FIA Japan Newsletter

May 2013

FUTURES INDUSTRY ASSOCIATION JAPAN

Topics of the month

Increase in Japanese Trading Volume

Regulatory news

Japan To Deregulate Electricity Market and Moving to Launch LNG Futures

European Derivatives Regulations Implementation Update

People Interview

White & Case LLP Partner, Koichiro Ohashi

Shares Insight into Regulatory Developments

FIA Japan

C O N T E N T S

CHAIRMAN'S MESSAGE

Abe-Kuroda Euphoria

Mitch Fulscher, Chairman, FIA Japan

In just four short months, the image of Japan has changed. A new optimism finally appeared after “two lost decades”. PM Abe teamed up with BOJ Governor Kuroda, and their actions ignited the stock market resulting in the Nikkei index becoming the global market leader this year.

“Abenomics” first targeted the very high Yen exchange rate. Their actions reduced the Yen/US dollar rate by over 20%, creating the expectation that there will be positive effects on the export based economy. Fiscal spending and monetary easing is underway in their effort to overcome deflation. Showing strong leadership, Abe is moving forward positively with several of the initiatives promised in his platform, including the TPP and other bi-party free trade negotiations. They continue to focus on key issues related to energy and structural reform in many sectors including business, education and taxation. These are all areas where reform is so badly needed in Japan. We don’t know for sure whether the government will successfully “walk-the-talk”, but for now, the view from within the country is upbeat, and significantly, Japan has the positive attention of global investors.

As to the financial sector, the government and the regulators continue to include the “revitalization of the financial markets” on their agenda. FSA has indicated that they recognize the need to strengthen the financial market infrastructure with changes to law and regulation, as well as taxation related to financial trading. Improvement of the clearing and settlement systems and supporting OTC clearing are areas they will also work on. They continue to push for the development of the “comprehensive exchange” idea and they note that it is a goal for Japan to host the number one exchange in Asia in an effort to develop Tokyo into a regional financial center.

FIA Japan Moving Forward

In April, we started the new fiscal year for FIA Japan. We are now preparing for our Annual General Meeting which will be held May 28, 2013. As we finalize our Business Plan for 2013, we can’t help but be excited about the current governmental and regulatory developments, and most importantly, the very positive attitude toward change and reform noted above.

More than ever, we plan to aggressively work toward helping the Japan marketplace become more efficient and grow its domestic and international business. We will continue to focus on exchanges, the market makers and users as well as the OTC markets which have become a more integral part of the regulated financial system. In order to be more effective we are planning to expand our membership and obtain the involvement and support of major Japanese financial institutions to join us in the mission to promote Japan as a regional and global financial center. 2013 is an important year for us all.

Regulatory News

Japan To Deregulate Electricity Market and Moving to Launch LNG Futures

The Japanese government announced on April 2nd its plan to reform the entire electricity industry in three stages starting in 2015. The plan calls for the deregulation of the retail market in 2016, to be followed by the corporate separation of the current distribution network and the complete deregulation of electricity prices between 2018 and 2020. METI Minister Motegi commented on the reform, stating that "it encompasses the entire industry, including retail and consumption on the downstream side", which would, in effect, move electricity production/supply from regional monopolies to a competitive market structure.

LNG Futures Market–

At METI's latest hearing to consider the establishment of an LNG futures market held on 3/29th, the 23 corporate participants (including gas/power companies, trading houses, securities companies and banks) agreed to move forward towards the launch of a cash-settled LNG contract by March 2015, as a new product to be listed on TOCOM. The government plans to first create a fair and reliable spot price benchmark and is currently considering how to best achieve this objective, also calling foreign players into the discussion. This benchmark could be launched as early as January 2014, after which the stability of the price would be confirmed. Further down the road, a physically settled futures contract is also to be considered, taking into perspective the start of operations at several storage facilities, including the ones in Singapore.

In its hearing report, METI concluded that "it is important to establish an LNG futures market to serve the needs of the physical market", starting with a cash-settled contract where delivery of physicals could be handled through an EFP (Exchange of Futures for Physicals). A USD-denominated contract is under consideration to help attract overseas participants, and Japan may also seek feedback from LNG-importing countries such as Taiwan and Korea. Other areas to be explored include the possibility of joint listing with countries such as Singapore, a key location in Asia for oil price formation, or the US, from where Japan may increase imports of shale gas in the future.

FIA-Washington Special Report: CFTC "Futurization" Roundtable

At the beginning of the year, the Commodity Futures Trading Commission organized a roundtable discussion focusing on the so-called futurization of swaps. The CFTC wanted to gather comments from a wide range of market participants about the shift of the over-the-counter markets to futures exchanges and the implications for several CFTC rulemakings.

In his opening remarks at a January 31st meeting, CFTC Chairman Gary Gensler commented that the swap-to-futures shift is an inevitable consequence of Dodd-Frank. "Now that the entire derivatives marketplace-both futures and swaps-has comprehensive oversight, it's the natural order of things for some realignment to take place," he said.

Some industry participants on the roundtable criticized the futurization trend, saying that the migration to futures is being driven mainly by arbitrary differences in regulatory requirements that undermine the goals of Dodd-Frank. Other participants said futurization should be viewed as a natural step in the evolution of the swaps markets towards greater standardization and argued that differences in regulatory treatment are justified by differences in how the markets function. Nearly all participants agreed, however, that the CFTC should finalize the Swap Execution Facilities rules as soon as possible.

European Derivatives Regulations Implementation Update

The European derivatives regulatory reforms (commonly known as EMIR or the European Market Infrastructure Regulation) are one step closer to full implementation with the entry into force of technical standards published by the European Securities and Markets Authority (ESMA) on March 15, 2013.

EMIR, which is mainly intended to increase transparency in the OTC derivatives markets (by mandating reporting of swaps to trade repositories) and reduce counterparty credit and operational risks (by mandating the use of central clearing and other risk mitigation techniques) was initially adopted by the European Parliament on July 4, 2012 and entered into force on August 16, 2012. Its effectiveness is in large part subject to implementing regulations (technical standards) to be drafted by ESMA, the European securities authority.

Initially published by ESMA on September 27, 2012, the technical standards were adopted by the European

Commission on December 19, 2012 and, after a few concessions were granted to non-financial market participants, finally approved by the European Parliament in February. The technical standards set forth the framework for reporting, recordkeeping, clearing (and other risk mitigation techniques), public dissemination of data with respect to derivatives as well as capital and other requirements imposed on clearinghouses in the European Union.

Reporting obligations under EMIR are expected to commence in September 2013 for interest rate and credit derivatives contracts while derivative contracts in all other asset classes will need to be reported starting January 1, 2014 at the earliest. Clearing obligations will take some more time to implement since ESMA must first approve central counterparties, designate contracts subject to mandatory clearing, and draft regulatory technical standards for approval by the European Commission, European Parliament and Council. Such technical standards will define the actual date of application of the clearing obligation, with the current consensus being that such obligation is unlikely to begin before the first quarter of 2014.

Also, additional technical standards are still being developed by ESMA, including those related to risk mitigation techniques for uncleared OTC derivatives (collateral and capital requirements) and cross-border application of EMIR.

Review of the Markets in Financial Instruments Directive (MiFID) – which governs the provision of investment services in financial instruments and the operation of regulated markets – was initiated by the European Commission in October 2011 and will likely result, by 2015, in the adoption of a revised Directive (MiFID II) along with a new Regulation (MiFIR). Together the proposals currently under negotiation aim to strengthen financial markets, increase transparency and better protect investors. The new framework would also increase the supervisory powers of regulators and provide clearer operating rules for trading activities.

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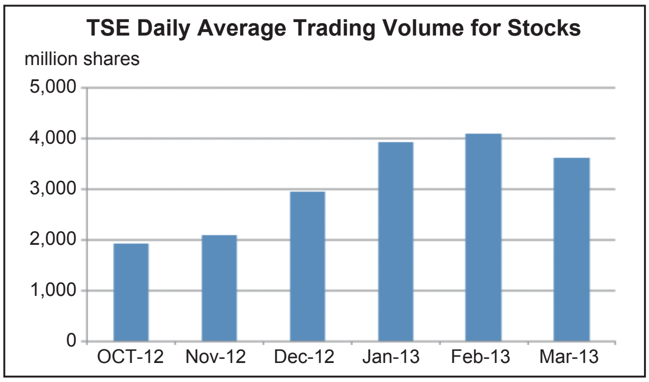
This update was prepared by the New York and Paris offices of Kramer Levin Naftalis & Frankel LLP. Please contact Fabien Carruzzo (fcarruzzo@kramerlevin.com) with any questions.

Topics of the Month

Increase in Japanese Trading Volume

Starting with the political changes late last year, some depth has come back into equities and derivatives volumes. The whole of 2012 was a ‘drought’ for brokers and, in fall last year, problems with sustainability in the Japanese broker market seemed imminent. At that time, the exit of another one or two international brokers from their Japan franchise was forecasted because the volumes were simply not there to sustain the cost base that brokers maintain. Fortunately, volumes have come back and, one might say, just in time!

Considering the reconstruction spending, and the Abenomics tail wind, 2013 should be a good year for the industry in terms of volume.



※Total of domestic (1st, 2nd Sections & Mothers) & foreign stocks

Derivatives Monthly Trading Comparison (contracts)

	Feb-2012	Feb-2013	Change
TSE			
TOPIX	834,187	1,273,161	152%
OSE			
Nikkei225 Futures	1,569,194	2,264,834	144%
Nikkei225 Mini Futures	10,750,793	19,127,209	177%
Nikkei225 Option	4,818,201	5,340,139	110%
TOCOM			
Gold (Standard)	1,025,835	1,339,193	130%
TFX			
Three Month Euroyen Futures	583,728	590,979	101%

Committee Activities

Financial Instruments Committee

By Sean Lawrence, Chairman

The FIA Financial Instruments Committee met and discussed various topics related to the improvement of the efficient functioning of the financial markets.

Gross of equity trades – The FIC debated the topic of the requirement for gross settlement of equity trades bought and sold on the same day. In conclusion of that debate, we prepared a paper of recommendations for how changes to the current law could improve and grow the financial markets whilst, at the same time, achieve the valid market efficiency and protection aims of the current law. That paper is being reviewed and will be submitted to the Board for approval prior to publication.

Gross payments with clearinghouse – We discussed the topic of clearing houses that require gross payments between the clearing house and the broker. As well as a significant cost to the financial industry, this requirement is also a systemic banking risk due to the large gross payments currently being made between brokers and clearing houses. A comparison was made between those clearing houses which require gross payments, and those Japanese clearing houses that have already changed to net payments.

Segregation of client deposits – There are structural problems with the current client segregation rules. Significant progress has been made in the Commodity Committee with regards to 'double segregation' of assets posted for overseas trading, but both the Commodity Committee and FIC will now focus on the secondary problem, affecting both commodities and securities, that the clients assets are effectively 'locked' at a trust bank according to the current implementation of the laws on client segregation. The FIC intends to debate ways in which the current implementation of the law can be changed to avoid the client's money becoming practically unusable.

As has been the case at every FIC meeting, the FIC engaged in much debate about market trading and risk controls and where those controls should exist; on the broker side, or the exchange side.

Commodity Committee Report

By Yasuo Mogi, Chairman

Foreign Segregation of Customer Funds

Following the recent clarification by the Japanese regulator of the law interpretation over the required segregation of customer funds used for overseas transactions, Japanese commodity FCMs are now able to deposit customer funds with foreign FCMs without being subject to "double segregation", provided that such foreign FCM operates under a comparable or appropriate regulatory environment and customer fund protection system. Based on said interpretation by the Japanese regulator, the customer fund segregation requirements imposed by the US CFTC have been recognized as the first appropriate foreign regulatory environment applying to overseas commodity futures transactions. We have disseminated information on this important update to industry players through a report made by the FIA-J Chairman to the FIA-W Board at the recently held International Futures Conference in Boca Raton, as well as through the FIA-J newsletter and website. Since many players have shown high interest in this topic and since we have received many inquiries on the subject, we believe that it is important to notify a wider audience, including foreign regulators and FCMs.

Additionally, the Japanese regulator has also recognized the suitability of foreign customer fund segregation in relation to a Japanese Intermediary Broker transacting on overseas commodity markets through an omnibus account relationship with a domestic commodity FCM, which complies with the provisions set forth in the regulator's interpretation of the law (please refer to the corresponding article in the March 2013 edition for details).

Other Matters

With regards to the Comprehensive Exchange and its possible entry into commodity derivatives, the committee believes it is important to review the regulatory environment and make adequate proposals, if FSA regulations (currently applied to securities transactions) were to also apply to commodity transactions, which are fundamentally different in nature.

Membership Committee

By Takanori Kosaka, Chairman

FIA-J recently welcomed two new members – Omgeo and Nomura Securitites Co., Ltd. Their corporate descriptions follows:

OmgeoSM

Omgeo K.K. are the operations experts, automating trade lifecycle events between investment managers, broker/dealers and custodian banks. They enable 6,500 clients and 80 technology partners in 52 countries around the world to seamlessly connect and interoperate. By automating and streamlining post-trade operations, they enable clients to accelerate the clearing and settlement of trades, and better manage and reduce their counterparty and credit risk. Their strength lies with their global community and ability to adapt solutions to enable clients to realize clear returns on their investment strategies, while responding to changing market and regulatory conditions. Across borders, asset classes, and trade lifecycles, Omgeo strives to be the global standard for operational efficiency across the investment industry. Formed in 2001, Omgeo is jointly owned by the DTCC and Thomson Reuters. For more information, please visit www.omgeo.com.

Nomura Securities Co., Ltd.

Nomura Securities provides a variety of financial services to different types of clients as a leading Japanese securities firm. In derivatives, the change in global market structure provides Nomura the opportunity to offer state of the art, best execution tools and services to the clients. Therefore, Nomura is focusing its efforts on providing the latest, most advanced trading services with optimized order placement and execution via order systems using sophisticated algorithms and high-speed order placement systems directly connected to exchanges.

Nomura aims to reinforce its position as the“gateway to/from Asia” and be at the center of trading flows to and from the region through the aforementioned efforts.

Nomura’s vision and strategies are described more precisely in Nomura Report 2012.

Exchange News

JPX

Launch of Japan Exchange Group (JPX)

JPX published on March 26th its Medium-Term Management Plan for FY2013 to FY2015, where it announced its vision to become "the Most Preferred Exchange in the Asian Region." JPX seeks to contribute to the economic growth of the Asian region.

In addition to aiming at an early realization of integration benefits, Core Strategies have also been set: “Creation of a new Japanese stock market”; “ Expansion of the derivatives market”; and “Expansion of exchange business fields (such as OTC clearing).”

Clearinghouse Merger Discussion (JSCC and JGBCC)

Japan Securities Clearing Corporation (JSCC) and Japan Government Bond Clearing Corporation (JGBCC) decided to begin discussions on a possible merger. In light of the international regulatory environment and the increasingly vital roles of clearing institutions, JSCC/JGBCC plan to enhance the clearing function and structure, such as improving the efficiency of operations and systems, in order to increase market convenience, efficiency, and stability.

TSE Single Stock Options Growing

Single Stock Options trading volume on TSE is increasing dramatically. Daily trading volume on March 12, 2013 was 74,573 contracts, higher than the previous record in January 13, 2011. In order to invigorate the Equity Options Market, TSE has enacted a variety of measures, including revising the Market Maker Scheme and trading fees, and expanding information dissemination.

OSE’s Derivatives Record Trading Volume in 2013

Average monthly volume in OSE derivatives contracts remained strong in 1Q 2013, increasing by approximately 60% compared with the previous quarter. Average monthly volume in Nikkei 225 Futures (Large Contracts), Nikkei 225 mini and Nikkei 225 Options was 2,456,455 units (up 51%), 18,524,197 units (up 68%) and 5,552,871 units (up 36%) respectively – Nikkei 225 mini volumes increased significantly, as the market recovery and increased volatility may have attracted active trading from retail investors.

On April 5, 2013, daily trading volume in derivatives trading (excluding FX trading) also reached a record high of 3,313,420 units, while daily trading volume of Nikkei 225 mini set a new record of 2,309,080 units. On the same trading day, trading volume during the Night Session recorded 1,138,662 units, surpassing a milestone of 1 million units for the first time since the launch of night-time trading in September 2007.

TFX

Kabu 365 Volume Upswing

Kabu 365, TFX’s listed equity index CFD, continues its volume upswing trend, with the contract recording a new monthly trading volume record for the fourth consecutive month. On April 4th, the contract recorded its highest daily volume at over 66 thousand, following the BoJ’s announcement of bold monetary policy.

Click 365 Information Exchange with Investors

TFX has implemented measures to enhance information services towards both advanced/experienced retail investors and for beginners.

For beginners, TFX has published, in addition to the current brochure, a Comprehensive Click 365 guide for beginners, employing plain expressions to the extent possible, and with many illustrations and graphic charts. This guide is available on the TFX website.

On April 10th , TFX jointly hosted an investment seminar on electronic trading with Tradency, an Israeli trading system developer, sharing case studies on electronic trading applicable to the TFX market and exchanging opinions with the audience, comprising mainly of trading members and system vendors for Click 365 investors.

Commencing on April 16th , TFX started releasing open interest data on all currency pairs of Click 365 on its website, responding to strong requests from investors. Open interest data at the end of every Tuesday is released at 9:30am on the following Tuesday. Data is refreshed every Tuesday and the figures of the past four weeks are posted on the website.

TOCOM

Midterm Business Plan for Fiscal 2013-2015

TOCOM announced a new three-year Midterm Management plan covering fiscal 2013 through fiscal 2015 on March 8. The plan rests on six pillars (market participants, product lineup, market design, business base, clearing services and support image) that will be used to incrementally implement various measures. The core strategy is to increase trading volume by attracting a diverse set of market participants and promoting participation through more and varied market intermediaries.

Click here to download the Midterm Business Plan.

Record Overseas Customer Trading

The monthly volume of customer trades originating from overseas recorded all-time highs for two consecutive months in January and February 2013. In January the volume totaled 1,662,426 contracts and topped the all time record reached in August 2011 of 1,592,485 contracts. The record was topped again the following month with 1,920,053 contracts. Its ratio against total trades has also increased to an all-time high of 31.4%.

Other Exchanges

CME Group March 2013 Volume

CME Group announced that March 2013 volume averaged 12.5 million contracts per day, flat compared with March 2012. Total volume for March 2013 was more than 249 million contracts, of which 88 percent was traded electronically. First-quarter 2013 volume averaged 12.5 million contracts per day, up 1 percent from first-quarter 2012. Highlights included record quarterly futures and options volume in the British Pound, Japanese Yen, Ultra Treasury Bond, longer-dated Eurodollar and live cattle contracts. In addition, during the month of February, CME had record FX options volume, record Treasury futures volume and strong Treasury options volume.

Eurex Admits First Japanese Exchange Member

On Feb.13, Eurex Exchange announced that it admitted its first directly connected trading participant in Japan – Nissan Century Securities Co., Ltd. As part of Unicom Group, the brokerage firm offers a wide range of brokerage services and aims to expand its service by connecting to leading international exchanges.

"We are honored to be the first Japan based brokerage firm to attain Eurex membership," said Hideaki Futaya, CEO, Nissan Century Securities. "I believe we can better satisfy client needs by offering this new access in addition to our current memberships, which include JPX (TSE&OSE) and TOCOM." Nissan Century Securities is the sole Japanese brokerage firm that has "cross-over" memberships between financial and commodity exchanges in Japan.

"We are very pleased to welcome the first Eurex member from Japan," said Michael Peters, member of the Eurex Executive Board. "By joining Europe's largest exchange, Nissan Century Securities and its customer base now have direct and reliable access to our international trading network and our full product suite." Eurex currently serves more than 430 members in 33 countries.

The exchange has been active in Japan for several years. Since 2009, Eurex has been present in Japan with a Representative Office. Currently, it has around 20 exchange members and trading locations based in Asia and has established two Access Points in the region.

White & Case LLP

Koichiro Ohashi Shares his Insights into Regulatory Developments with FIA-J

Koichiro Ohashi

Koichiro Ohashi is a partner with White & Case LLP, one of the largest international law firms operating in Japan. He is a member of FIA Japan's Board of Directors and Chairman of the Finance Committee. Ohashi-san specializes in advising financial institutions, both Japanese and international, on a variety of financial matters. His practice ranges from financings, capital markets transactions, regulatory matters, investment funds matters, corporate matters such as M&A transactions, and restructurings. Mr. Ohashi has extensive experience in the Japanese domestic market, as well as on cross-border transactions.

EB：White & Case (W & C) has been a "pioneer" among international law firms operating in Japan for the past 25 years. With this long experience in mind, how would you describe what happened in your industry in recent years?

Ohashi：It has been a significantly challenging time for the legal industry in Japan since the Lehman shock. Actually, this was the first time that we had a reduction of incoming work since I became a lawyer. However, as we are one of the oldest international firms in Japan, we have depth in our client base and we have a broad variety of practices here in Japan, so we could manage to overcome this severe period. It is unfortunate that for the past couple of years, there have been more financial institutions withdrawing from the Japanese market than those who want to enter into this market. The bright news is that since the beginning of this year, thanks to the "Abenomics" effect, the volume of inquiries re the Japanese market from foreign clients has suddenly picked up and we are becoming busy again in assisting foreign clients who wish to enter/reenter into the Japanese market.

EB： Following the Dodd-Frank legislation, the derivatives industry in the U.S. and in Europe is still in the middle of dramatic regulatory changes. In your role as an international law firm you are in a unique position to grasp these developments. What is your perspective on these changes and what they mean for the industry in Japan and globally?

Ohashi：Definitely, regulators all over the world have been expanding their scope of supervision beyond their own borders since the Lehman shock. Therefore, financial institutions operating globally need to comply with multiple regulations and multiple regulators. A financial institution can no longer just consider its home jurisdiction, but it also must look into any other overseas jurisdictions which may be relevant to its busi-

"Inquiries re the Japanese market from foreign clients have suddenly picked up"

ness overseas. Certainly it is a huge burden for such institutions to monitor regulations in non-resident jurisdictions. In such case, W&C is a good conduit to key jurisdictions such as NY, London, Hong Kong, and Singapore as we have a significant number of lawyers working in such jurisdictions. For example, we have around 500 lawyers in our London office, which is close to the number of lawyers in our head office in NY, so we have strong English law capability, which is becoming the dominant governing law in cross border transactions.

EB：What is your view on the question of mandatory clearing for OTC derivatives and what is the current situation in Japan?

Ohashi：Although I understand that the mandatory clearing system is necessary to improve investor protection, the current regulations and administrative practices implemented by regulators need further improvement to achieve a better system, especially with foreign parties, or else it may impair the growth of the OTC business. As you know, in order for a bank to trade and then clear a transaction--for example, a 3-month LIBOR JPY interest rate swap (IRS)--the bank has to clear the swap transaction through JSCC [Japan Securities Clearing Corporation] or a foreign clearing house licensed under Japanese regulations. Thus, if a bank enters into a Yen IRS with a foreign counterparty, not only must the Japanese bank be engaged with JSCC, but the foreign counterparty as well. In connection with the OTC transactions with foreign parties, the law specifies two options that are (i) to use JSCC which is linked with a foreign clearing house or (ii) to use a foreign clearing house that obtained a license from the Japanese government. However, the reality is that JSCC has not entered into any linkage with a foreign clearing house and there is yet to be a single licensed foreign clearing house. This is a significant inconvenience for both Japanese banks or other financial institutions and their foreign counterparties. Even for foreign currency IRS, currently the only clearing option available is through JSCC or London Clearing House (LCH), which is permitted to clear such foreign currency IRS thanks to a special

“I am hopeful that leadership will relax regulations to stimulate financial activities”

designation granted by the [Japanese] FSA. However, looking at the variety of currencies, it will be essential for players to use other foreign clearinghouses. So, I think there is room for improvement of the current situation.

EB：The Japanese Government has proclaimed that they want to take action to establish Tokyo as a major financial center for Asia. However there is much to be done in order to facilitate this objective including further significant changes in regulations and taxation. What is your view on this?

Ohashi：I understand that the Japanese government is making efforts to grow Tokyo as the Asian financial center, but as you noted there are so many difficult issues to be resolved. So far it seems that their efforts are uneven: in some aspects they set forth innovative regulations, such as English-language disclosure, but in other aspects the treatments to incentivize foreign investors are very much behind global standards, such as tax treatment for foreign parties. Generally speaking, the current tax treatment for parties involved in the markets impairs financial activities. While I understand that the Japanese tax authority needs to aggressively collect tax in the current situation where the Japanese population is decreasing, it must be recognized that the deregulation in the financial industry would stimulate monetary activities and actually result in a tax revenue gain. During the Democratic Party era, it was difficult to take a pro-investor position. However in the current Abe LDP administration, I am hopeful that the leadership will act strongly to relax various hostile regulations, including tax treatments such as the server PE [Permanent Establishment] issue, to stimulate financial activities.

Past Events

GMAC Conference

FIA-J provided a panel discussion presentation to the Japan International Banking Securities Systems forum held on 27th Feb 2013. The panel, consisting of FIA-J Board Members, presented discussions on a number of topics representative of the topics regularly discussed at FIA-J Committees and Board Meetings, such as the challenges facing the Japanese Financial Markets in 2013, the main structural challenges to growth of the Japanese financial markets and how has the Japanese regulatory and economic policy environment changed in Japan over the past 10 years.

The event was well attended and received.

FIA-J Panel Chairman, Sean Lawrence (ABN AMRO Clearing Tokyo)

FIA-J Panelists (from left to right): Sean Lawrence - ABN AMRO Clearing; Yasuo Mogi - Nissan Century; Izumi Kazuhara - CME Group; Michael Ross - Omgeo; Peter Jaeger - BoA Merrill Lynch)

FIA Boca Raton Conference

FIA Washington held the 38th FIA Annual General Meeting and International Conference on March 12-14 in Boca Raton, Florida. There were a record number of delegates attending the conference this year with over 1,000 senior-level financial industry professionals from more than 30 countries attending this annual event. Many of the sessions focused on the myriad of new regulations stemming from the Dodd-Frank legislation and the difficult challenges facing managements and firms throughout the global markets of the world. Particular emphasis was placed on OTC markets and the general movement toward "futurization" of trading and clearing of products which, to date, were only traded on OTC.

A private meeting of regulators over derivatives markets from countries around the world also took place at the venue.

Future Events

FIA 35th Law & Compliance Division Conference – May 8-10

The FIA Law & Compliance Division will hold its annual conference at the Marriott Waterfront, in Baltimore. Compliance officers, attorneys, and regulators consider issues affecting the legal and regulatory framework of the derivatives industry.

FIA Japan Annual General Meeting – May 28

It has been a quarter century since FIA Japan was founded in 1988. We will hold the 25th Annual General Meeting and a reception at the International House in Roppongi, on the evening of May 28, 2013. We thank our Members for their continuous support and look forward to seeing you at the AGM. Guests of Members are invited to join our reception following the AGM.

For more details please contact our Executive Secretary at ogawa@brookandbridge.com

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JPX JAPAN EXCHANGE GROUP

TFX TOKYO FINANCIAL EXCHANGE

TOCOM Tokyo Commodity Exchange

FIA-J Tokyo Conference 2014

Following the great success of the July 2012 conference held in Tokyo, FIA-J has set-up a Task Force to consider organizing another major financial conference in Japan, tentatively targeting mid- 2014. The Task Force plans to review several aspects of the event before submitting a more comprehensive proposal to be reviewed by the FIA-J Board in the next couple of months. We will make sure to have regular updates in future editions as the conference status unfolds.

FIA Japan was founded in 1988 as a nonprofit organization by foreign and Japanese futures industry participants and reestablished as an Ippan Shadan Hojin in 2010 marking a fresh start for further development. It is the only organization in Japan of its type with a membership drawn from the entire cross section of the futures industry. We have over 60 members who have common interest in the growth and success of the Japan financial marketplace.

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(※) EB Member

Editor`s Note

As the cherry trees blossomed unexpectedly early this year in front of the Bank of Japan, Governor Kuroda announced a bold fiscal and monetary policy designed to help revive the Japanese economy, and the markets responded swiftly. Going to press, the US Dollar trades close to 100 yen, a level not reached in the past four years and the Japanese markets, both equities and derivatives, confirmed their sharp volume recovery in Q1 (see Topic of the Month and Exchange News sections for details). Many participants are confident that this trend will continue throughout the year.

Japan is also moving forward with a complete deregulation of its electricity market as well as paving the way for the launch of an LNG futures contract in fiscal 2014. Finally, we also feature in this edition interesting updates on the regulatory reforms currently taking place in the US and in Europe.

"Pencil in your calendars!"
FIA Japan has set up a Task Force to consider holding an international financial conference in Tokyo in mid -2014. We will keep you updated as details unfold.

Tony Crane