



JPX
OSAKA EXCHANGE

Scheduled Changes in Product Specs of 20-year JGB Futures

Total smart exchange

Osaka Exchange, Inc.

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- The BOJ introduced QQE from April 2013 and the issuance and trading volume of super long-term JGBs have expanded.
- To offer a hedging tool for super long-term JGB exposure, OSE resumed 20-year JGB futures trading with changes in its product specs and the tick size in 2014 and improved them in 2015.
- To enhance further investor convenience, from the Day session of **April 4, 2022**, OSE is going to **1) change the size of the contract unit to JPY 10 million face value** and **2) widen the threshold of Dynamic Circuit Breakers**.
- The 20-year JGB futures market is **expected to secure continuous quoting with tighter spread** to be placed by market makers through introducing new market maker programs starting from April 4, 2022.

JGB Annually Issuance (JPY 100 billion)

	FY2019	FY2020	FY2021
2 YEAR	240	330	360
5 YEAR	228	282	300
10 YEAR	252	297	312
20 YEAR	108	135	144
30 YEAR	84	102	108
40 YEAR	24	30	36
GROSS	936	1,176	1,260

Source: MOF

Product specs after the changes on April 4, 2022

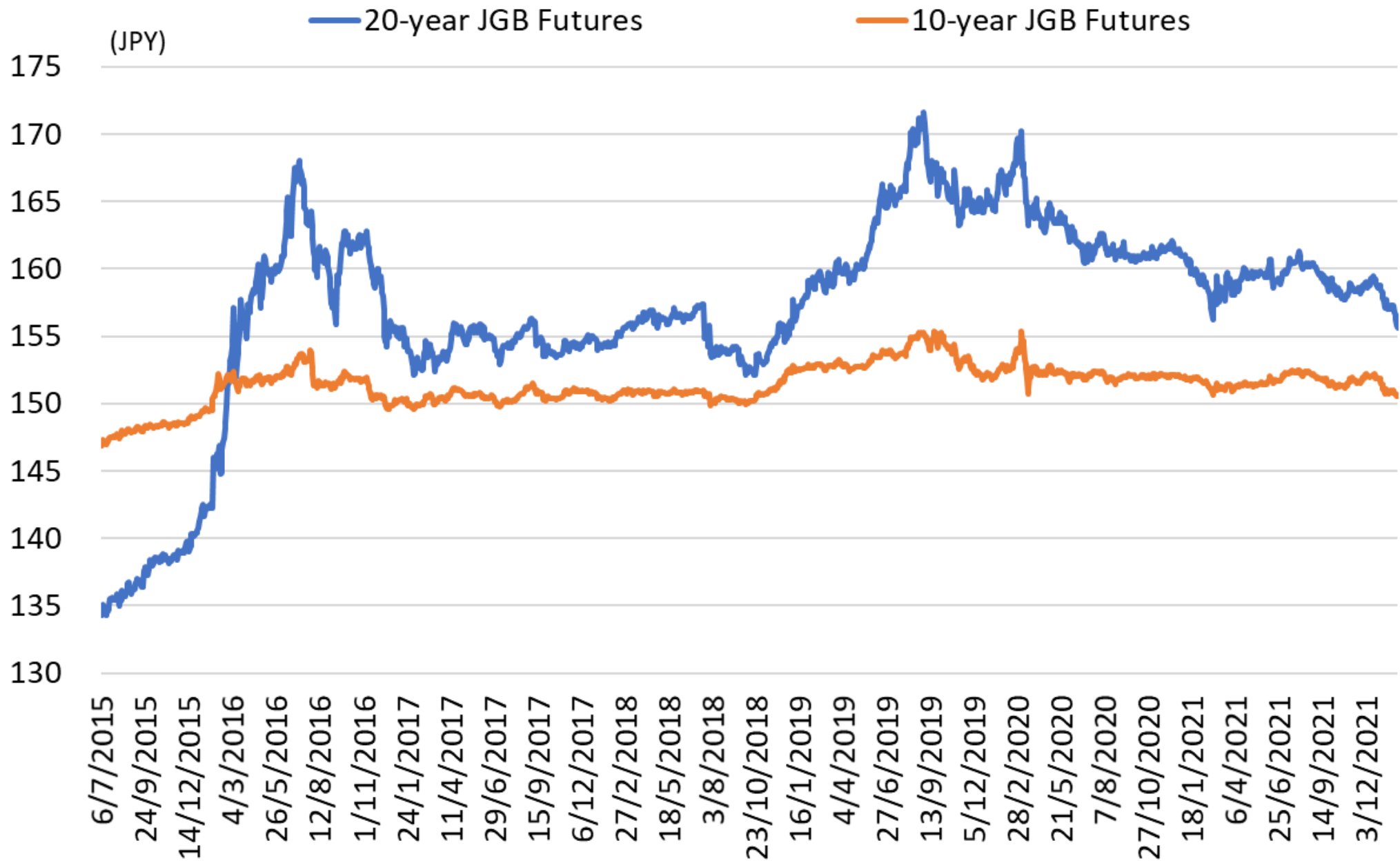
	20-year JGB (Mini) futures	Ref. 10-year JGB futures
BLOOMBERG	JJAA	JBA
CONTRACT UNIT	JPY 10 million face value	JPY 100 million face value
DELIVERABLE GRADE	Original issue 20-year JGB with not less than 19 years 3 months and not more than 21 years of remaining term to maturity	Original issue 10-year JGB with not less than 7 years and not more than 11 years of remaining term to maturity
FINAL SETTLEMENT METHOD	Physical delivery	
CURRENT DELIVERABLE PRODUCTS/CFs	See the JPX webpage from here	
LISTED CONTRACTS	Quarterly contracts (Mar, Jun, Sep, Dec) listed for 3 consecutive quarters	
TICK SIZE	JPY 0.01 per JPY 100 face value	
TRADING HOURS (JST)	Day session: from 8:45 am to 11:02 am and from 12:30 pm to 3:02 pm Night session: from 3:30 pm to 6:00 am	
STATIC CIRCUIT BREAKERS (SCB)	Normal: JPY 4.00 Expansion: JPY 6.00	Normal: JPY 2.00 Expansion: JPY 3.00
DYNAMIC CIRCUIT BREAKERS (DCB)	JPY 0.90	Opening auction: JPY 0.30 Regular session & Closing auction: JPY 0.10
TRADING FEE	JPY 10 per contract	JPY 95 per contract
CLEARING FEE	JPY 5 per contract	JPY 49 per contract

- To realize tighter spread environment on the screen, OSE is going to **add two new types to the market maker incentive program** for 20-year JGB (Mini) futures contracts at the same timing of the changes in product specs on April 4, 2022.
- For details of the quote obligations and incentives of the Market Maker Program, please refer to Appendix 2 and 3.

Market Makers Quote Obligations

	Type 1	NEW: Type 2	NEW: Type 3
Quoting Time Period	Day session		
Eligible Issues	The nearest contract month		
Maximum spread	30 ticks (JPY 0.30)	15 ticks (JPY 0.15)	7 ticks (JPY 0.07)
Minimum quantity	100 contracts	10 Contracts	1 contract

Appendix 1: 20-year JGB Futures (Synthetic) Price History



Appendix 2: New Market Maker Programs for PMMs

		Type 1	NEW: Type 2	NEW: Type 3							
Requirements	Quoting time Period	Day session									
	Eligible products	The nearest contract month Note: The nearest and the 2nd contract months must be quoted from the 5th business day prior to the last trading day of the nearest contract month.									
	Maximum spread	30 ticks (JPY 0.30)	15 ticks (JPY 0.15)	7 ticks (JPY 0.07)							
	Minimum quantity	100 contracts	10 Contracts	1 contract							
Incentives	Criteria for receiving Incentives	Monthly average performance rate of 60% or more	Monthly average performance rate of 50% or more	Monthly average performance rate of 50% or more							
	Discount on trading fee	JPY 10 per contract									
	Payment of rewards in accordance with trading*	—	<table border="1"> <thead> <tr> <th>Monthly trading volume</th> <th>Fixed amount</th> </tr> </thead> <tbody> <tr> <td>2,000 or less</td> <td>JPY 0</td> </tr> <tr> <td>Over 2,000 10,000 or less</td> <td>JPY 50,000</td> </tr> <tr> <td>Over 10,000</td> <td>JPY 200,000</td> </tr> </tbody> </table>	Monthly trading volume	Fixed amount	2,000 or less	JPY 0	Over 2,000 10,000 or less	JPY 50,000	Over 10,000	JPY 200,000
Monthly trading volume	Fixed amount										
2,000 or less	JPY 0										
Over 2,000 10,000 or less	JPY 50,000										
Over 10,000	JPY 200,000										

* Only applied to executions at the auction market in a Day and Night session

Incentives

Trading fee of 20-year JGB futures contracts will be discounted in accordance with monthly trading volume executed at the auction market

Discount on trading fee

Monthly trading volume	Discount
2,000 or less	JPY 0 per contract
Over 2,000 10,000 or less	JPY 2 per contract
Over 10,000	JPY 3 per contract

For more details of OSE's incentive programs for PMMs or LPs, please refer to the webpage from the link below.

<https://www.jpx.co.jp/english/derivatives/rules/market-maker/index.html>

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