

Trading Volume of Bonds with Options

(Purpose)

These statistics publish figures on trading volume of bonds with options with the aim of providing a measure for the general public to better understand transactions in the public and corporate bond market.

(Definitions)

- “Trading Volume of Bonds with Options” is bond transactions where a party is granted the right to specify the delivery date (hereinafter referred to as “option”). If the party does not exercise that option within the exercise period, the contract is cancelled.
- “Trading Volume” indicates the newly formed contracts for transactions of bonds with options.
- “Exercise” indicates transactions in which the option holder (buyer) notified the option writer (seller) of the delivery date, the bonds were delivered and payment was made according to the option contract.
- “Waiver” indicates transactions in which the option holders failed to exercise the option before the end of the exercise period, resulting in the lapse of the exercise period.
- “Open Interest” indicates outstanding balance of transactions unsettled.
- “Offsets” indicate transactions in which a bond with options contract is offset and cancelled by forming a new contract with the same party with the same conditions but opposite sides with respect to holding and writing of the option.
- “Call Options Purchase” means transactions in which a party acquires the option to purchase the underlying bond within an exercise period. A call option holder can specify the delivery date as a bond buyer by exercising the option. Usually referred to as buying a call option.
- “Call Options Sale” means transactions in which a party sells the option to buy the underlying bond within an exercise period. When the call option holder exercises the option, the option writer is obliged to deliver the bonds as the bond seller. Usually referred to as selling a call option.
- “Put Options Purchase” means transactions in which a party acquires the option to sell the underlying bond within an exercise period. The put option holder can specify the delivery date as the bond seller by exercising the option. Usually referred to as buying a put option.
- “Put Options Sale” means transactions in which a party sells the option to buy the underlying bond within an exercise period. When the put option holder exercises the option, the option writer is obliged to accept the delivery of the bonds as the bond buyer. Usually referred to as selling a put option.

(Data Source)

The data on these statistics are gathered from monthly reports submitted by JSDA Members concerning sales and purchases of bonds with options conducted at their head offices, branches, and other business offices.

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

(Notes for Users)

- The data on month-end open interests and monthly trading volume are aggregated on contract date and face value bases.
- Since foreign currency-denominated bond transactions can be included in the figures, the difference between this month's and the last month's open interest figures may not match the changes during the month.

(Publication Timing)

These statistics are published, in principle, on the last 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.