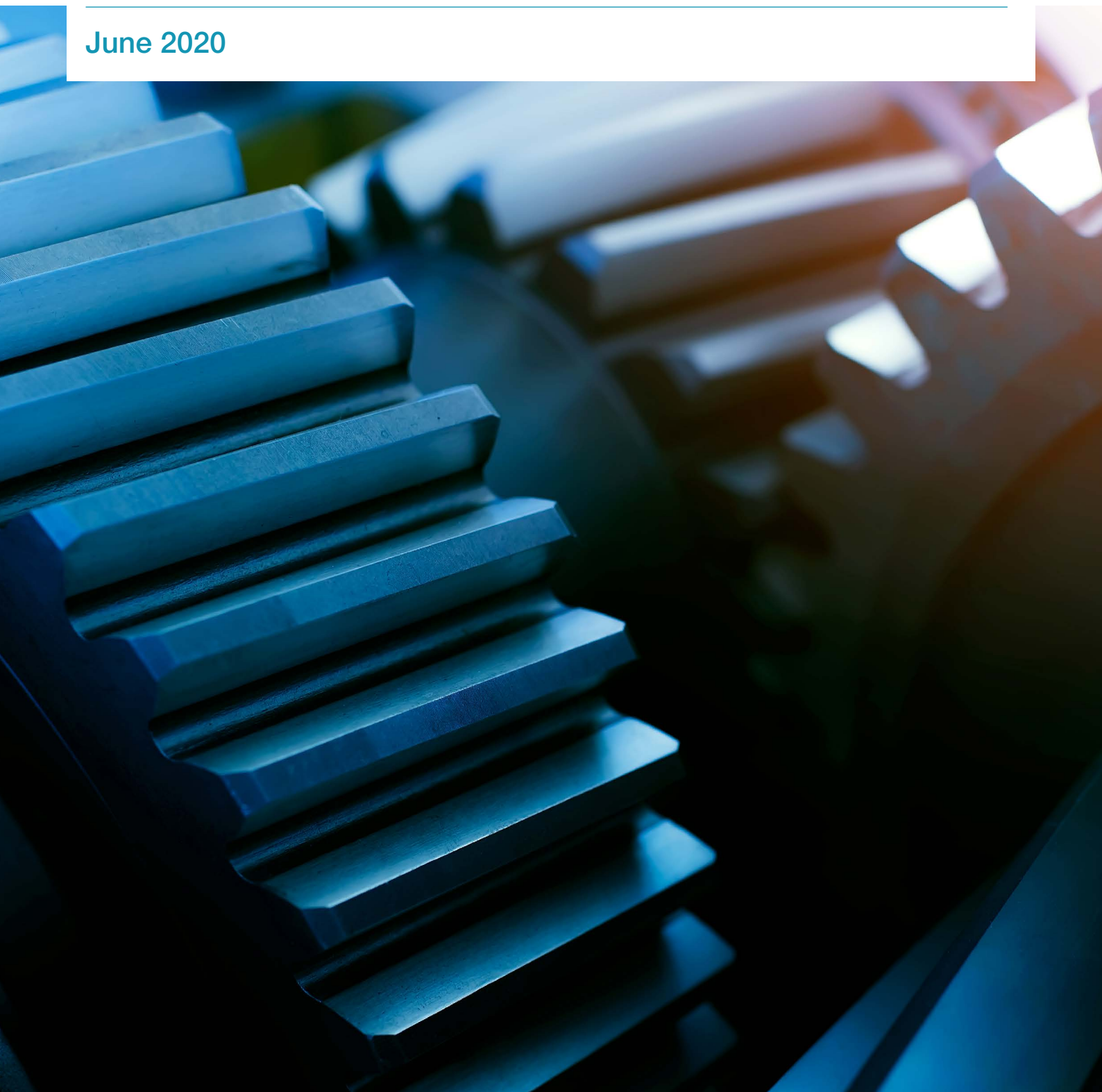


Asia-Pacific repo market survey

June 2020



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Asia Securities Industry and Financial Markets (ASIFMA)

ASIFMA is an independent, regional trade association with over 100-member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

www.asifma.org

International Capital Market Association (ICMA)

ICMA is the trade association for the international capital market with over 600 member firms from 62 countries, including banks, issuers, asset managers, central banks, infrastructure providers and law firms. It performs a crucial central role in the market by providing industry-driven standards and recommendations for issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to help to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market.

Since the early 1990's, ICMA has played a significant role in promoting the interests and activities of the international repo market, and of the product itself. The European Repo and Collateral Council (ERCC), a special interest group established under the auspices of ICMA, represents the major firms active in Europe's cross-border repo markets.

www.icmagroup.org

The survey

ICMA's European Repo and Collateral Council (ERCC) and ASIFMA's Secured Funding Markets Committee have been co-operating to extend the ICMA's semi-annual survey of the European repo market to the Asian market.

Phase One of the joint ICMA/ASIFMA initiative was to increase the granularity of the ICMA's existing European survey to measure Asia-Pacific repo executed on repo desks located in Europe. To this end, from June 2016, a number of additional questions were included in the European survey.

Phase Two of the initiative was to conduct a pilot survey in December 2016 of the repo desks located in Asia-Pacific of a sample of mainly global banks using a questionnaire based on that for the existing European survey. The results of the pilot survey were published in September 2017.

The current survey, which was conducted on June 10, 2020, is built on the lessons of the pilot survey and is intended to be the start of a regular annual survey of the cross-border Asian repo market synchronised with alternate semi-annual European surveys.

Methodology of the survey

The Asian survey broadly follows the methodology of the European survey, except for a more relaxed definition of repo:

- Asian repo has been defined, for the purposes of the survey, as repos (1) involving at least one party dealing from a location in Asia in any currency or against any collateral or (2) between parties located anywhere but in an Asian currency and/or against collateral issued in Asia.
- Respondents were asked to identify the location of repo desks executing transactions rather than the location where the transactions were booked. This has been challenging for many banks.
- Repo has been defined to include instruments that do not conform to the standard definition of repo as an instrument that transfers title to collateral by sale, eg Chinese 'pledged repo' and Japanese 'gentan'.
- The European and Asian surveys measure the value of repos and reverse repos outstanding at close of business on the survey date rather than turnover over a period. This 'snapshot' of the market at one point in time understates the volume of short-term transactions, given that many of these run off between survey dates, but provides a meaningful picture of exposures.
- The results have not been adjusted for double-counting where the same transaction has been reported by two survey respondents.
- The results do not include repos by central banks which were part of their open market operations.

A key difference with the European survey has been to split the Asian survey into two parallel surveys, one for the repo market in Japan and the other for the repo market in the rest of the APAC region.

New data about Asian repo in the European survey (June 2020)

- Asian repo accounts for a small, although not insignificant, share of the European market.
- The Japanese yen is the main Asian currency traded in the European repo market.
- The European repo market is a net borrower of collateral from Asia.
- The most common Asian collateral traded in the European repo market is Japanese, of which, 60% are JGBs.

APAC counterparties accounted for 5.3% of total outstanding repos and reverse repos reported by European dealers compared with 3.9% in December 2016 (4.0% repos and 6.7% reverse repos, compared to 2.3% and 5.6%, respectively, in December 2016).

Asian currencies accounted for 6.7% of total outstanding repos and reverse repos traded in Europe (compared to 5.3% in December 2016). Japanese yen accounted for 5.7% (compared to 4.8%). About 60% of transactions in yen were reverse repos but 50% in other Asian currencies. In other words, European dealers overall were net lenders of yen but were matched in other Asian currencies.

The overall share of Asian collateral repoed out or reversed in by European dealers was 8.0% compared with 5.5% in December 2016. Of this, Japanese collateral accounted for 6.4% and JGBs for 4.8% (compared with 4.3% and 2.8%, respectively, in December 2016). Of total collateral, 0.6% was collateral issued in other OECD APAC countries; 0.6% was non-OECD APAC collateral; and 0.4% was APAC eurobonds (compared with 0.5%, 0.4% and 0.3%, respectively, in December 2016).

Survey results of the June 2020 Asia-Pacific survey

The survey samples for the current survey are small, so the results may reflect the particular business profile of the participating banks.

Summary

- For reporting banks outside Japan, most of their counterparties were located in Europe and other regions outside Asia (probably the US).
- The bulk of reported repo business outside Japan was cross-border.
- The overwhelming share of reported repos was executed directly between parties by telephone and electronic messaging. Voice-brokers played a more significant role in the Japan survey than in the other APAC survey. Automatic and automated trading was very limited.
- CCP-clearing accounted for most of the Japan survey but little of the other APAC survey.
- Unsurprisingly, the Japanese yen predominated in the Japan survey, with the remaining business mainly in US dollars, euros and Australian dollars. While the yen was important in the other APAC survey, the predominant currency was the US dollar, with significant business also in Australian dollars and euros.
- The Japan survey was dominated by gentan repo, which means it was very different to the composition of the Japanese market as reported by the Bank of Japan and the JSDA (mainly gensaki). The other APAC survey was overwhelming in repurchase transactions and most of the remainder was documented buy/sell-backs. Chinese pledged repo had a small share.
- Almost 89% of non-Japan Asia transactions were documented under the GMRA.
- All the reported transactions in the Japan survey were fixed-rate. In the other APAC survey, the proportion of floating-rate and open repos were similar to that in Europe.

- The maturity distribution of the Japan survey was similar to that of the ICMA European repo survey with two exceptions: forward repos were even more prominent in the Japan survey; and there was minimal business beyond three months in the Japan survey.
- As expected, Japanese securities dominated the Japan survey with small shares in US Treasuries and eurozone non-government securities. In the other APAC survey, Japanese securities were also the largest component but there was a much more diverse pool of collateral, with significant shares in Australian securities and US Treasuries, and material business in bonds issued by IFIs, other APAC issuers, eurozone governments, Chinese issuer, US non-government issuers and Singaporean issuers as well as in equity.

Overview

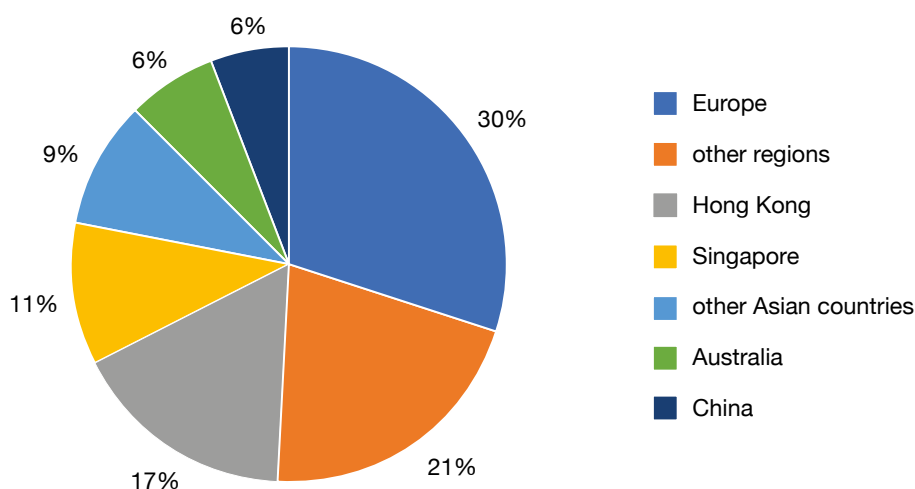
The Japan survey reported an outstanding value on June 10 of USD 215.7 billion and average daily turnover over the previous six months of USD 192.4 billion, with an average deal size of about USD 260 million.

The other APAC survey reported USD 216.7 billion in outstanding value and average daily turnover was USD 73.1 billion, with an average deal size of some USD 71 million. This survey sample appears to have been, in aggregate, a net cash borrower and therefore a net securities lender, mainly against domestic and European counterparties. However, voice-brokered business by the survey was net cash lending.

Counterparty analysis

The bulk of the business reported in the other APAC survey was with Asian counterparties (42.4% of outstanding value), mainly in Hong Kong (16.6%) and Singapore (10.6%) but also in China (5.8%). There was also a very significant share with European counterparties (30.0%) and 6.5% was with Australian counterparties. The survey appears to have been a net cash borrower from Australia and Europe, and a net cash lender to Hong Kong, 'other Asian countries' and other regions.

Figure 1 – Counterparty analysis

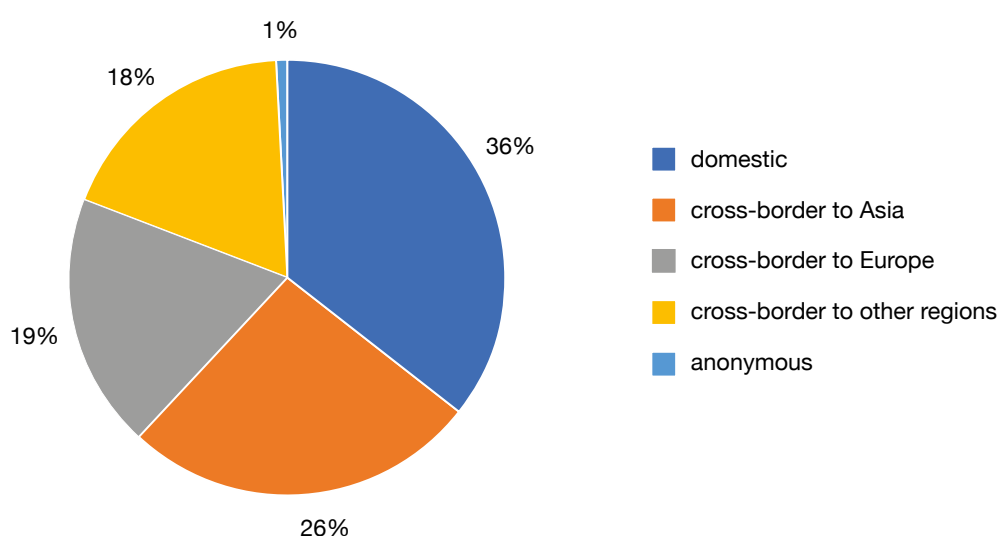


Geographical analysis

Most outstanding repos reported in the other APAC survey had been transacted cross-border (63.5%), of which, 26.5% was to counterparties in Asia and 18.9% to counterparties in Europe. 35.7% of outstanding business was with domestic counterparties and 0.8% was reported as anonymous, which means it was CCP-cleared.

It is not possible to compare the location of counterparties in the geographical analysis with locations in the counterparty analysis because a bank in the survey included desks trading Asian repo wherever they were located. This means some business reported as with European counterparties in the counterparty analysis are reported as domestic counterparties in the geographical survey.

Figure 2 – Geographical analysis



Trading analysis

Most of the business reported in the Japan survey had been transacted directly between parties (83.2% of outstanding value). The remainder was arranged by voice-brokers, presumably Tanishi companies. 97.4% was cleared across a CCP.

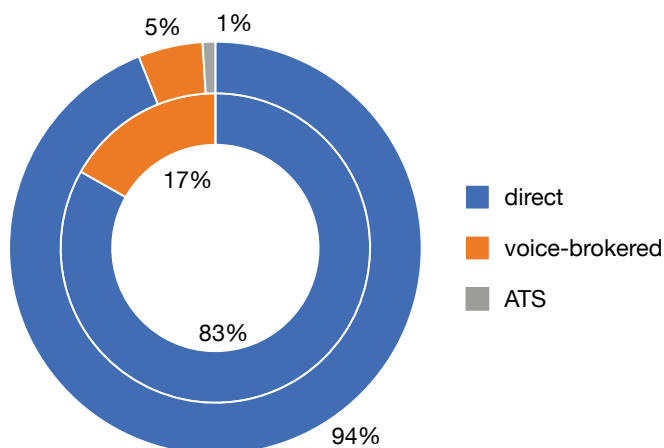
As in Japan survey, most of the business reported in the other APAC survey (93.9%) had been transacted directly between parties. Of this business, 1.9% had been transacted on an automated (request-for-quote) trading systems. Another small share (0.8%) had been transacted on an automatic electronic trading system. The remainder (5.1%) had been arranged by voice-brokers.

Figure 3 – Trading analysis

NB:

Outer ring: other APAC

Inner ring: Japan



Currency analysis

Unsurprisingly, the bulk of the business reported in the Japan survey was in Japanese yen (85.8% of outstanding value). Most of the remainder was in US dollars (8.0%) and euros (8.0%), with 1.0% in Australian dollars.

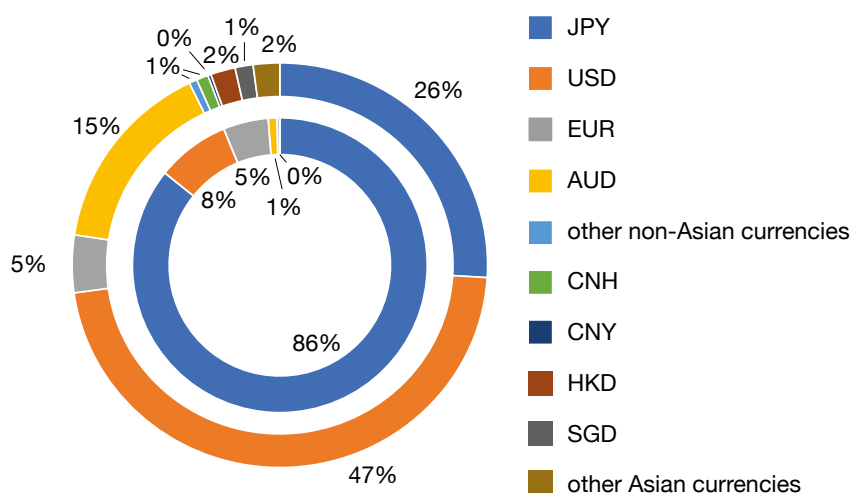
The most traded currency reported in the other APAC survey was the US dollar (46.8%). Of the rest, 32.5% was Asian currencies, of which, 26.0% was Japanese yen, 1.9% was Hong Kong dollars, 1.4% was Singapore dollars and 1.1% yuan renmimbi. Australian dollars accounted for 15.4%. The survey appeared to be a net cash borrower in Australian dollars, US dollars and euros, but a net cash lender in Hong Kong dollars and Japanese yen.

Figure 4 – Currency analysis

NB:

Outer ring: other APAC

Inner ring: Japan

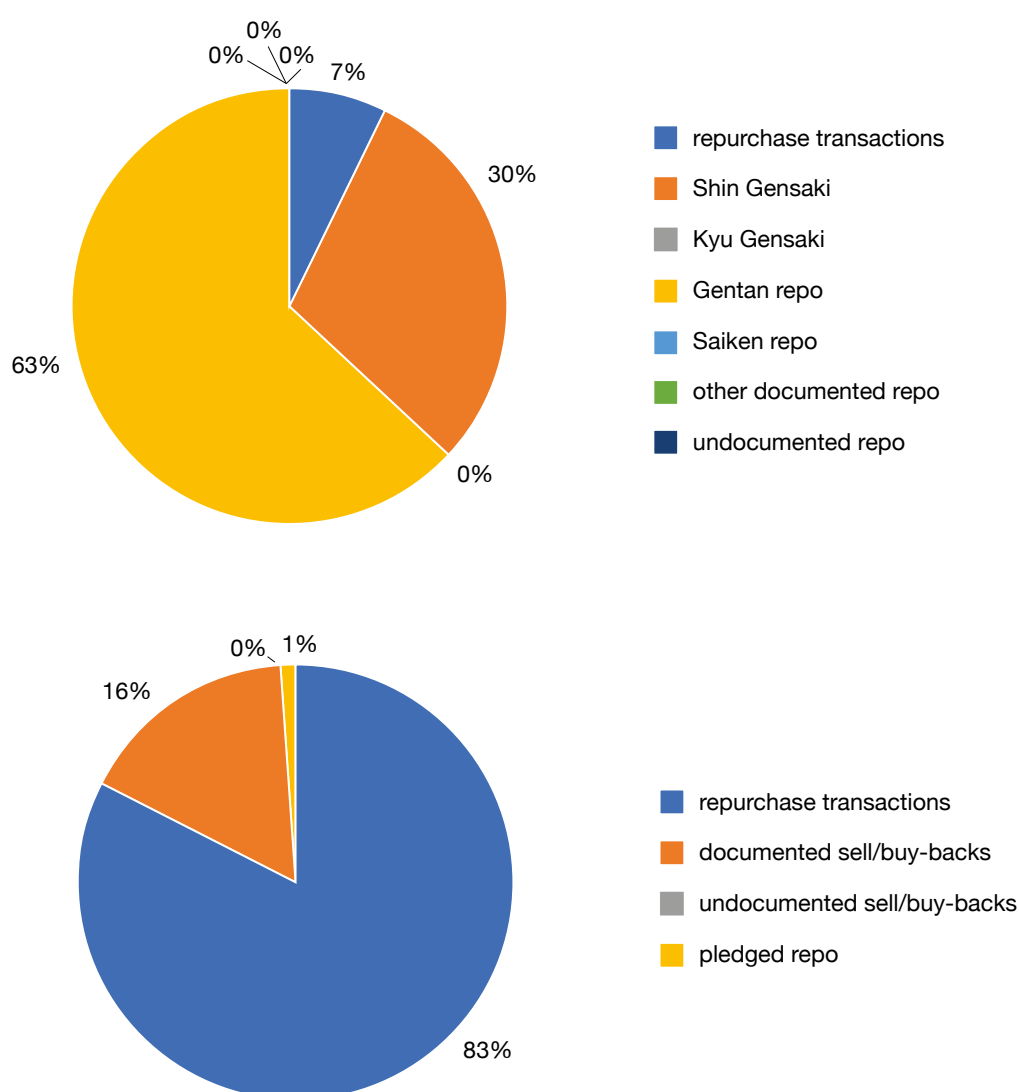


Instrument analysis

63.0% of the business reported in the Japan survey was in gentan repos. This is surprising given the general shift in the Japanese market since 2018 towards the updated form of new gensaki. Gensaki repos accounted for 29.7% and repurchase transactions (typically under the GMRA) took 7.3%. No tri-party repos were reported, which is also surprising as this accounts for a significant share of the GC repo market in Japan.

Most of the repos reported in the other APAC survey (82.8%) were repurchase transactions and 16.3% were documented buy/sell-backs. 1% of outstanding value was pledged repo, presumably domestic Chinese transactions. 20.4% was tri-party repo.

Figure 5 – Japan and other APAC.

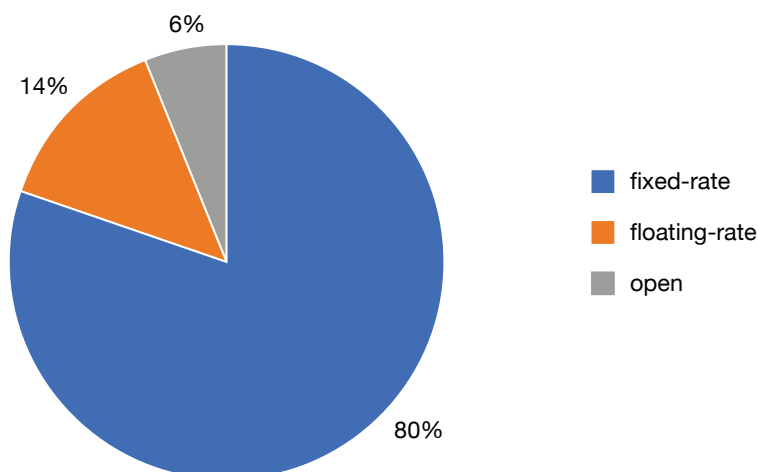


Rate analysis

All the repo reported in the Japan survey was fixed rate.

Most repos reported in the other APAC survey were fixed-rate (80.3%) but 13.7% was floating-rate and 6.0% open term.

Figure 6 – rate analysis



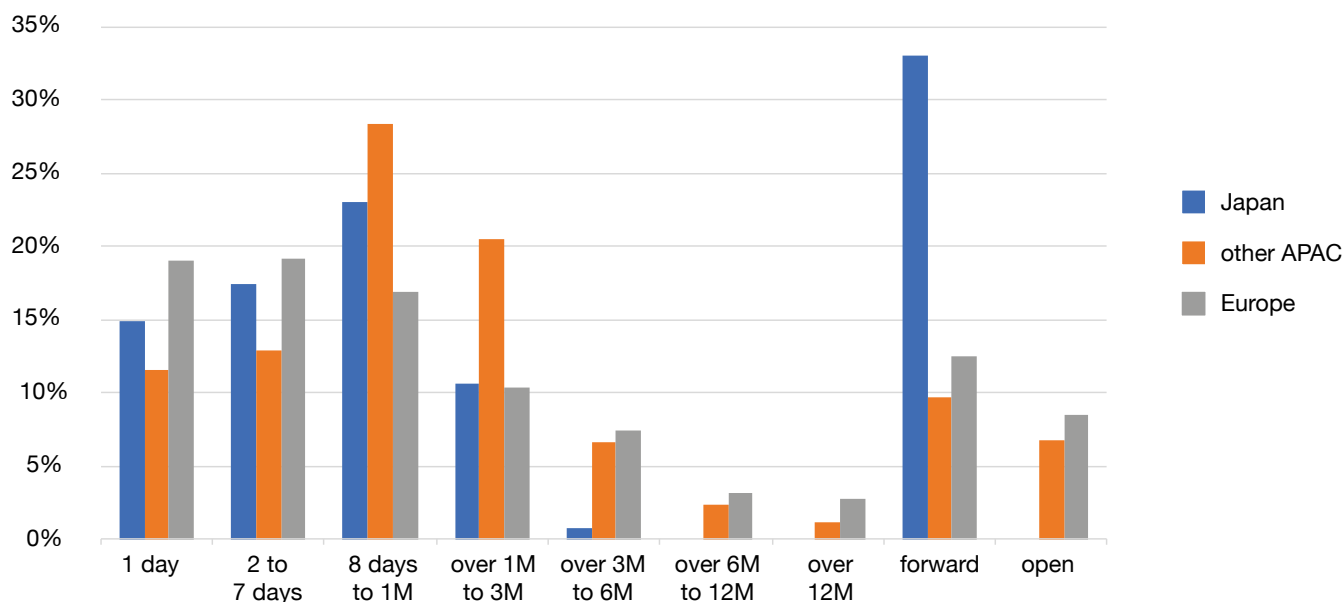
Maturity analysis

In the Japan survey, short-dated repo accounted for 55.4% of the reported business, of which, 14.9% had a remaining maturity of one day. It needs to be remembered that the survey measures the stock of business still outstanding on the survey date and not the flow of business over a preceding period. This means short-term transactions are under-represented because they run off very quickly and would take a much higher share of turnover. A very substantial 33.1% of business was in forward repos. Of the remainder, 10.6% had remaining maturities of between one and three months. There was little business outstanding beyond three months and there were no open trades.

52.9% of outstanding value reported in the other APAC survey was in short dates, of which, 28.4% had more than one week remaining to maturity. 27.1% was between one and six months. 9.7% was in forward repos. 1.2% of reported business had over one year remaining to maturity. The survey appeared to be a net cash borrower in remaining maturities of one to three months. Business in short dates was fairly evenly balanced between repos and reverse repos.

The weighted average maturity of the other APAC survey differed from the European survey in being more concentrated in the 8-day to 3-month range. The weighted average maturity of the Japan survey was within the range 9-28 days and the non-Japan survey was 26-65 days compared with 32-72 in the European survey (the lower end of the range assumes that all transactions have the minimum term in each maturity band: the upper end assumes the maximum term).

Figure 7 – Maturity analysis



Collateral analysis

The overwhelming share of the collateral reported in the Japan survey was Japanese fixed-income securities (86.2% of outstanding value). Other material shares were in US Treasuries (5.5%), euro-denominated non-government fixed-income securities (3.2%), other US securities (1.7%), euro-denominated government securities (1.6%), Australian fixed-income securities (1.0%) and fixed-income issues by international financial institutions (0.3%). 97.9% of all collateral was government securities.

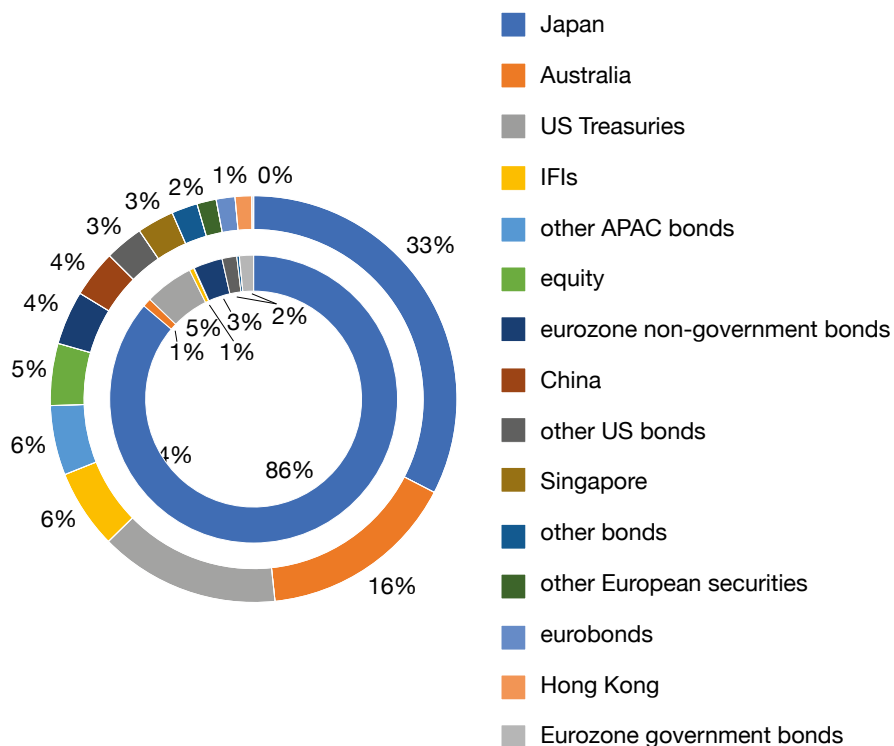
In the other APAC survey, most of the outstanding collateral (32.6%) was Japanese fixed-income securities, 15.7% was Australian, 14.3% were US Treasuries, 6.3% were issued by international financial institutions, 5.5% were from other APAC countries, 4.9% was equity, 4.3% were non-government fixed-income securities and 3.8% was issued in China. 53.7% was government securities. The survey appeared to be a net lender of Australian, Chinese, other APAC and non-government eurozone securities, and a net borrower of Japanese and securities issued by international financial institutions.

Figure 8 – Collateral analysis

NB:

Outer ring: other APAC

Inner ring: Japan



Contract analysis

Almost all the legal agreements reported in the Japan survey (97.1%) were Japanese contracts.

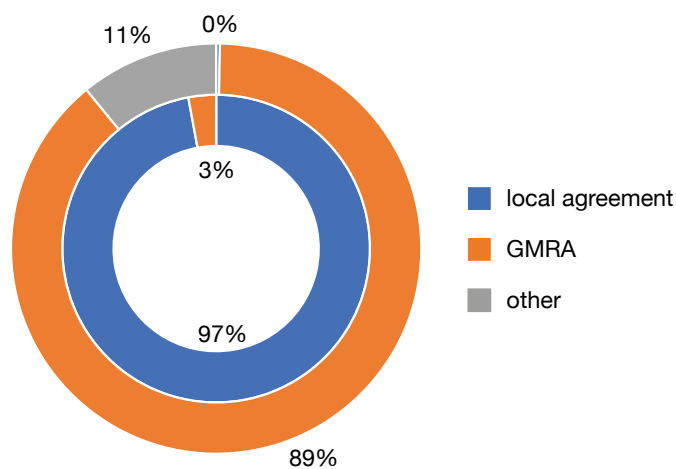
In the other APAC survey, 88.8% of legal agreements were GMRAs and 10.9% were master agreements not local to the country of the reporting party.

Figure 9 – Contract analysis

NB:

Outer ring: other APAC

Inner ring: Japan



What is a repo?

A repo is a sale of assets and a commitment by the seller to repurchase the same or similar assets in the future at a different price. The most common type of repo involves a sale of government securities and a commitment to repurchase the same issue of securities. The repurchase price is equal to the sale price plus what is called 'repo interest'. Should the seller fail to repurchase the assets at maturity, the buyer is free to recover his cash by selling them, which means that they act as collateral and reduce his credit risk. The buyer also has the right to sell the assets at any time during the repo (although he will need to buy back the assets from the market to return to the seller at the maturity of the repo). The right to sell collateral at any time means that repo also reduces the buyer's liquidity risk.

The seller's commitment to repurchase collateral means that he has only temporary use of the buyer's cash, while the buyer has only temporary use of the seller's assets. Therefore, despite its legal structure, a repo behaves like a secured loan/deposit. However, unlike a traditional secured loan/deposit, in which collateral is pledged, the transfer of legal title in a repo gives the buyer (cash lender) stronger control over the collateral should the seller become insolvent. This reduces his credit risk further.

In China, there is a market in 'pledged repo'. This is different to a standard repo, which is based on title transfer. If the seller in a pledged repo were to become insolvent, it is uncertain whether the buyer could immediately liquidate his collateral without interference from the insolvency process. And the buyer has no right to temporarily sell the collateral during the repo.

The repo market is essential to the functioning of a liquid secondary market in securities, as it is a cheap and resilient source of funding for market-makers and other dealers. It can also be used to borrow securities to settle short positions, including those acting as hedges, and to avoid settlement failures where an outgoing delivery depends on an incoming delivery that does not arrive on time. As a key source of funding for long positions and securities borrowing for short positions, repo is vital to the hedging and pricing of derivatives. The ability to go long of relatively cheap bonds and short of relatively expensive bonds also helps to ensure an accurate yield curve for pricing and valuing securities, including corporate bonds. A liquid repo market also provides a safe short-term asset for risk-averse non-bank investors. And it is the preferred venue for open market operations by central banks.

Most repo in the international market is traded under the Global Master Repurchase Agreement (GMRA) published by ICMA.

Annexe

EU – Statistics from the Securities Financing Transaction Regulation (SFTR)

Under the EU Securities Financing Transactions Regulation (SFTR), the four authorized trade repositories (TRs) --- DTCC, KPDW, Regis-TR and Unavista --- are required to publish, every Tuesday, a set of summary statistics for the week to midnight on the previous Friday. Reporting by the first firms --- banks, investment firms, CSDs and CCPs --- started on July 13, 2020 (the start date for banks and investment firms having been delayed from April 13 due to Covid-induced problems). The first summary statistics were published by the TRs on July 21.

The statistics being published by the TRs measure **turnover** over the latest week and the **stock** of transactions still outstanding at the end of the week in terms of:

- **value** of the principal amounts of transactions denominated in euro (which is cash and loaned securities or commodities);
- **number** of transactions;
- **market value of collateral** allocated to reported transactions.

Each of these amounts is broken down in terms of any, some or all of the following criteria:

- **type** of SFT --- securities and commodities borrowing and lending; margin lending; and repo, sub-divided into repurchase transactions and buy/sell-backs;
- whether **CCP-cleared** or not;
- whether the **Reporting Counterparty** and the **Other Counterparty** are both located within the EEA, or one is located within the EEA and the other outside, or both are outside the EEA;
- **market segment** --- where the SFT is executed on an EEA or non-EEA trading venue, in the OTC market, or in the OTC market and then registered post trade on a trading venue;
- **method of collateralization** --- title transfer; security interest with right of re-hypothecation; and security interest without right of re-hypothecation.
- **reconciliation status** --- whether a transaction has been reported by two parties to the same TR or to different TRs.
- **floating-rate indices** --- to which interest rate index floating-rate transactions are linked, provided turnover in that index was more than EUR 5 billion over the week and at least six different parties traded.

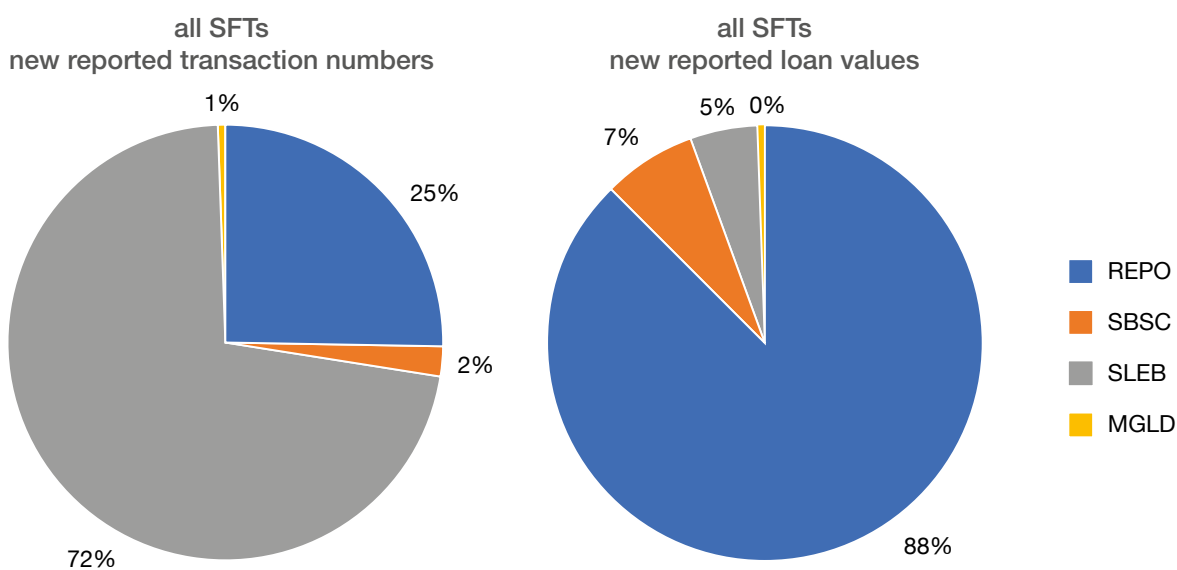
ICMA collects, aggregates, tabulates and charts these statistics, publishing them each week on its [website](#).

The SFTR numbers will have to be treated with caution until the reporting regime is fully bedded down in the industry. There will always be teething problems with a new project of this scale and novelty, although these may have been exacerbated in the case of SFTR by the fact that the reporting rules have yet to be finalized and fully clarified. Reporting volumes appear to be increasing because of improved reporting by firms rather than market growth. In addition, it would appear that many transactions have not been successfully matched, so are not being included in the published data. And there seem to be particular problems in the aggregation of data by the trade repositories, particularly for collateral, which means that part of the data is not useable.

What has SFTR told us so far?

The latest SFTR data available before publication of this survey report (for the week ending October 16, 2020) show that the average daily turnover of all new SFTs was some 312,000 transactions with a total transaction value of EUR 312.3 billion per day.

Much as expected, repo is larger in value than securities and commodities lending and borrowing (95.0% compared to 4.9%), but the number of loans is smaller (33.8% compared to 65.9%). However, the difference between the two markets has been exaggerated by a flaw in the reporting rules that require loans of multiple securities to be broken up into reports of loans of individual securities.

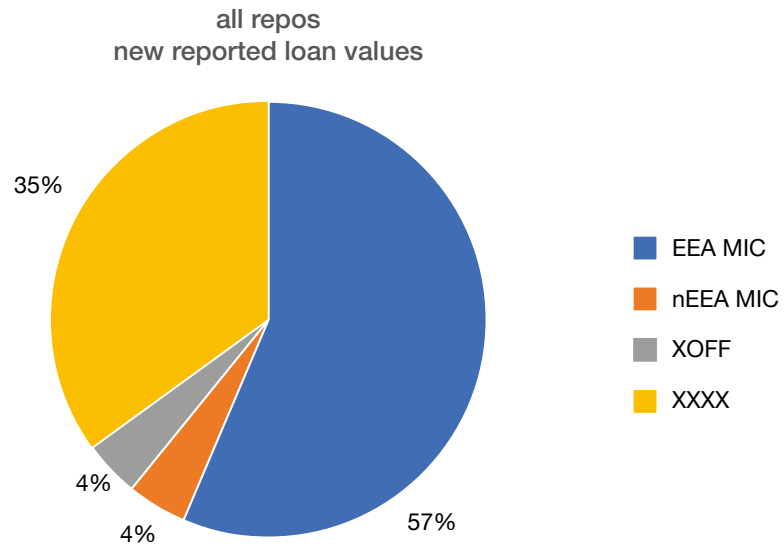


Average daily turnover in new repos (both repurchase transactions and buy/sell-backs) was almost 105,500 transactions with a total cash value of EUR 3.424 trillion per day.

The outstanding value of all repos on October 16 was EUR 12.747 trillion compared with the latest ICMA survey total of EUR 7.885 trillion. Given that the ICMA survey is of 61 firms (albeit the largest in the market), whereas SFTR is obligatory for all firms established or located in the EU, including CCPs, this is not unexpected.

CCP-clearing is also higher in the SFTR results than in the ICMA survey (35.9% of outstanding repo compared to 27.2% in the latest survey). The difference may reflect reporting by CCPs under SFTR but not in the ICMA survey.

The share of automatic electronic trading in the ICMA survey is 27.5% of outstanding size. The closest comparison in SFTR is with execution venues that have a Market Identifier Code (MIC). This is 40.0%. However, the ICMA survey only measures the automatic trading platforms (BrokerTec, Eurex and MTS), whereas the SFTR definition includes automated platforms (eg GLMX and Tradeweb) and some voice-brokers (as well as some parties who are not in fact trading platforms but report in the same category because they also have a MIC).



It may also be worth noting that no floating-rate repos were reported in the SFTR data. This is because no index accounted for more than EUR 5 billion of the repo business reported to any TR, which the threshold below which no aggregated data is released. In the ICMA survey, floating-rate repo accounted for 9.3% of outstanding business.

Japan – repo market statistics for the FSB

In January 2020, the Bank of Japan (BoJ) started to publish new data on the securities financing markets in Japan. The published numbers are a selection from a wider set of data which the BoJ has been collecting since December 2018. The reporting firms are a sample of 50 financial institutions estimated by the BoJ to account for around 90% of the SFT market between Japanese financial institutions. The data are being collected in order to fulfil the BoJ’s commitment to the Financial Stability Board (FSB) to improve the transparency of securities financing markets, including repos. The initiative therefore parallels the implementation of SFTR in the EU.

The BoJ data cover repo and securities lending but not margin lending. Repo appears to be mean gensaki repo, while securities lending in most of the published data tables would seem to refer to gentan repo. A gentan repo is a cash-collateralized securities loan that was invented in 1989 to provide repo functionality but under a securities lending agreement in order to avoid a securities transaction tax.

During June 2020, around the time of the ICMA survey the BoJ data show average daily turnover of reverse repos (gensaki only) in yen by the 50 reporting institutions of JPY 41.9 billion per day (about EUR 360 million). Average transaction size was almost JPY 12 billion. Some 87% by value of these transactions were overnight.

The data series seems to show a Covid “wobble” at the end of March. The surge in late April may be anticipation of the Golden Week holiday (2-6 May).

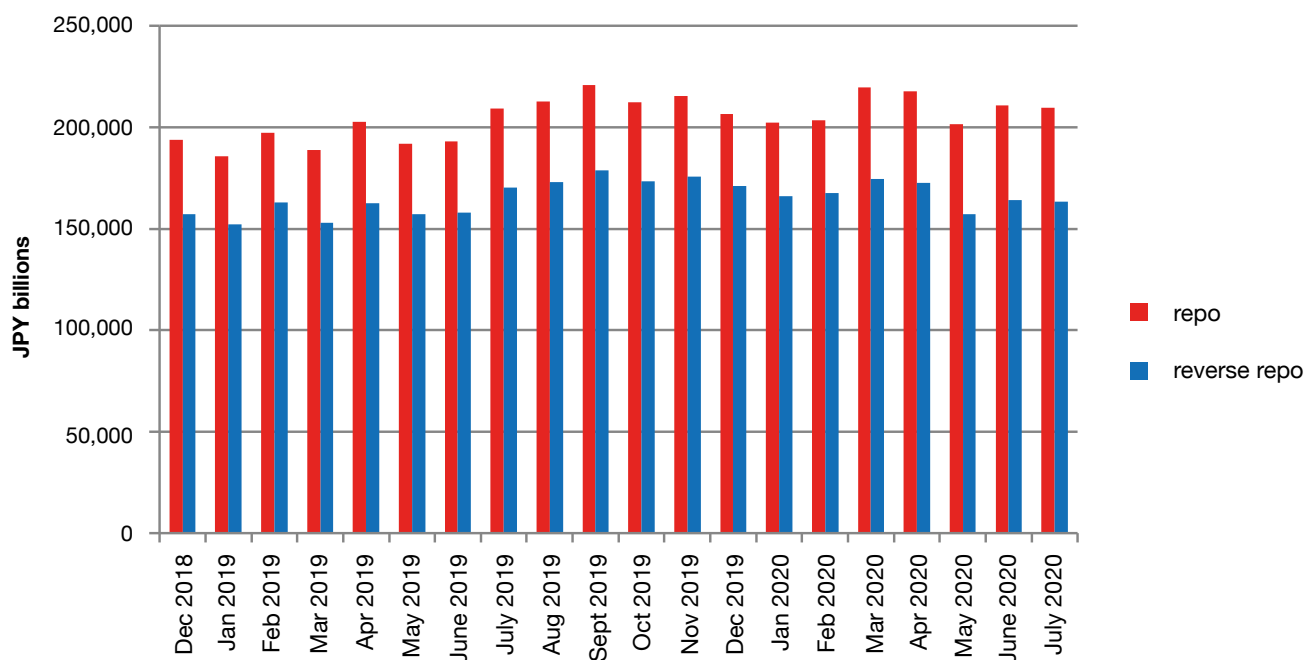
Chart 1: daily turnover of reverse repos (gensaki only) of JPY



Source: *Statistics on Securities Financing in Japan (Bank of Japan)*

At the end of June 2020, the outstanding balance of cash lent by the 50 reporting institutions through reverse repos of both types (gensaki and gentan) in all currencies and against all securities was JPY 164.2 trillion (almost EUR 1.4 trillion), while borrowing was JPY 210.9 trillion (over EUR 1.7 trillion). The subset of gensaki reverse repos in yen against Japanese government securities (central and local government bonds, and government-guaranteed bonds) was JPY 92.1 trillion (about EUR 770 billion), equivalent to 56% of total reverse repos. Gentan reverse repo was worth another 25%.

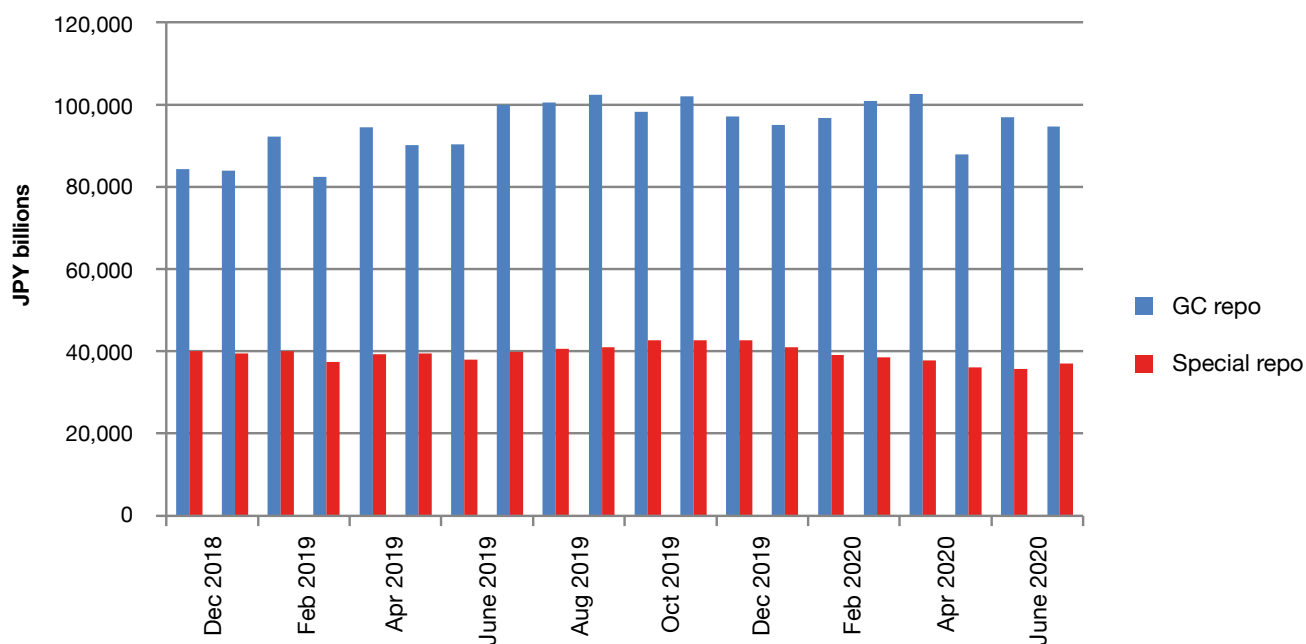
Chart 2: end-month balance of repos & reverse repos (gensaki & gentan)



Source: Statistics on Securities Financing in Japan (Bank of Japan)

Of reverse repos (gensaki and gentan) in yen against Japanese government securities at end-June, 73% was GC repo.

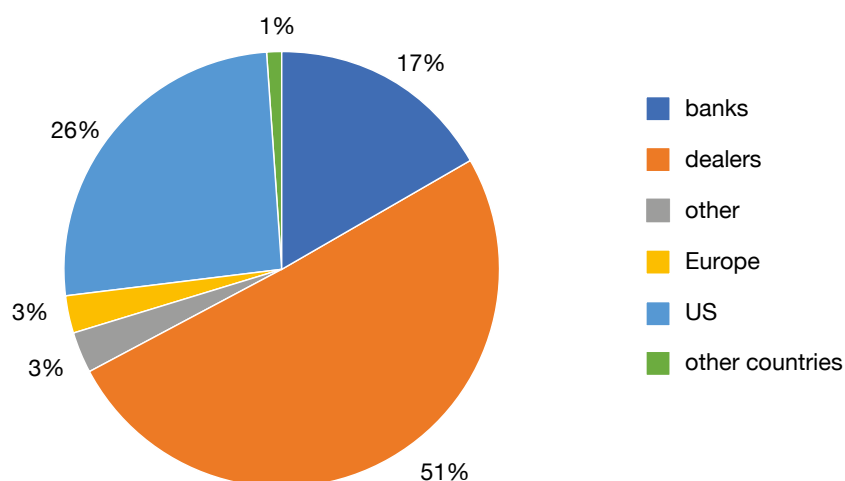
Chart 3: end-month balance of GC & special reverse repos (gensaki & gentan) of JPY against Japanese government securities



Source: Statistics on Securities Financing in Japan (Bank of Japan)

Of the repos in yen against all types of security, 19.5% was with banks in Japan, 51.0% with broker-dealers in Japan, 3.2% was with European residents and 21.9% with US residents. 14.2% of all repos were in US dollars and 4.4% in euros.

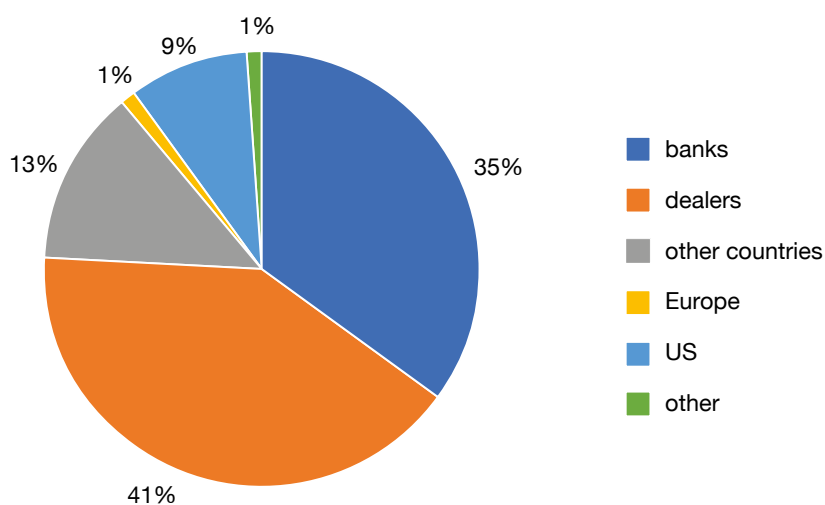
Chart 4: end-month balance of repos (gensaki & gentan) of JPY by counterparty



Source: *Statistics on Securities Financing in Japan (Bank of Japan)*

Of the reverse repos by the 50 reporting institutions in yen against all types of security, 32.6% was with banks in Japan, 44.2% with broker-dealers in Japan, 1.0% with European residents and 8.4% with US residents. 6% of all reverse repos was in US dollars and 3.7% in euros. The reporting institutions were therefore net borrowers of foreign currency in the repo market, particularly of US dollars.

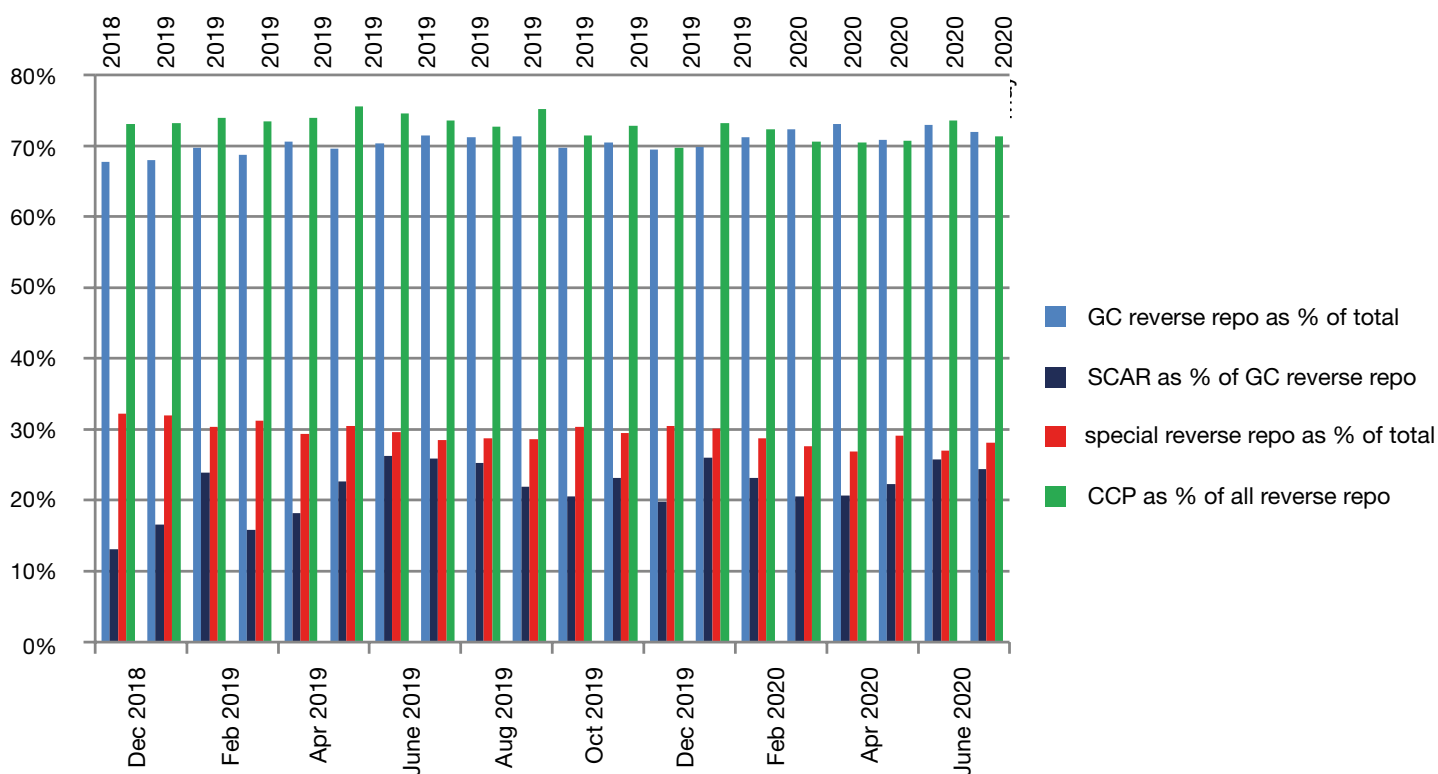
Chart 5: end-month balance of reverse repos (gensaki & gentan) of JPY by counterparty



Of foreign currency repos at end-June, 79.7% of the collateral securities were also denominated in foreign currencies and 60.8% were issued by foreign governments.

70.2% of GC reverse repos in yen against Japanese government securities at end-July were CCP-cleared and 25.8% were GC financing facility repos (called Subsequent Collateral Allocation Repos). The use of CCPs and GC financing is therefore much higher than in Europe.

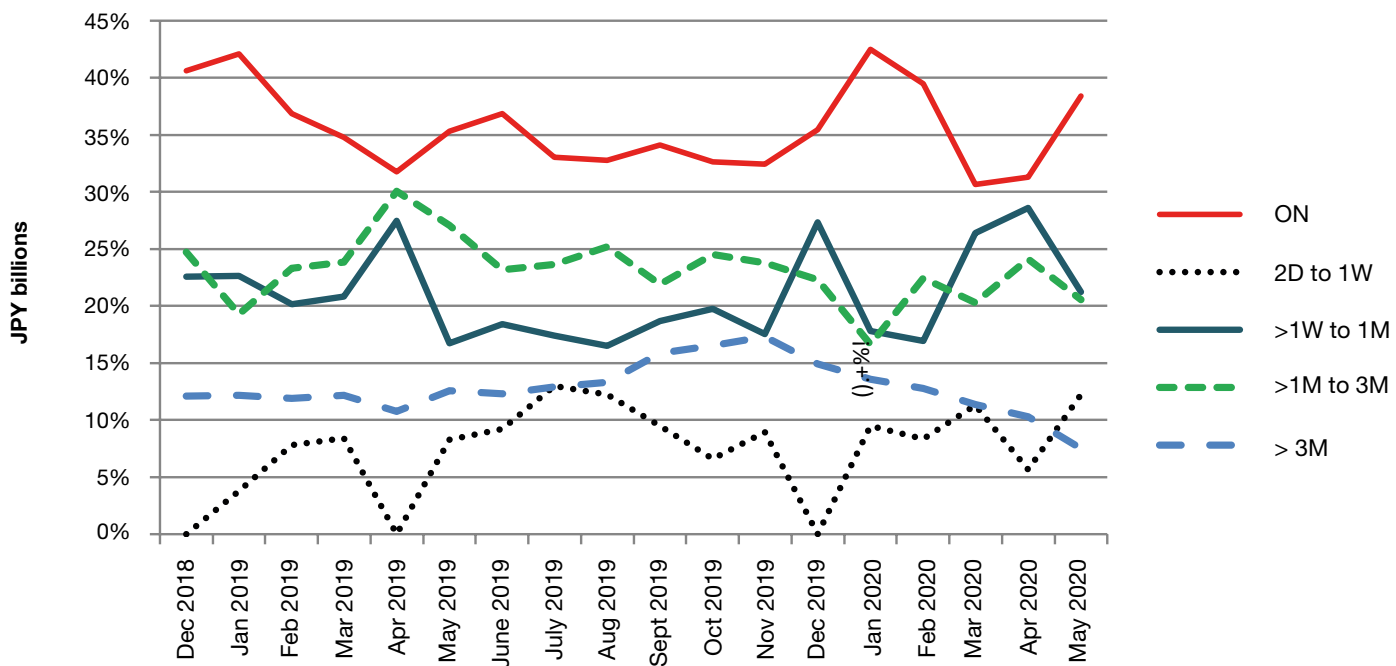
Chart 6: end-month balance of CCP-cleared reverse repos (gensaki & gentan) of JPY against Japanese government securities



Source: *Statistics on Securities Financing in Japan* (Bank of Japan)

The evolution of the original maturity distribution of GC reverse repos in yen at end-month from 2018 to 2020 is shown in the chart below. There is a noticeable seasonal switch from sub one-week term repos to longer short-dated term repos in April and December. The April switch may reflect Golden Week in May.

Chart 7: original maturity distribution of end-month balance of GC reverse repos (gensaki & gentan) of JPY



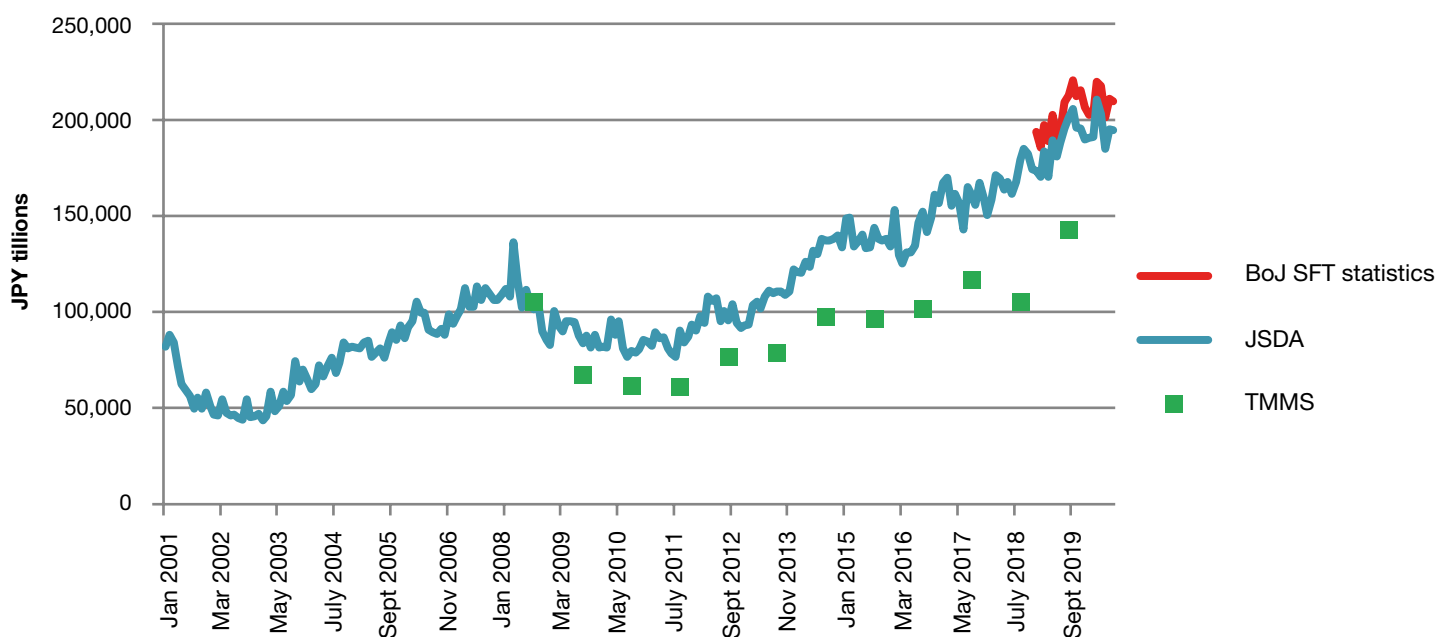
Source: Statistics on Securities Financing in Japan (Bank of Japan)

The new BoJ statistics also provide data on securities lending in equities collateralized by cash and securities, and average monthly GC and special repo rates.

Comparison with other statistics on the Japanese repo market

Data on the Japanese repo market is already provided by the BoJ in its Tokyo money market survey and by the Japan Securities Dealers' Association (JSDA). The Tokyo Money Market Survey had a reporting population of 302 financial institutions in 2019 (of which, 274 were eligible counterparties to the BoJ, while the rest were a sample of large insurance companies and asset managers). The JSDA collects data from almost 500 members.

Chart 8: end-month balance of repos reported to the BoJ SFT survey, Tokyo Money Market Survey and JSDA



As the chart shows, the various sources of data are fairly consistent. The outstanding balance of repo in all currencies and against all securities from the new BoJ statistics was JPY 210.9 trillion at end-June. The outstanding balance of repos against yen-denominated securities from the JSDA survey was JPY 195.2 trillion at end-June 2020. And the BoJ Tokyo Money Market Survey at end-June 2019 reported a figure of about JPY 106 trillion for repo.

US – statistics on the repo market for the FSB

On 9 September, the Office of Financial Research (OFR) in the US began daily publication of data on amounts and repo rates, broken down by tenor and collateral, in three segments of the US repo market. These data are used to update the OFR's webpage Short-Term Funding Monitor [<https://www.financialresearch.gov/short-term-funding-monitor/>]. The Monitor brings together the data which the OFR has been compiling towards meeting the US commitment to report SFT market data to the FSB and also to help the Financial Stability Oversight Council (FSOC) to monitor risk in the SFT markets. The collection of this data therefore parallels the implementation of SFTR in the EU.

The strategy of the OFR has been to use financial market infrastructures (FMI) as the source of their data, specifically, CCPs and tri-party agents. Although this approach means there is a gap in respect of the non-triparty OTC repo market, CCP-cleared and tri-party repos constitute the bulk of the US repo market and use of the FMIs is highly cost-efficient and very accurate. There are three sources of FMI data that have been tapped by the OFR:

- Tri-party repo, in which parties transact bilaterally but delegate collateral management to a third party in the form of a custodian bank (usually the Bank of New York Mellon). The tri-party market is the largest segment of the US repo market and was valued at USD 1,245 billion on 4 September. It represents some 55% of the combined three market segments. Tri-party repo data has been published since late 2014.
- CCP-cleared repo in the form of repos cleared on the DVP Service of the Fixed Income Clearing Corporation (FICC), which is the sole CCP in the US for fixed-income securities and repos against those securities. Repos submitted to the FICC are usually intermediated by inter-dealer brokers (IDBs), who are matched principals, but some are traded directly between counterparties. IDBs provide pre-trade anonymity to the counterparties and the CCP provides post-trade anonymity. The DVP Service was valued at USD 901.9 billion on 4 September, which represents about 40% of the combined three market segments. DVP repo data has been published since October 2019.
- Repos transacted on a GC financing facility in the form of the FICC's GCF Repo Service. GC financing facilities combine a CCP and a tri-party agent. The CCP provides pre and post-trade anonymity. The GCF Repo Service differs from the DVP Service in that the tri-party agent allocates the collateral in GCF but the seller allocates collateral in the DVP Service, so GCF, as the name suggests, supports a GC repo market, while the DVP Service supports a repo market in specific securities. The GCF Repo Service was valued at USD 121.8 billion on 4 September, which represents just over 5% of the combined three market segments. GCF repo data has been published since December 2019.

The key data published by the OFR is shown in the following three charts.

Note that data for CCP-cleared repos are generally made available with a one business day lag but data for tri-party repos are generally made available with a two business day lag.

Chart 1: US repo market data collected by the OFR by reporting market segment, 11 December 2019 to 4 September 2020 (daily outstanding value, USD billions)

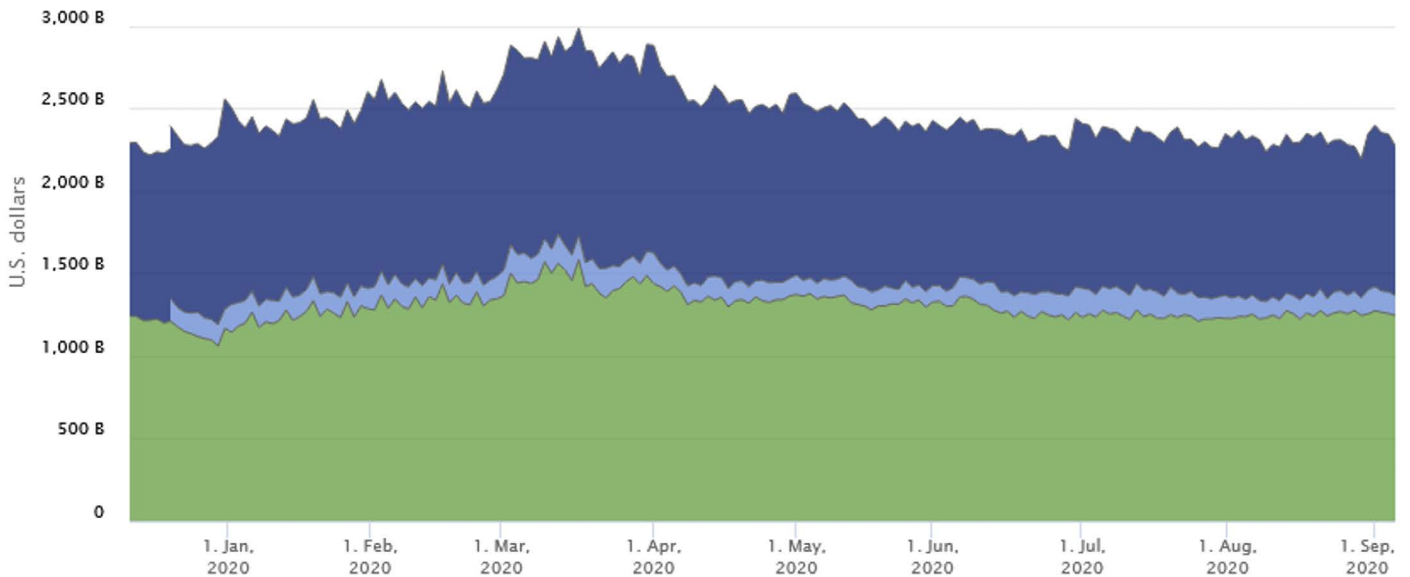


Chart 2: US tri-repo market data collected by the OFR by type of collateral, 2014 to 4 September 2020 (daily outstanding value, USD billions)

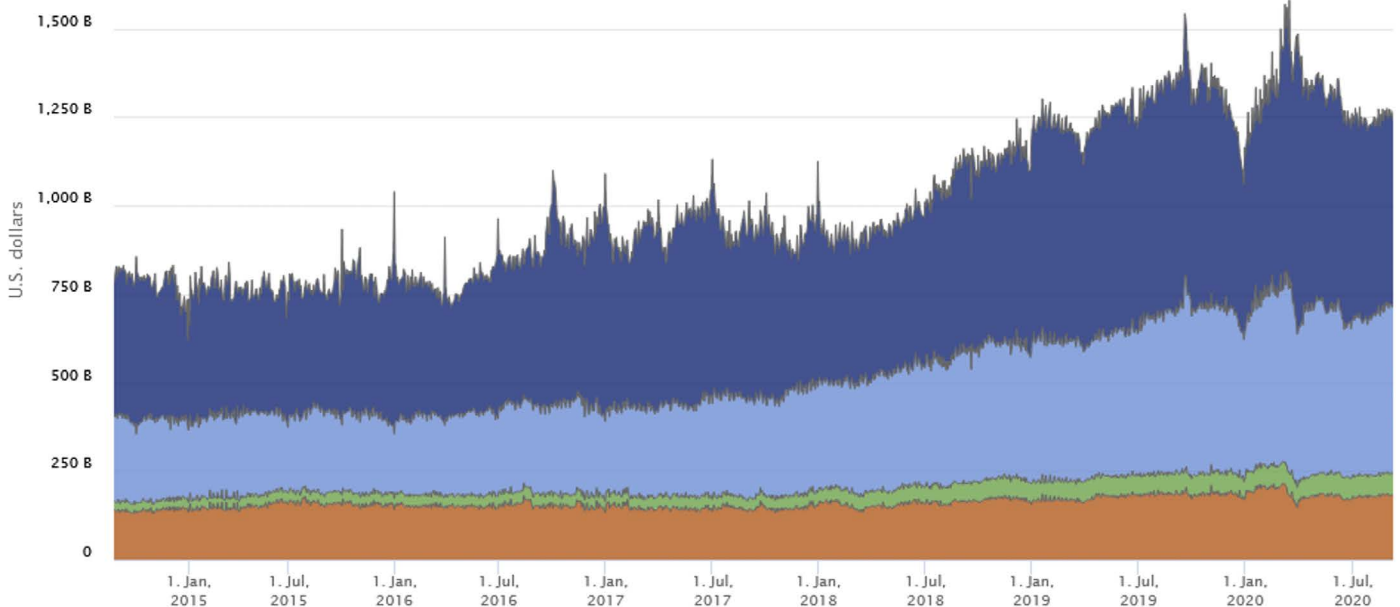
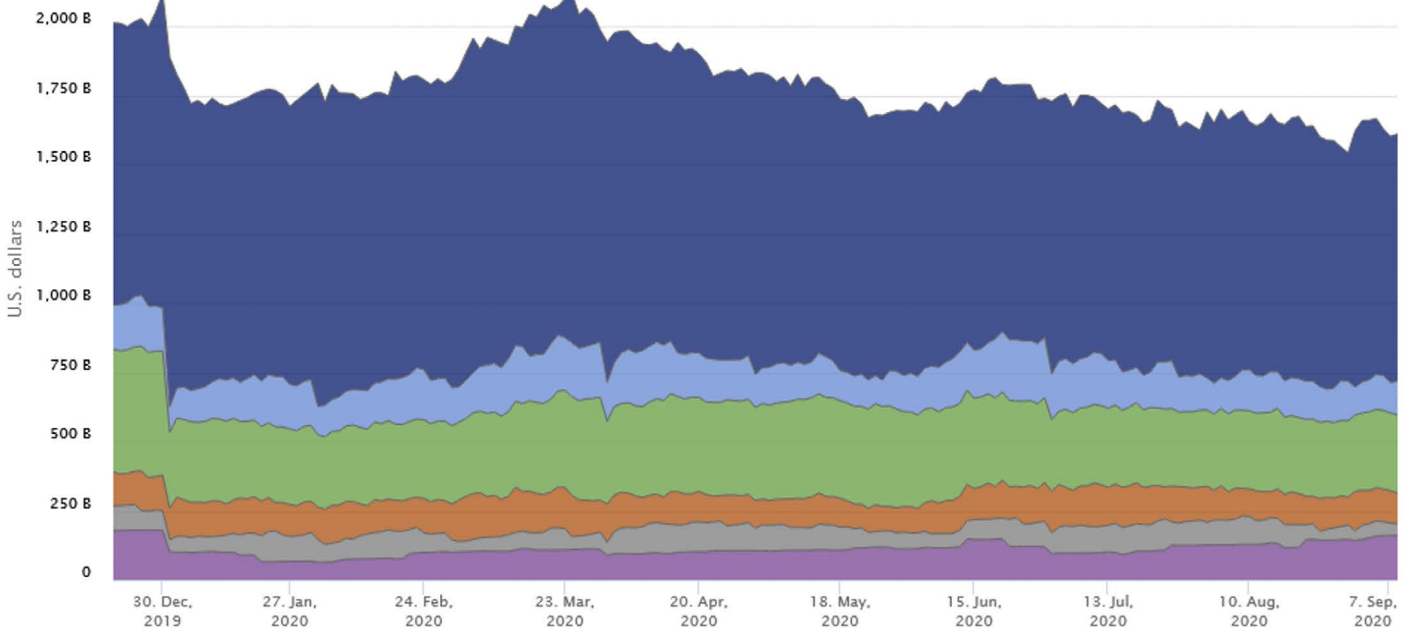


Chart 3: US tri-party repo market data collected by the OFR for all market segments, 2014 to 4 September 2020 (daily outstanding value, USD billions)



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