

Over-the-Counter (OTC) Securities Derivative Transactions

(Purpose)

These statistics publish figures on Over-the-Counter (OTC) securities derivative transactions conducted by JSDA members with the aim of improving the transparency of the market and providing useful information for market participants by enabling them to statistically grasp the scale of such transactions.

(Definitions)

- “Over-the-Counter (OTC) Securities Derivative Transactions” indicate those off-exchange “OTC derivatives” (for example, forward transactions based on stocks, bonds, stock index, currency, interest rate, etc., option trading, swap trading, and others) for which a prohibition was lifted through the enforcement of the Act for Aligning Acts Related to Financial System Reforms (Financial System Reforms Act) enforced in December 1998 and underlying assets are securities. Operations of OTC securities derivative transactions had to be approved under the former Securities and Exchange Law, but with the enforcement of the FIEA in September 2007, Type I financial instrument business operators and registered financial institutions are free to deal in these transactions without approval.
- “Forward transactions in securities” indicate transactions or equivalent transactions that are contracts to buy or sell securities at a specified future time at an agreed price. Settlement of the contract is done by paying the difference between the future spot and agreed forward price.
- “Forward transactions in OTC securities indexes” indicate transactions that are contracts to make payments based on the difference in an agreed securities index value and the actual value at a specified future time.
- “OTC securities option transactions” indicate transactions where one party grants the counterparty the right to make one of the following transactions (buy/sell securities, forward transactions in securities, forward transactions in OTC securities indexes, OTC securities index swap transactions) or equivalent transactions for which the counterparty pays a fee.
- “OTC securities index swap transactions” indicate transactions where both parties mutually contract to exchange cash streams based on a determined principal amount, with one party paying cash based on the rate of change in the interest rate of securities or in the securities index during the contract period agreed on with the counterparty, while the counterparty pays cash based on the change in the interest rate, interest rate of the securities, the currency value, or securities index during the contract period agreed on with the party or equivalent transactions.

(Data Source)

The data on these statistics are gathered from JSDA member reports on OTC securities derivative transactions, etc., conducted by their head offices, branches, and other business offices during the periods from April to September and from October to March of the following year.

- * Special Members are only requested to report on transactions conducted in respect of their registered financial institution business.

(Notes for Users)

- Transaction amounts and term-end balances are aggregated on a notional principal basis (the notional principal amount is the gross nominal value of unsettled transactions on the reporting date (end of March and September). Financial instruments that have variable notional principal amounts are aggregated using the notional principal amounts on the base date). Furthermore, notional principal amounts of derivative products with multiple structures are aggregated based on notional principal amounts.
- Foreign currency-denominated data are converted into Japanese yen on the reporting date (end of March or September) based on the rate defined in Article 35, Item 2 of the Ordinance Concerning the Reporting of Foreign Exchange Transactions, etc. (so-called Ministerial Ordinance Rate), or based on the in-house rate (book rate) used by a JSDA member for practical business purposes, if it is close to the market rate.
- These figures do not include the sale and purchase of bonds with options.
- Derivative transactions other than securities-related, e.g. interest, currency swaps are not included in these statistics.
- Securities-related CFD transactions are included in the “Forward transactions in OTC securities indexes” category.

(Publication Timing)

These statistics are published, in principle, on the last business day of April and October on the JSDA’s website.

These explanatory materials are intended to provide assistance to non-professionals using the statistical data provided by the JSDA in understanding the specialized vocabulary used in the statistics. The definitions and other explanations used are not necessarily based on laws or other regulations.