

## Trading Volume of Over-the-Counter (OTC) Bonds

### (Purpose)

These statistics publish figures on over-the-counter (OTC) bond trading volume classified by the different types of bonds and different classifications of investors with the aim of providing a measure for the general public to better understand OTC transactions in the public and corporate bond market.

### (Definitions)

#### 1. Types of Bonds

- “Government Bonds” are bonds issued, redeemed, and their interests paid by the government. The data on “Government Bonds” are aggregated by the categories of long-term (over 10 years), long-term, medium-term, zero-coupon, and treasury discount bills based on differences in the maturity period or interest payment method.  
Note that the “JGB basket” column also aggregates the JGB basket transactions of the new GC repos under the Subsequent Collateral Allocation Method following the shortening of the JGB settlement period to T+1 in May 1, 2018.
- “Public Offering Municipal” bonds are bonds issued by local public bodies to cover portions of a variety of budgetary expenditures and therefore are redeemed across accounting years.
- “Govt. Guaranteed” bonds are bonds issued by government-related organizations and public corporations for which the government guarantees both interest and principal payments.
- “FILP Agency Bonds” are bonds issued by government-related organizations and public corporations for which the government does not guarantee interest and principal payments.
- “Bank Debentures” are notes issued by specified financial institutions based on the underlying laws by which they were established. This classification includes issues by banks that succeeded the businesses of long-term banks or merged with foreign exchange banks and had such issues approved under special provisions. Issue of these debentures is also approved for financial institutions covered by the Norinchukin Bank Act, Shoko Chukin Bank Act, and Shinkin Bank Act.
- “Yen-Denominated Foreign” bonds are yen-denominated bonds issued in Japan by foreign governments, foreign government-related organizations, and foreign corporations. Issues (settlements), interest payments, and redemptions are all conducted in Japanese yen.
- “Corporate” bonds are bonds issued by stock companies for financing. The figures also include bonds issued by investment corporations (which are corporate bodies established for the purpose of investing in specified assets and managing those assets).

- “Electric Power” bonds are publicly offered bonds issued by the 5 group companies of Tokyo Electric Power Company (including those issued by the former Tokyo Electric Power Company); Kansai Electric Power Co., Inc.; Chugoku Electric Power Co., Inc.; Chubu Electric Power Co., Inc.; Hokuriku Electric Power Co.; Tohoku Electric Power Co., Inc.; Shikoku Electric Power Co., Inc.; Kyushu Electric Power Co., Inc.; Hokkaido Electric Power Co., Inc.; and Okinawa Electric Power Co., Inc.. This includes publicly issued bonds issued by former general electric power business operators that have since changed their company structure (or spun off).
- “Specified asset backed securities” are bonds issued by special purpose companies established under the Asset Securitization Act. These specified corporate bonds are issued as asset backed securities with the underlying assets held by the issuing special purpose companies.
- “Convertible Bonds” are corporate bonds with attached share options (the right to acquire a specified amount of shares in the company at a predetermined price if the share option is exercised within a specified period).
- “Private Offering” bonds are bonds, among listed above, that are not offered to the general public at the time of issue and which the issuer has underwritten by a specified small number of individuals or institutions.
- Trading with “Repurchase Agreements” means the trading of bonds with an attached agreement to either repurchase or resell bonds of the same issue type and amount (same issuer, series, type, face value, number, etc.) on a specific date in the future (including a date decided on by a specific method) at a specific price (including a price decided on by a specific calculation method).
- “Short-term Corporate Bonds” represent book-entry CPs. Transactions are governed by the Act on Book-entry Transfer of Bonds, Shares, etc. The major product attributes of short-term corporate bonds are as follows.
  - (i) The total amount of the bond issue is underwritten by agreement.
  - (ii) The total amount of each issue is not less than ¥100 million.
  - (iii) The principal maturity term is less than one year.
  - (iv) The issues are not secured by collateral as stipulated by the Mortgage Debentures Trust Act.
- “Short-Term Corporate Bonds” in these statistics include securities equivalent to the Short-Term Corporate Bonds.

## 2. Investor Type

- “City Banks (including Long-term Credit Banks)” include Mizuho Bank, Ltd.; MUFG Bank,

Ltd.; Sumitomo Mitsui Banking Corporation; Resona Bank, Ltd.; Saitama Resona Bank, Ltd; SBI Shinsei Bank, Limited; and Aozora Bank, Ltd.

- “Regional Banks” include banks that are members of the Regional Banks Association of Japan.
- “Trust Banks” are financial institutions that have been licensed under the Banking Law and have had concurrent trust banking operations approved under the Act on Concurrent Operation, etc. of Trust Business by Financial Institutions and are conducting trust banking operations. The figures in this category exclude the investment trust portion of the trust banks that is counted in the category of “Investment Trusts.”
- “Fin. Insts. for Agr. & Forestry ” are financial institutions whose core business is financing to agricultural, forestry, and fishery industries. The aggregated figures include the segments of individual agricultural and fisheries cooperatives as well as their prefectural unit organizations and central institutions.
- “2nd Regional” Banks include banks that are members of the Second Association of Regional Banks.
- “Shinkin Banks” are cooperative financial institutions established under the Shinkin Bank Law and funded by members. The statistical figures also include those of the Shinkin Central Bank, which acts as the central bank for Shinkin banks.
- “Other Fin. Insts.” include the following financial institutions that do not belong to previously mentioned classifications: the Shoko Chukin Bank, credit associations and the Shinkumi Federation Bank, labor banks and National Association of Labor Banks, Japan Finance Corporation, Japan Bank for International Cooperation, Development Bank of Japan, securities finance companies, money market brokers, investment advisory companies, foreign banks in Japan, Okinawa Development Finance Corporation, and other domestic banks (pure online banks, etc.), and non-banks.
- “Life & Non- Life Insurance Companies” include life and non-life insurance companies (both domestic and foreign ones) that have licenses for life or non-life insurance businesses in Japan.
- “Investment Trusts” include investment trust management companies that issue beneficial certificates of, launch and manage, the investment trusts as well as investment trust portion of the trust banks.
- “Mutual Aid Association of Govt. Offices ” include national public service personnel mutual aid associations and the Federation of National Public Service Personnel Mutual Aid Associations and mutual aid associations of local public service personnel and the Federation of Local Public Service Personnel Mutual Aid Associations.
- “Business Corporations” includes listed and unlisted companies and other corporations and

employee stock ownership associations.

- “Other Corporations ” includes all types of legal entities other than listed above (excluding investment companies and special-purpose companies).
- “Foreigners” are all non-residents, including foreign governments, foreign government organizations, foreign banks, and other foreign financial institutions, international financial institutions, foreign pension funds, foreign corporations, foreign individuals, and overseas affiliated companies, etc.
- “Individuals” means individuals residing in Japan.
- “Others” encompasses the Bank of Japan, Japanese government, local government, external bodies of national agencies, government related institutions, and Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. (Former Japan Post), etc.
- “Bond Dealers” are securities company dealers (including foreign securities companies) and financial institution dealers.

#### **(Data Source)**

The data in these statistics are gathered from JSDA member reports\* on OTC trading of issued bonds (including transactions in JGBs prior to issue date and issues listed on exchanges, and excluding foreign currency-denominated bonds) conducted by their head offices, branches, and other business offices during the period from the first to last business day of each month.

The data in these statistics are, in principle, contract-based and presented in face value at 100 million yen increments, but the data of “JGB basket” transactions are based on the contract amounts of the balance of GC repos under the Subsequent Collateral Allocation Method presented at 100 million yen increments.

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

#### **(Notes for Users)**

- Transactions on exchanges are outside the scope of aggregation of OTC bond trading.
- The aggregation includes 1) purchases (purchase contracts) of new coupon-bearing bank debentures from issuers; 2) purchases of JGBs, treasury discount bills, etc. (TDB), and financing bills (FBs) through bid at public auctions; and 3) purchases of bonds through bid in operations of the Bank of Japan, etc. (selling operations and buying operations).
- The volumes of underwriting and secondary distributions of securities and those of handling offerings and secondary distributions are not subject to aggregation.

**(Publication Timing)**

These statistics are published, in principle, on the 20th day (in the event that the said day is a holiday, the following business day) of each month 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.