legislators do not want to interrupt global trade, they are still working on publishing a last minute fix and market participants must remain in suspense until then.

MiFID II is a major undertaking and, given the global nature of financial markets, it will be surprising if Japanese firms don't see some changes as a result of its implementation. However, a careful assessment is needed in terms of its real impact since it is likely that only a small subset of the EU rules will reach as far as Japan.

(Note) This is a summary of the Fidessa workshop presentation at the 18th Annual Japan International Banking & Securities System Forum 2017 held on February 28, in Tokyo. Please visit the [Fidessa website](#) for more details.

FIAJ Issues Letter to NFPF Regarding Member Fees

Last December, FIAJ sent a letter to the National Futures Protection Fund (NFPF) concerning its member fee structure, based on the detailed discussions held within the FIAJ Commodity Study Group (CSG). Our letter suggested the elimination of the contractual fee for transactions made by FCMs, institutional investors, or others who are not eligible to receive a pay-off compensation (non-beneficial customers). If needed, this pay-off compensation (up to JPY10 million) would be made to general retail customers only. In February, we received a response from NFPF to our letter. The response from NFPF noted that they supervise and audit the member FCMs, and monitor the fulfilment of segregation duties for all of the customers' assets (including non-beneficial customers). All of these duties implemented by NFPF are covered by the membership fees. Therefore, it is not possible to remove the contractual fee for non-beneficial customers only. And it's not operationally easy to allocate the costs by type of customers. However, they have planned to start discussion to revise the entire fee structure this year (fiscal year starting April 2017), and the new structure is expected to be implemented the following year.

The [FIA Japan Request for Fee Exemption and the NFPF Response](#) are available on the FIAJ website. We welcome

comments from the industry on this issue.

Our CSG is now currently focusing on a new issue concerning the segregation of customers' assets in the commodity markets, seeking ways to improve transparency and efficiency of the existing operations. Customers' margin money, when deposited, is sent to the commodity FCMs and then relayed to the Japan Commodity Clearinghouse (JCCH) in full. Customers' money, once it has reached JCCH, is segregated and is claimable directly when FCMs become insolvent. In order to protect customers from the default risks of FCMs, FCMs are required by agreement with NFPF to take one or more measures, such as segregated deposit, or settlement in subrogation with the NFPF. The system for customers' protection is rather complex and is not easy to understand for market participants. As derivatives markets are becoming more globalized, the recent regulatory environment makes market participants even more selective in selecting the markets they trade. The growing number of international participants in the Japanese markets are not only looking for market liquidity, but also operational transparency and efficiency to trade in an increasingly competitive environment among exchanges.

FIA 42nd Annual International Futures Industry Conference

On March 14-17, FIA hosted the 42nd annual International Futures Industry Conference in Boca Raton, Florida. More than 1,100 people from 25 countries attended this year's event, including policymakers from Europe, Asia and the Americas as well as senior executives from the many facets of the cleared derivatives industry. Newly nominated Commodity Futures Trading Commission Chairman J. Christopher Giancarlo laid out his plans for overhauling the regulatory body and implementing simpler rules and regulations. The NEX Group sponsored keynote lunch featured former British Prime Minister, the Rt. Honorable David Cameron, sharing his insights on Brexit and other

major geopolitical issues. Other keynote speakers included Blythe Masters, chief executive officer of Digital Asset Holdings, and The Rt. Hon., the Lord Hague of Richmond and US Senator David Perdue (R-GA).

Boca 2017 also included a ceremony honoring the newest members of the [FIA Futures Hall of Fame](#), which celebrates individuals who have made significant contributions to the development of the global futures, options and centrally cleared derivatives industry. This year's inductees included Yoshio Kuno, founding member and founding director of FIA Japan, and Atsushi Saito, former Group CEO,

TOPICS OF THE MONTH (CONTINUED)

President and Chief Executive Officer of Japan Exchange Group.



Center-left: FIAJ Vice Chairman Mogi accepting the award on behalf of Mr. Yoshio Kuno
Center-right: OSE CEO Yamaji accepting the award on behalf of Mr. Atsushi Saito

Mr. Kuno made the following comments: *“When I heard about this, it came as a total surprise to me. Realizing what an honor it is to be listed with all the legendary professionals in the Hall of Fame, I was actually a bit hesitant to accept at first.*

But considering this recognition as being presented to me on behalf of all the people I have had the privilege to collaborate with towards improving the quality of our markets, and their continued efforts, I was happy to accept the honor.

I am very grateful to FIA and FIA Japan, as well as to the users of global markets.”

COMMITTEE ACTIVITIES

Membership Committee Chairman Shin Shinozuka

FIA Japan recently welcomed the following company as new members:

The London Metal Exchange is the world centre for industrial metals trading. Most of the world's non-ferrous metals business is conducted on the LME totalling \$10.3

trillion, 157 million lots and 3.5 billion tonnes in 2016.

The metals community uses the LME, a member of HKEX Group, as a venue to transfer or take on price risk, as a physical market of last resort and as the provider of transparent global reference prices.

Technology Committee Chairman Bruno Abrioux

Another Fiscal Year has passed. Time to step back and look at what was achieved as well as what is planned for FY2017.

Beyond the regular provision of educative articles to the FIA Japan Newsletter Tech Corner, the Technology Committee has conducted throughout FY2016 a number of other activities aimed at informing the domestic Financial Services Industry on recent technology developments. Notably, on November 1, 2016, it conducted a seminar on the theme of [“Cloud Computing Services Usage by the Financial Services Industry: Business Models and Japan's Regulatory Approach”](#). This seminar was set in collaboration with the Asia Cloud Computing Association and jointly organized with the FIA Japan Legal and Compliance Committee. Among other activities, the committee also offered in May 2016 a webinar in the Japanese language featuring in a single presentation CME, Eurex and SGX and their respective initiatives for 2016.

On behalf of the whole Technology Committee, I would like to thank our members, contributors and sponsors without which these activities would not have been pos-

sible.

As far as FY2017 is concerned, we plan to focus on three main types of activities. First, we will continue informing the industry on the technological impacts of domestic markets or regulatory developments (for example, the introduction of Electricity Futures contracts by TOCOM, JSCC Clearing House system migration, new HFT-related regulatory framework...). Additionally, we will closely look at how to raise the awareness and understanding of opportunities and challenges in relation to the global and local development of FinTech. Finally, we will keep our objective to support other FIA Japan committees on matters where inputs or recommendation on technology are required. We include here interactions with FIA in case inbound or outbound technology-related comments are necessary.

We look forward to a fruitful collaboration with our members and more broadly with our industry participants and welcome any direct or indirect contribution that will help improve the committee activities.

Commodity Study Group Chairman Mac Sugitani

Commodity Study Group (CSG) holds monthly meetings to discuss topics around commodities and related agendas impacting the markets. In 2016, Brexit in June and the US Presidential election in November caused the global markets to move with an usual high volatility and generate large trading volumes. CSG members exchanged views about the role of derivative markets and the trading environment in the Asian time zone, which is becoming more important in order to provide market participants with liquidity for risk control in such a highly volatile market.

In the latter part of the year, CSG spent time on the discussion over the membership fee charged by the National

Futures Protection Fund (NFPF). We pointed out the unfairness of the member fees paid per contract charged to all transactions. “Non-beneficial participants”, or non-retail participants, who have a growing volume share on TOCOM, have been asking to remove the contractual fee for themselves as they are not entitled to receive the pay-off compensation (a payment made up to 10 million yen per customer). CSG prepared a letter to make the request to the NFPF for its consideration. NFPF replied to FIAJ and expressed their intention for considering revising said fee structure this year, which is expected to be implemented in the following year (see our special report in this edition for details).

Japan Principal Trading Group (JPTG) Chairman Michael Ross

The FIA Japan PTG was kicked off in May 2015 as the then “Proprietary Trading Study Group”. Our objectives at that time were to share information about our markets in Japan, while receiving input from buy-side firms as to the issues and problems they may have in utilizing our markets. The FSA and government review of the so-called “HFT” (or “High Speed Trading” as it is known in Japan) and their proposals on how to regulate such transactions dramatically raised interest into JPTG participation and its activities. As of April 2017, 21 firms are involved in JPTG, with many of them joining FIA Japan membership this year, thanks notably to the combined efforts of FIA Japan Officers. The Group helps bring balance to any discussions on industry issues, as well as provide a united “market user voice” in front of governmental bodies. This had been a long-term objective of our Association and is now a valuable asset for all of our membership.

In fiscal year 2016, JPTG has been very active and

required the full commitment of our Market Development Committee (Chaired by Mr. Richard Clairmont of ABN Amro Clearing), as well as the heavy involvement of FIAJ Officers and staff. In addition to regular calls amongst the Group and with our FIA counterparts (FIA PTG in the US and EPTA in Europe), important milestones were implemented (including a presentation of the JPTG response to public comments at the Financial System Council in October 2016), helping raise the visibility and credibility of FIA Japan, while also achieving major objectives to the benefit of all of our members.

FIA Japan PTG is committed to continue to provide constructive feedback to the Japanese government and regulators as they introduce amendments to the Financial Instrument and Exchange Act, to be followed by detailed Cabinet Orders etc., as they strive to regulate this part of our industry in order to protect public interest.

EXCHANGE NEWS

OSE Nikkei 225 Mini: World’s 3rd Most Traded Equity Index Futures

Nikkei 225 mini, the flagship product of Osaka Exchange – JPX Group, became the world’s 3rd most traded equity index futures for the first time in 2016 (Source: FIA). In July 2016, OSE celebrated the 10th anniversary of Nikkei 225 mini, which was launched in July 2006. Its average daily volume grew by almost 20 folds in the past 10 years, and its annual trading volume reached 233,940,373 contracts in 2016. Currently, Nikkei 225 mini is popular

among a variety of investor-types, including non-Japanese and Japanese retail investors, and its trading volume during the Night Session (4:30pm – 5:30am next day, JST) accounts for approximately 40% of its total volume, providing thick liquidity regardless of the time of day or night.

OSE continues to create and build an attractive market as the mother market of Nikkei 225 derivatives products.

TFX Mid-term Business Plan

On 26th April, Tokyo Financial Exchange Inc. (TFX) announced its new three-year mid-term business plan starting from fiscal year 2017. TFX stated that its mission is to agilely address social and economic transformation, and actively strengthen financial ground, while ensuring the fairness of the market as a publicly authorized exchange.

Specific projects include expanding emerging currency

pairs, entering into clearing operations for over-the-counter FX Cover transactions, integrating systems of short-term interest rates and daily futures contracts, and building a big data infrastructure. Through these, TFX intends to achieve its financial goals making use of innovations, expanding daily futures contracts volume, establishing new business and rationalizing system expenses.

TFX to Start Joint Study of AI Technology

On March 10, TFX announced the start of a collaborative research with Fujitsu to improve the accuracy and efficiency of market surveillance operations. Integrating the expertise of market surveillance owned by TFX and the knowledge of Fujitsu's AI technology (anomaly detection

technology), the two corporations will jointly work to identify abnormalities in the FX and equity index daily futures contracts, and to create a mechanism to detect abnormal changes and signs thereof.

TFX to Add Packs & Bundles Strategies to Euroyen Futures

TFX has announced its plan to add Packs & Bundles to its strategy menu for Euroyen Futures. The exchange is now developing this on its trading system and intends to release the P&B functions at the end of November this year.

The Pack is a transaction in which a series of four consecutive quarterly contract months of the same volume are purchased or sold in order to manage the whole year's interest rate risks. Multiple consecutive packs of the

same volume make a bundle (e.g: 2-year bundle or 3-year bundle).

While most of the market participants forecast BoJ's "ultra-loose" monetary policy to be maintained for another few years, trading in the mid-to-long term interest rates is still actively supported by interest rate swap traders and others both at home and abroad. TFX expects that P&B would respond to the demand of such traders and "reignite" the market.

JCCH Receives ESMA Recognition as Third-Country CCP

The Japan Commodity Clearing House Co., Ltd (JCCH), a wholly owned subsidiary of TOCOM, was granted recognition as a third-country CCP by the European Securities and Markets Authority (ESMA) on March 29. This was in compliance with the European Market Infrastructure Regulation (EMIR), adopted in July 2012.

Under EMIR, ESMA recognition is required for CCPs working with European clearing participants. With this recognition, JCCH will now be able to provide clearing

services to European financial institutions.

As a third-country CCP, JCCH is also considered a Qualifying Central Counterparty (QCCP) regarding European capital requirements. The requirements impose significantly higher capital charges on European entities with exposure to non-QCCPs. Now, European clearing participants will have no additional capital requirements on TOCOM and the Osaka Dojima Commodity Exchange.

JOE Launched New LNG Contracts

TOCOM's wholly-owned subsidiary, Japan OTC Exchange, Inc. (JOE), launched new LNG contracts on its new OTC trading platform on April 3.

The newly launched contracts include physical and cash-settled swap contracts to be settled against the DES Japan/Korea Marker (JKM™), assessed and published by S&P Global Platts (Platts), the benchmark price for LNG in Asia. In addition, and in line with the Memorandum of

Understanding between Platts and TOCOM signed in November 2016, the transactions of the new contracts may be used as part of Platts' JKM™ assessment process where data is in line with Platts existing methodology and prioritization processes. TOCOM is committed to developing these markets to enhance the convenience of Asian LNG market and to facilitate price discovery.

TOCOM Launched New Cash-Settled Futures Contracts Added to Oil Portfolio

TOCOM launched new cash-settled futures contracts for Gasoline, Kerosene and Gas Oil on May 8, 2017 following regulatory approval.

The spot benchmark for Japan's petroleum industry includes reference prices from reporting agencies, the OTC market and TOCOM's futures market. However, the industry has pointed out that each price source has its weaknesses. TOCOM aims at providing new benchmark prices that are transparent and fair, as well as more in line with trading

practices of the local physical oil market. The new cash-settled futures are designed to apply a monthly average of spot prices to the final settlement price. TOCOM's physical market prices are used for the Gasoline contracts and the spot prices, provided by the price reporting agency S&G Global Platts, are used for Kerosene and Gas Oil contracts.

[For contract specifications, please visit the TOCOM website.](#)

CME Group Asia Pacific Average Daily Volumes Up

CME Group 2017 average daily volume (ADV) in Asia Pacific reached 664,000 contracts per day, up 21 percent from March 2016. This was led by a strong performance from the financial products suite, with Foreign Exchange ADV rising 63 percent year-on-year, and Interest Rate ADV rising 52 percent over the same period last year. CME Group March 2017 options volume in Asia Pacific averaged 34,000 per day, up 36 percent versus March 2016.

CME Group's first-quarter 2017 ADV from Asia Pacific stood at 655,000, up 2 percent compared to Q1 2016, and

this was largely driven by growth across volumes in Foreign Exchange (27%), Interest Rates (25%) and Metals (25%).

In 2016, CME Group's Asia Pacific ADV reached 630,000 contracts, up 15 percent from 2015. Globally, CME Group's 2016 average daily reached a record 15.6 million contracts, up 12 percent from 2015. Full-year 2016 options volume averaged a record 3.1 million contracts per day, up 14 percent versus 2015, with electronic options averaging a record 1.7 million contracts per day, up 21 percent over the same period last year.

Stimulating Further the Development of the Japan FinTech Ecosystem: Regulators Paving the Way.

In our last Tech Corner, “Will 2017 be the year of RegTech innovation in Japan”, we were concluding on the need for more exchange of ideas and information with participants of FinTech ecosystems across the globe in order to boost innovation in Japan. In a clear effort to support the development of a sound domestic FinTech ecosystem, the Japan Financial Services Agency (JFSA) took a decisive step in that direction last March.

On March 9, JFSA indeed announced an [Exchange of Letters on “Co-operation Framework”](#) with the UK’s Financial Conduct Authority (FCA) with a goal to support innovative FinTech companies. Four days later, it then announced the establishment of a second “[Co-operation Framework](#)” aimed at enhancing FinTech linkage, this time with the Monetary Authority of Singapore (MAS).

Both frameworks aim at promoting innovation in financial services by introducing a reciprocal referral scheme to regulators’ respective “Innovation Function” for ventures classified as “Innovator Businesses”. It also sets out how the involved regulators plan to share and use information on innovation in their respective markets. It includes for instance the sharing of information on emerging market trends and developments or also regulatory issues pertaining to innovation in financial services.

While these two regulatory cooperation bridges on FinTech were the first of their kinds for Japan, it came as

an add-up for both FCA and MAS who have been globally leading on this front. As a matter of fact, as of end of March 2017, MAS counted a total of 8 Fintech-related collaboration agreements signed with regulatory counterparts in the following countries: UK, Korea, India, Switzerland, Australia, Abu Dhabi, Japan and France. At the same time, FCA had agreed on 7 regulatory collaboration frameworks on FinTech with China, Singapore, Korea, Australia, HK, Canada and Japan. Without any doubt, these initiatives reflect the eagerness of the signing regulators to stay abreast of the Fintech-related developments and to stimulate the innovation of their respective FinTech hubs, while appreciating the possible regulatory concerns raised in other jurisdictions.

It is to be also noted that both the FCA and MAS are regulatory bodies that have implemented regulatory sandboxes in the past years (i.e: a regulatory sandbox offers the possibility for businesses to test innovative services in a production environment where appropriate safeguards have been deployed by the regulator in order to ensure the overall financial system integrity). While Japan does not yet offer such a regulatory sandbox to Fintech innovators, maybe the two new co-operation frameworks will also lead to an open sharing of the return on experience for such sandbox initiatives and thus help domestic regulators decide how to move forward in Japan...

FUTURE EVENTS

FIA 10th Annual International Derivatives Expo (IDX 2017)

5-7 June, London.

FIA IDX 2017 will be held with over 1,800 international attendees from 35+ countries for a two-day event of programming and exhibits. You can explore important political

and regulatory topics that are shaping the cleared derivatives markets in Europe and beyond from Brexit to regulatory reform in the United States. You can also learn about the key technological advances, major trends and new markets that are building the path forward for the industry.

FIA Japan Annual General Meeting

29 May, Tokyo

We will hold the 29th Annual General Meeting and a reception at International House in Roppongi on 29 May from 17:00. At the reception starting from 18:30, we will celebrate the induction of Mr. Atsushi Saito, Chairman of KKR Japan and previous CEO of JPX, and Mr. Yoshio Kuno, former Director of FIA Japan, into FIA's Futures Hall of Fame. We also will have the honor to have a keynote speech delivered by Mr. Junichi Nakajima, Deputy Director-General of the Planning and Coordination Bureau, Financial Services Agency, about the new regulatory framework on High-Speed Trading in Japan.

FIA Japan has expanded its activities and programs in the past year, and plans to continue to grow in the future.

We thank our members for their continuous support and would like to invite your active participation in our activities. We look forward to seeing you at the AGM and/or Reception. Guests are also welcome to the reception. For more details please contact the Executive Secretary at morizono@fiajapan.org

Gold Sponsors:



FIA JAPAN ACTIVITIES

Review of Last Fiscal Year and Plans for 2017

FIA Japan Office

In fiscal year 2016 (ending March 31, 2017), the FIA Japan Office continued to support the activities of the Association by helping to organize various events, either seminars/roundtables or on-line webinars, as well as monthly meetings for our Board and standing committees, in addition to regular administrative tasks including website administration, reporting and communication with members.

The main highlight for the year was the affiliation agreement signed with FIA in October 2016. We wish to thank both the FIA and FIA Japan officers who were involved in the legal process leading to the signing held on the sidelines of FIA Expo in Chicago. In relation to the affiliation, we have started using the new FIA Japan logo created for us by FIA and revamped the design of our website, newsletter and other documents, helping us show a more unified "face" and also our strong relationship with FIA. Apart from the marketing aspects, we have also worked throughout the year to further develop communication between our two Associations at an executive level and also between our respective committees (e.g. FIA Japan PTG working closely with FIA counterparts PTG in the US and EPTA in Europe).

Newsletter Editorial Board

In fiscal year 2016, the Editorial Board published four bilingual editions, instead of the "regular" five, as we had

to amend our editorial schedule to match the new timing for the FIA Chicago Expo event (moved from November to October). Our electronic circulation remained stable thanks to the collaboration of our partners: ABN Amro, ADVFN, Colt, FIA, JPX, Rakuten, TFX and TOCOM.

Our main objective for the next fiscal year will be to consider moving our newsletter format from a PDF file to an HTML format, similar to the website of FIA MarketVoice, and make appropriate recommendations to the FIA Japan Board after having investigated the matter. This potential move would result in a paper-less, fully electronic media, which is in line with the general trend in the media industry and also with what FIA is currently considering for its own magazine.

Apart from improving communication within the Association, the larger objective of the Editorial Board is to promote the development of the Japanese markets, to the benefit of all of our members, by publishing/distributing concise and pertinent information to a broad audience. We welcome participation in our Board by any professional who share this objective. Finally, I'd like to extend my deepest appreciation to our group of volunteers, without whom our Editorial Board would not function, as well as to all who have participated in the making of these editions by either providing fact-oriented contents or by spending valuable time working on the editorial process and/or translations.

Broker Technology Re-imagined:

Introducing the Nasdaq Financial Framework

The same exchange-grade technology used by world's most innovative exchanges, clearinghouses and CSDs, is now available to banks and brokers as a fully-hosted platform.



Multi-asset trading, clearing, real-time risk management, surveillance, index calculation, market intelligence and more, from a single, unified platform.

- Reduce time-to-market for new offerings
- Integrate with existing systems to decrease operational complexity and lower total cost of ownership
- Future-proof your technology investment and infrastructure.

Example use cases:

- + Outsources dark pool technology, including offering risk & surveillance as a service
- + Cloud-based index calculations or risk calculations
- + Bank internal usage of the world's fastest message bus

To learn how the Nasdaq Financial Framework fulfills your current needs and future business ambitions, visit business.nasdaq.com/market-tech

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If you have any questions regarding the contents of the newsletter, please contact the Editor (editor@fiajapan.org) or the FIA Japan Executive Secretary.



FIA Japan was originally established in Tokyo in 1988 as a nonprofit organization by foreign and Japanese futures industry participants and later reorganized as a “General Incorporated Association” (“Ippan Shadan Hojin”). It is the only organization in Japan of its type with a membership drawn from the entire cross section of the derivatives industry. It has approximately 60 members representing the various corporate sectors participating in the derivatives industry in Japan. Their Mission is to encourage the growth and success of the Japan financial marketplace and its development as a regional and global financial center.

FIA Japan Board of Directors

* Executive Committee Members

Officers / Board Members

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* Junichi Maruyama

Citigroup Japan Holdings G.K.
Managing Director, Head of Government Affairs

Vice Chairman and Representative Director

* Yasuo Mogi

Nissan Securities Co., Ltd.
Vice Chairman of the Board

President - CEO and Representative Director

* Michael Ross

Omgeo K.K.
Representative Director

Vice President

* Peter L. Jaeger

Vice President

* Richard Clairmont

ABN AMRO Clearing Tokyo Co., Ltd.
Chief Executive Officer

Secretary and Representative Director

* Koichiro Ohashi

Greenberg Traurig Tokyo Law Offices.
Attorney at Law, Partner

Treasurer

David Wilkinson

Other Board Members

* Bruno Abrioux

FIS Japan K.K.
Senior Vice President, Head of Sales Japan/Korea

Ramir Cimafranca

Societe Generale Securities Japan Limited.
Managing Director, Head of Prime Services

Takato Hirai

Colt Technology Services Co., Ltd.
Vice President/Head, Capital Markets Sales Asia Pacific

Wataru Ito

Tokyo Financial Exchange Inc.
Senior Managing Director

Izumi Kazuhara

CME Group.
Executive Director Head of Japan

Yuji Kusunoki

Rakuten Securities, Inc.
President

Walter L. Lukken

Futures Industry Association
President and CEO

Mitsuhiro Onosato

Tokyo Commodity Exchange Inc.
Executive Officer

Shin Shinozuka

Mikio Sugihara

Nasdaq, Tokyo Office
General Manager

Akira Tagaya

Osaka Exchange, Inc. - JPX Group
Executive Officer

Toru Tsukahara

Daiwa Securities Co. Ltd.
Executive Director, Global Markets Planning Dept.

Advisors to the Board

Shozo Ohta

Tokyo Financial Exchange Inc.
President & CEO

Bob Takai

Sumitomo Corporation, Executive Officer
Sumitomo Corporation Global Research Co. Ltd.
President & CEO

Advisor to Executive Committee

Mitch R. Fulscher

FIA Japan Chairman Emeritus, and Business Consultant

Auditor

Nagayoshi Miyata