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Results of the Actual Conditions Survey of Over-The-Counter Retail Foreign Exchange Margin Trading

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Research Department, The Financial Futures Association of Japan

Introduction

The Financial Futures Association of Japan (hereinafter referred to as the “Association”), in cooperation with the Tokyo Foreign Exchange Market Committee, conducts in every April a survey of business model and other actual conditions of over-the-counter (OTC) retail foreign exchange (FX) margin trading (hereinafter referred to as “OTC retail FX margin trading,” or foreign exchange margin trading, referred to as “FX margin trading”) conducted by members that handle OTC retail FX margin trading.

The Association also collects from Association members various data that are necessary for examining the management condition of each member company of the Association (hereinafter referred to as the “Monitoring Data”¹ in this report) on a regular basis.

The results of the survey of actual conditions mentioned above are aggregated and analyzed while taking the Monitoring Data into account, and are summarized as follows:

Part 1: Survey of Actual Conditions of OTC Retail FX Margin Trading in April 2024

1. Survey Method

We conducted the survey by distributing questionnaires to all the members that handled OTC retail FX margin trading as of April 30, 2024 (excluding members that only provide intermediary services), and asking them to answer the questions on the questionnaires.

2. Number of Members Subject to the Survey

The number of members subject to the survey² (unless otherwise specifically provided, hereinafter referred to as the “Members”) was 47³.

Exhibit 1: Change in Number of Members Subject to the Survey

(Unit: Company (Member))

Survey Month and Year	Number of Members Subject to the Survey	Year-on-Year Change
April 2015	56	-5
April 2016	51	-5
April 2017	53	2
April 2018	53	0
April 2019	51	-2
April 2020	52	1
April 2021	51	-1
April 2022	49	-2
April 2023	49	0
April 2024	47	-2

¹ Trading volume of OTC retail FX margin trading with customers uses a figure aggregated based on the monitoring survey that is reported by each member to the financial regulatory authority, who cooperatively sends its copy to the Association. Therefore, please note that the figures do not completely match those publicly announced by the Association on the Monthly Statistical Bulletin on OTC Retail FX Margin Trading.

² As all members of the Association that handle OTC retail FX margin trading (hereinafter referred to as “Members handling OTC retail FX margin trading”) are the Members subject to the survey, the meaning of the “Members handling OTC retail FX margin trading” is the same as that of the “Members subject to the survey.” However, please understand that both expressions are used in this report, depending on the context or for making the report easier to understand.

³ For the April 2019 survey, two of the Members handling OTC retail FX margin trading had no record of actual trades. They are excluded from the Members subject to the survey. (The same also applies in Part 2.)

3. Collected Results

<Item 1>

(1) Business Model

The Association focused on the flow of executing a transaction of OTC retail FX margin trading, and categorized the flows into 24 groups indicated in the “Table of Business Model Category” below (the total number of model numbers indicated in the table below (“model No.” in the Exhibit) as a business model depending on the characteristics of the flow:

Table of Business Model Category

Model No. of Each Business Model (model No.)	White Label [Note 1]	No. of Firms Used for Cover Transactions to Formulate Prices [Note 2]	Marry (During Trading Hours) [Note 3]	Timing of Execution with Customers and Cover Transaction [Note 4]
1	Not applicable	Single	Yes	Discretionary
2				After
3				Before
4			No	Discretionary
5				After
6				Before
7		Several	Yes	Discretionary
8				After
9				Before
10			No	Discretionary
11				After
12				Before
13	Applicable	Single	Yes	Discretionary
14				After
15				Before
16			No	Discretionary
17				After
18				Before
19		Several	Yes	Discretionary
20				After
21				Before
22			No	Discretionary
23				After
24				Before

Note 1: White label means a transaction form where a Member executes a transaction with a customer under its own name using a pricing/execution system managed by another foreign exchange broker (including FX operator). This includes a case where a Member uses a system provided by its parent company, etc.

Note 2: This means the number of firms that provide a cover rate used for formulating the price, not the number of firms who actually conduct cover transactions. In a normal condition, if a trading price with customers is formulated based on the rate provided by a specific single firm that is used for cover transaction, it is described as “Single,” while if the rate is selected or synthesized from those provided by several firms that are used for cover transactions every time the price for customers is formulated, it is described as “Several.”

Note 3: During the daytime, if there is a system that controls the price fluctuation risk arising from transactions with customers by using marry, it is described as “Yes,” while if there is no such system, it is described as “No.” Additionally, if cover transactions are made for all the transactions executed with customers during the daytime, in principle, it is described as “No,” whereas if cover transactions are not made for some of the transactions executed with customers during the daytime, and the price fluctuation risk is offset by open positions created by transactions with other customers that match against the original transactions, it is described as “Yes.”

Note 4: In a normal condition, if a cover transaction is made after executing a transaction with a customer, it is described as “After,” while if a transaction with a customer is executed only after a cover transaction is completed, it is described as “Before.” If a cover transaction can be made either before or after executing a transaction with a customer, it is described as “Discretionary.” Also, if a Member holds its own position by making a cover transaction before receiving a customer order and can match its own position against the customer’s order, it is described as “Discretionary.” If a transaction with a customer can be completed at the same time when a cover transaction is made under a system such as STP, it is described as “Before.” In the case of white label, “Discretionary,” “After,” or “Before” is determined depending on the timing of cover transaction made by the outsourcing contractor. It is not necessary to consider response at the time of emergency.

(2) Distribution of Business Models

Exhibit 2 shows the number of Members subject to the survey (47 companies in total) that adopt a certain business model (model No.) shown in the Table of Business Model Category in Part 1, Section 3, <Item 1>-(1). The total number of responses was 54, which exceeded the total number of the Members subject to the survey, as some Members adopted several business models (model No.).

When we look at the breakdown of each business model (model No.), 17 Members (accounting for about 31.5% of the total responses) adopted at least one of model Nos. 16 to 18 (the business models that are a white label form, use one firm for cover transactions, and do not conduct marry transactions), whereas 24 Members (accounting for about 44.4% of the total responses) adopted at least one of model Nos. 7 to 9 (the business models that are not a white label form, use several firms for cover transactions, and can conduct marry transactions). Individually, model No. 8 (the business model that is not a white label form, uses several firms for cover transactions, can conduct marry transactions, and conducts a cover transaction after carrying out contract with a customer) was adopted by 17 Members (accounting for approximately 31.5% of the total responses).

Exhibit 3 shows the number of Members subject to the survey (47 in total) that adopted either “Single (one)” or “Several (two, or three or more)” business models (model No.).

Exhibit 2: Total Number of Members that Adopt Each Model Number in Part 1, 3-(1)

(Unit: Company (Member))

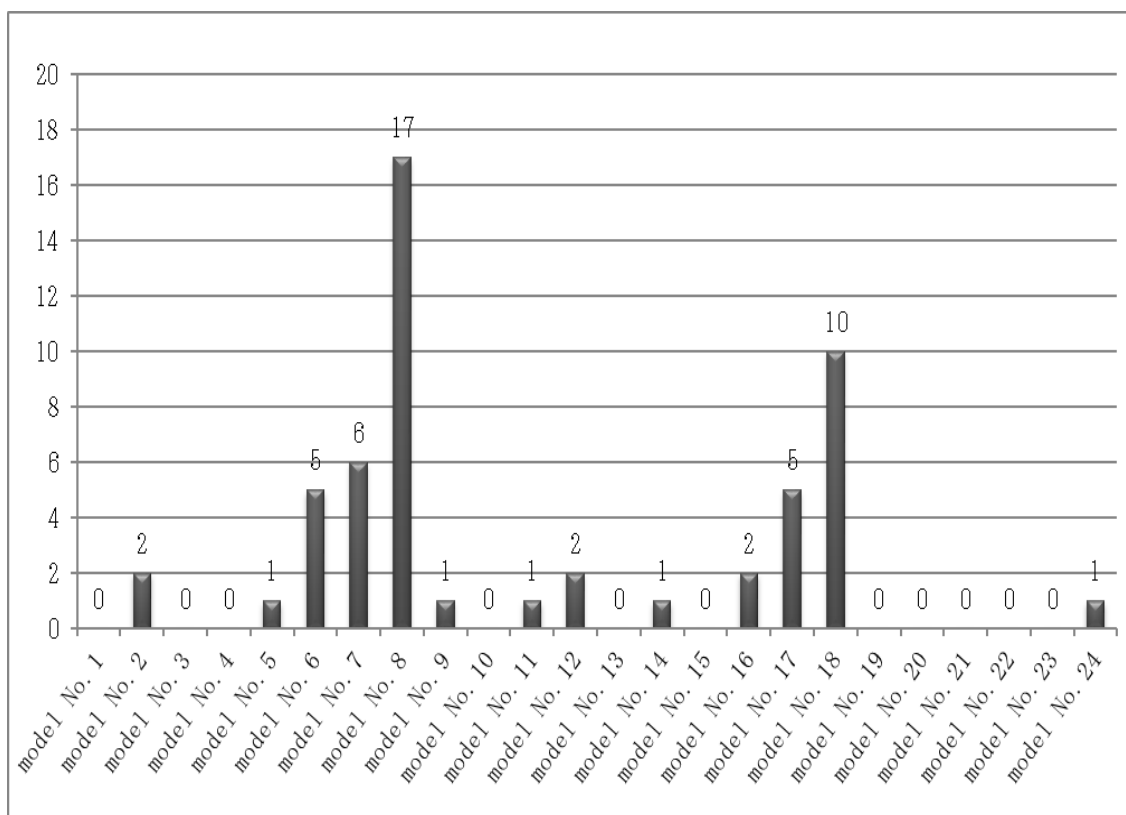


Exhibit 3: Breakdown of Members by Number of Business Models Adopted

(Unit: Company (Member))

The number of Members that adopt a single model	The number of Members that adopt several (two) models	The number of Members that adopt several (three or more) models
41	5	1

(3) Ranking of Members Based on Trading Volume of OTC Retail FX Margin Trading with Customers and Business Models Adopted

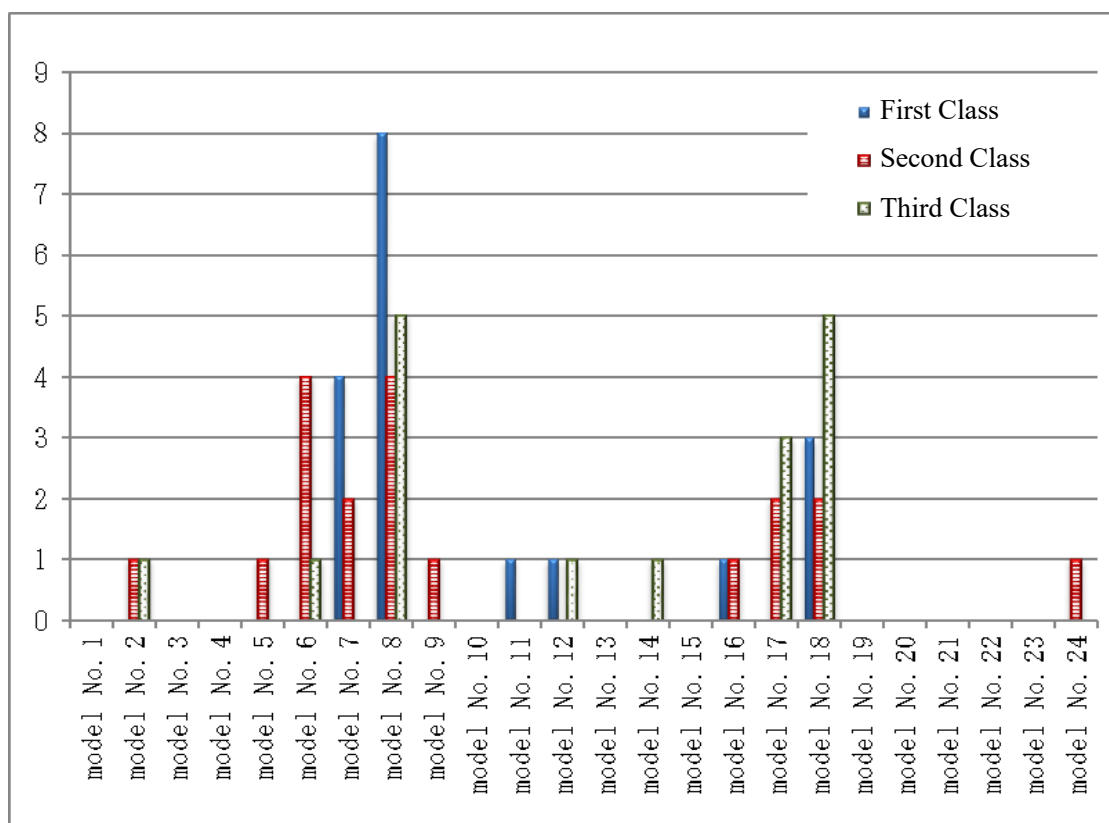
We rank the Members subject to the survey based on the trading volume of OTC retail FX margin trading, and categorize them into three classes⁴. Exhibit 4 shows the total number of Members by each of the three classes that adopted a certain business model (model No. show in 3-(1)) as in Exhibit 2.

When we look at the breakdown, we found that Model No. 8 was most widely adopted for the First Class, Model No. 6 and No. 8 were for the Second Class, and Model No. 8 and No. 18 were for the Third Class.

⁴ We rank the Members subject to the survey by the trading volume of OTC retail FX margin trading in FY ended April 2024, and categorized the top one-third as the First Class (Rank 1st to 16th), the next one-third as the Second Class (Rank 17th to 32nd), and the remaining one-third as the Third Class (Rank 33rd to 47th).

Exhibit 4: Total Number of Members in Each of Three Classes Based on OTC Retail FX Margin Trading Volume (with Customers) Ranking that Adopted a Certain Model (Model No.) Shown in Part 1, 3-(1)

(Unit: Company (Member))



<Item 2> Use of Prime Broker (PB)⁵ System and Volume of Use

(1) Change in the Use of PBs by the Members Subject to the Survey

Exhibit 5 shows the number of Members using the Prime Broker (PB) system, the number of contracts made through the PB system, the number of PBs, and the trading volume of OTC retail FX margin trading with customers under the PB system.

Exhibit 6 shows the number of Members by the use of the Prime Broker (PB) system in terms of Newly started, Ceased (terminated), Increased, and Decreased:

⁵ Prime Broker (PB) means a broker who intermediates a transaction between the Member and a bank that is used for a cover transaction, and takes up the position of the Members based on the give-up instruction or by a tri-party agreement for the settlement between the Member and the financial institution used for the cover transaction.

Exhibit 5: Use of PB system and the Usage Amount

Survey Month and Year	No. of Members using the PB System	No. of Members made through the PB system (total)	No. of PBs (Net) [Note]	PB usage amount (million yen)
April 2015	17	31	8	99,643,704
April 2016	15	31	10	70,312,312
April 2017	15	30	7	45,205,313
April 2018	16	31	7	56,596,271
April 2019	16	31	6	50,243,748
April 2020	17	38	9	65,406,358
April 2021	18	42	10	75,102,439
April 2022	16	38	9	108,821,216
April 2023	16	38	7	65,126,498
April 2024	16	36	7	75,522,806

Note: It is the number of PBs that the Members have contracted after deducting the overlapped numbers.

Exhibit 6: Use of PB system (Newly started, Ceased (terminated), Increased, and Decreased)

(Unit: Company (Member))

Survey Month and Year	No. of Members that ceased using PBs	No. of Members that decreased the number of PBs used	No. of Members that increased the number of PBs used	No. of Members that newly started using PBs
April 2015 [Note]	0	3	2	2
April 2016 [Note]	2	0	3	1
April 2017	0	3	2	0
April 2018	0	0	0	1
April 2019	0	1	1	0
April 2020	0	0	5	1
April 2021	0	0	2	1
April 2022 [Note]	1	2	0	0
April 2023	0	1	1	0
April 2024 [Note]	1	1	0	1

Note: In addition to the figures indicated above, one Member that used the PB system ceased the business as of April 2015, and one Member was absorbed by another Member as of April 2016, April 2022, and April 2024 respectively.

(2) Attributes of PBs⁶

As shown in Exhibit 7, the number of PBs used by the Members handling OTC retail FX margin trading was a total of seven in 2024. The attribute of the seven PBs is “i. Financial institutions subject to reporting to the Tokyo Foreign Exchange Market Committee.”

Exhibit 7: Use of PBs by Attribute

(Unit: Company (PB))

Survey Month and Year	i. Financial institutions subject to reporting to the Tokyo Foreign Exchange Market Committee	ii. Financial institution subject to reporting to the Bank of Japan (excluding those categorized as i)	iii. Financial institution subject to reporting to a central bank, etc. (overseas) (excluding those categorized as i or ii)	Domestic PBs other than i to iii	Overseas PBs other than i to iii
April 2015	4	-	2	-	2
April 2016	6	-	2	-	2
April 2017	5	-	1	-	1
April 2018	5	-	1	-	1
April 2019	5	-	1	-	-
April 2020	8	-	1	-	-
April 2021	8	-	1	-	1
April 2022	8	-	-	-	1
April 2023	7	-	-	-	-
April 2024	7	-	-	-	-

<Item 3> Offering of Automatic Trading Tools

(1) Offering of Automatic Trading Tools to Customers

Exhibit 8 shows the number of Members that offered automatic trading tools to customers every April from 2015 onwards, and in the case where the automatic tool was offered, the number of Members that offered a tool that was internally developed, externally developed, or both.

Exhibit 8: Number of Members Offering Automatic Trading Tools and the Attributes of Developers of the Tools

(Unit: Company (Member))

Survey Month and Year	No. of Members that offered automatic trading tools	Whether the automatic trading tools offered were internally developed, externally developed, or both		
		Internally developed	Externally developed (developed by others)	Both
April 2015	23	4	16	3
April 2016	25	7	15	3
April 2017	25	8	14	3
April 2018	20	6	11	3
April 2019	21	4	13	4
April 2020	23	5	13	5
April 2021	20	4	12	4
April 2022	19	3	12	4
April 2023	20	5	12	3
April 2024	16	4	9	3

⁶ Please refer to the footnote in Part 2, 3-(1) for each attribute of PBs.

(2) Impact of Automatic Trading Tools

Exhibit 9 shows the trading volume of OTC retail FX margin trading with customers executed by all the Members subject to the survey, by the Members that offered automatic trading tools, and by the Members that did not offer automatic trading tools, as of every April from 2015 onwards.

Exhibit 10 shows the trading volume of OTC retail FX margin trading with customers executed by the Members that offered automatic trading tools (total of 11 Members) in all the surveys conducted every April from 2015 onwards, and by the Members that did not offer automatic trading tools (total of 18 Members) in all the surveys conducted every April from 2015 onwards.

Exhibit 9: Trading Volume of OTC Retail FX Margin Trading with Customers
(By all the Members subject to the survey, and Members that offered/did not offer automatic trading tools in each survey conducted every April from 2015 onwards)

(Unit: million yen, %)

Survey Month and Year	Trading Volume of OTC Retail FX Margin Trading with Customers			Change (As compared with previous year)	Change (As compared with previous year)	Change (As compared with previous year)	Change (As compared with April 2015)	Change (As compared with April 2015)	Change (As compared with April 2015)
	Members subject to the Survey	Members that offered automatic trading tools	Members that did not offer automatic trading tools	Members subject to the Survey	Members that offered automatic trading tools	Members that did not offer automatic trading tools	Members subject to the Survey	Members that offered automatic trading tools	Members that did not offer automatic trading tools
April 2015	453,041,189	36,697,371	416,343,818	190.2%	102.9%	205.5%	100.0%	100.0%	100.0%
April 2016	407,399,182	98,816,141	308,583,041	89.9%	269.3%	74.1%	89.9%	269.3%	74.1%
April 2017	319,281,362	79,001,116	240,280,246	78.4%	79.9%	77.9%	70.5%	215.3%	57.7%
April 2018	309,440,740	87,218,594	222,222,146	96.9%	110.4%	92.5%	68.3%	237.7%	53.4%
April 2019	240,804,618	57,956,661	182,847,957	77.8%	66.4%	82.3%	53.2%	157.9%	43.9%
April 2020	527,763,826	116,650,925	411,112,901	219.2%	201.3%	224.8%	116.5%	317.9%	98.7%
April 2021	543,629,832	104,821,804	438,808,028	103.0%	89.9%	106.7%	120.0%	285.6%	105.4%
April 2022	991,844,591	193,770,710	798,073,881	182.4%	184.9%	181.9%	218.9%	528.0%	191.7%
April 2023	770,703,514	149,336,244	621,367,270	77.7%	77.1%	77.9%	170.1%	406.9%	149.2%
April 2024	941,695,157	198,452,690	743,242,467	122.2%	132.9%	119.6%	207.9%	540.8%	178.5%

Exhibit 10: Trading Volume of OTC Retail FX Margin Trading with Customers
(By Members that offered or did not offer automatic trading tools in all the surveys conducted every April from 2015 onwards)

(Unit: million yen, %)

Trading Volume of OTC Retail FX Margin Trading with Customers									
Survey Month and Year	Members that have offered automatic trading tools in all the years from April 2015 to 2024 (total of 11 Members)... (A)	Members that have not offered automatic trading tools in all the years from April 2015 to 2024 (total of 18 Members)... (B)	(Reference) Members that have conducted OTC retail FX margin trading for all the years from April 2015 to 2024 other than (A) and (B) (total of 13 Members)... (C)	Change in (A) (As compared with previous year)	Change in (B) (As compared with previous year)	(Reference) Change in (C) (As compared with previous year)	Change in (A) (As compared with April 2015)	Change in (B) (As compared with April 2015)	(Reference) Change in (C) (As compared with April 2015)
April 2015	21,477,457	327,443,056	93,153,148	-	-	-	100.0%	100.0%	100.0%
April 2016	19,937,342	301,533,920	78,797,747	92.8%	92.1%	84.6%	92.8%	92.1%	84.6%
April 2017	17,366,697	235,011,370	60,672,781	87.1%	77.9%	77.0%	80.9%	71.8%	65.1%
April 2018	15,964,879	214,999,293	70,270,011	91.9%	91.5%	115.8%	74.3%	65.7%	75.4%
April 2019	24,354,590	159,289,082	55,041,299	152.6%	74.1%	78.3%	113.4%	48.6%	59.1%
April 2020	55,472,172	363,438,192	101,032,147	227.8%	228.2%	183.6%	258.3%	111.0%	108.5%
April 2021	45,116,212	369,479,732	113,566,960	81.3%	101.7%	112.4%	210.1%	112.8%	121.9%
April 2022	75,513,741	683,721,265	209,302,763	167.4%	185.0%	184.3%	351.6%	208.8%	224.7%
April 2023	54,049,957	564,893,711	138,323,385	71.6%	82.6%	66.1%	251.7%	172.5%	148.5%
April 2024	68,806,196	661,305,902	197,642,014	127.3%	117.1%	142.9%	320.4%	202.0%	212.2%

<Item 4> Offering of API⁷ to Customers

(1) Offering of API to Customers

Exhibit 11 shows the number of Members that offered API every April from 2015 onwards.

Exhibit 11: Number of Members that Offered API

(Unit: Company (Member))

Survey Month and Year	No. of Members that offered API	No. of Members that stopped offering API	No. of Members that started offering API
April 2015	15	0	8
April 2016	12	3	1
April 2017	12	2	2
April 2018	11	3	2
April 2019	10	2	1
April 2020	9	1	0
April 2021	9	1	1
April 2022	7	3	1
April 2023	6	1	0
April 2024	6	1	1

⁷ In this document, API (Application Programming Interface) means specifications of the interface that is used to exchange data with external software (mainly a system for system trading).

(2) Impact of Application Programming Interface

Exhibit 12 shows the trading volume of OTC retail FX margin trading with customers executed by all the Members subject to the survey, Members that offered Application Programming Interface (API), and Members that did not offer API in each survey conducted every April from 2015 onwards.

Exhibit 13 shows the trading volume of OTC retail FX margin trading with customers executed by the Members that have offered API in all the surveys conducted every April from 2015 onwards (total of three Members) and by the Members that have not offered automatic trading tools in all the surveys conducted every April from 2015 onwards (total of 26 Members).

Exhibit 12: Trading Volume of OTC Retail FX Margin Trading with Customers (By all the Members subject to the survey, and Members that offered/did not offer API in each survey conducted every April from 2015 onwards)

(Unit: million yen, %)

Survey Month and Year	Trading Volume of OTC Retail FX Margin Trading with Customers			Change (As compared with previous year)	Change (As compared with previous year)	Change (As compared with previous year)	Change (As compared with April 2015)	Change (As compared with April 2015)	Change (As compared with April 2015)
	Members subject to the Survey	Members that offered API	Members that did not offer API	Members subject to the Survey	Members that offered API in each survey month	Members that did not offer API in each survey month	Members subject to the Survey	Members that offered API in each survey month	Members that did not offer API in each survey month
April 2015	453,041,189	81,606,353	371,434,836	190.2%	330.2%	173.9%	100.0%	100.0%	100.0%
April 2016	407,399,182	91,996,657	315,402,525	89.9%	112.7%	84.9%	89.9%	112.7%	84.9%
April 2017	319,281,362	33,756,891	285,524,471	78.4%	36.7%	90.5%	70.5%	41.4%	76.9%
April 2018	309,440,740	36,217,966	273,222,774	96.9%	107.3%	95.7%	68.3%	44.4%	73.6%
April 2019	240,804,618	33,931,673	206,872,945	77.8%	93.7%	75.7%	53.2%	41.6%	55.7%
April 2020	527,763,826	76,670,474	451,093,352	219.2%	226.0%	218.1%	116.5%	94.0%	121.4%
April 2021	543,629,832	57,927,310	485,702,522	103.0%	75.6%	107.7%	120.0%	71.0%	130.8%
April 2022	991,844,591	25,790,214	966,054,377	182.4%	44.5%	198.9%	218.9%	31.6%	260.1%
April 2023	770,703,514	16,202,992	754,500,522	77.7%	62.8%	78.1%	170.1%	19.9%	203.1%
April 2024	941,695,157	26,536,084	915,159,073	122.2%	163.8%	121.3%	207.9%	32.5%	246.4%

Exhibit 13: Trading Volume of OTC Retail FX Margin Trading with Customers
(By Members that offered/ did not offer API in all the surveys conducted every April from 2015 onwards)
(Unit: million yen, %)

Survey Month and Year	Trading Volume of OTC Retail FX Margin Trading with Customers			Change in (A) (As compared with previous year)	Change in (B) (As compared with previous year)	(Reference) Change in (C) (As compared with previous year)	Change in (A) (As compared with April 2015)	Change in (B) (As compared with April 2015)	(Reference) Change in (C) (As compared with April 2015)
	Members that have offered API for all the years from April 2015 to 2024 (total of three Members)... (A)	Members that have not offered API for all the years from April 2015 to 2024 (total of 26 Members)... (B)	(Reference) Members that have conducted OTC retail FX margin trading for all the years from April 2015 to 2024 other than (A) and (B) (total of 13 Members)... (C)						
April 2015	3,334,905	325,046,416	113,692,340	-	-	-	100.0%	100.0%	100.0%
April 2016	3,472,661	297,446,346	99,350,002	104.1%	91.5%	87.4%	104.1%	91.5%	87.4%
April 2017	4,309,902	230,713,916	78,027,030	124.1%	77.6%	78.5%	129.2%	71.0%	68.6%
April 2018	4,370,015	222,354,080	74,510,088	101.4%	96.4%	95.5%	131.0%	68.4%	65.5%
April 2019	5,004,117	167,122,790	66,558,064	114.5%	75.2%	89.3%	150.1%	51.4%	58.5%
April 2020	5,710,112	375,448,387	138,784,012	114.1%	224.7%	208.5%	171.2%	115.5%	122.1%
April 2021	5,870,575	370,936,935	151,355,394	102.8%	98.8%	109.1%	176.0%	114.1%	133.1%
April 2022	9,945,914	694,404,779	264,187,076	169.4%	187.2%	174.5%	298.2%	213.6%	232.4%
April 2023	5,684,460	563,455,491	188,127,102	57.2%	81.1%	71.2%	170.5%	173.3%	165.5%
April 2024	6,824,590	670,954,107	249,975,415	120.1%	119.1%	132.9%	204.6%	206.4%	219.9%

<Item 5> Currency Options

Exhibit 14 shows the number of Members handling OTC retail FX margin trading that also handled currency option trading (limited to the currency options regulated by the Financial Instruments and Exchange Act) every April from 2015 onwards.

Exhibit 14: Number of Members Handling OTC Retail FX Margin Trading that Also Handled OTC Currency Option Trading

(Unit: Company (Member))

Survey Month and Year	Number of Members that handled OTC Currency Options	
	No. of Members that handled OTC retail FX margin trading	No. of Members that also handled retail BO trading [Note]
April 2015	10	8
April 2016	10	7
April 2017	10	8
April 2018	9	7
April 2019	12	8
April 2020	13	8
April 2021	13	8
April 2022	13	8
April 2023	12	8
April 2024	11	6

Note: Retail BO means currency binary options for retail customers that are defined in the “Business Conduct Rules on Retail OTC Binary Option Trading” published by the Association.

Part 2: Aggregation and Analysis of Cover Transaction Data for OTC Retail FX Margin Trading

1. Cover Transactions Subject to Aggregation and Attributes of Members

Table 1 shows the number of Members (subject to the survey) that handled OTC retail FX margin trading by type of business.

Table 1: Number of Members (Subject to the Survey) Handling OTC Retail FX Margin Trading by Type of Business

(Unit: Company (Member))

Attribute of Member (Business Type) Survey Month and Year	Registered Financial Institution	Securities Company [Note]	Financial Futures Company, etc. [Note]	Total
April 2015	5	30	21	56
April 2016	5	27	19	51
April 2017	6	28	19	53
April 2018	6	29	18	53
April 2019	6	27	18	51
April 2020	7	27	18	52
April 2021	6	27	18	51
April 2022	6	26	17	49
April 2023	6	26	17	49
April 2024	6	25	16	47

Note: Securities Company means a Member of the Association that is also a member of the Japan Securities Dealers Association (excluding specified business members and special members), and Financial Futures Company etc. means a Member of the Association other than a Registered Financial Institution or Securities Company. However, if a Member of the Association newly joins the Japan Securities Dealers Association after becoming a Member of the Association, or if the weight of its business other than financial futures trading exceeds that of financial futures trading, or for other specific reasons, the attribute of the Member shall be changed and the number of respective Members shall be recounted.

2. Impact of FX Margin Trading in Japan on Foreign Exchange Market

(1) Flow of Transactions

The flow of funds in OTC retail FX margin trading consists of the flow between a customer and a Member that handles OTC retail FX margin trading (internal circulation) and the flow between a Member that handles OTC retail FX margin trading and a firm used for cover transactions (external circulation). Many transactions that are offset within a Member that handles OTC retail FX margin trading without carrying out a cover transaction with an outside firm are categorized as internal circulation.

Furthermore, when we look at the retail FX margin trading in Japan through Tokyo Financial Exchange's Click365 that is regarded as a transaction in a domestic exchange, as it has a framework under which an investor and a market maker are matched for the transaction, we can say that it has similar characteristics to those of the external flow of the OTC retail FX margin trading.

As the trading volume that is regarded as external circulation in retail FX margin trading (external circulation volume) increases, it may impact the FX market through firms used for cover transactions (as well as market makers).

Table 2 below shows the external circulation volume of retail FX margin trading.

Table 2: External Circulation Volume of FX Margin Trading

(Unit: 100 million yen, %)

Survey Month and Year	OTC retail FX margin trading				(3) Click 365 Trading Volume [Notes 2, 3]	(4) Total External Circulation Volume of FX margin trading = (2)+(3)
	(1) Trading Volume with Customers	(2) External Circulation Volume (Total amount of cover transactions) [Note 1]	(2)/(1)(%)	Internal Circulation Volume = (1)-(2)		
April 2015	4,530,411	1,818,843	40.1%	2,711,568	32,955	1,851,798
April 2016	4,073,991	1,681,387	41.3%	2,392,604	31,728	1,713,115
April 2017	3,192,813	1,265,381	39.6%	1,927,432	22,544	1,287,925
April 2018	3,094,407	1,271,873	41.1%	1,822,534	23,384	1,295,257
April 2019	2,408,046	1,042,452	43.3%	1,365,593	14,534	1,056,986
April 2020	5,277,638	1,763,017	33.4%	3,514,620	19,691	1,782,708
April 2021	5,436,298	2,451,217	45.1%	2,985,080	17,207	2,468,424
April 2022	9,918,445	3,726,576	37.6%	6,191,869	40,689	3,767,265
April 2023	7,707,035	2,592,249	33.6%	5,114,785	20,948	2,613,197
April 2024	9,416,951	3,120,321	33.1%	6,296,630	32,790	3,153,111

Note 1: Based on the Monitoring Data. Hedge transactions and other transactions are included for members for which hedge transactions and other proprietary trading are difficult to distinguish from cover transactions.

Note 2: This figure represents the monthly trading volume disclosed by the Tokyo Financial Exchange multiplied by the month-end settlement price.

Note 3: In total, there were six MM (market makers) as of June 30, 2023 (Commerzbank, Deutsche Securities, Barclays Bank, Goldman Sachs Japan, Nomura Securities, and MUFG Bank).

(2) Comparison with the Tokyo Foreign Exchange Market

As shown in Table 3, the total external circulation volume of FX trading accounted for 74.3% of the spot trading volume in the Tokyo foreign exchange market.

Table 3: Comparison between Spot Transactions in the Tokyo Foreign Exchange Market and External Circulation Volume

(Unit: 100 million yen, %)

Survey Month and Year	Survey Results Announced by the Tokyo Foreign Exchange Market Committee [Note 1]		(3) Total External Circulation Volume of FX Trading (The same as those in (4) in Table 2)	(3)/(1)(%)	(3)/(2)(%)
	(1) Spot Trading Volume	(2) Of which, Transactions with Non-Financial Institution Customers (domestic) [Note 2]			
April 2015	3,263,748	1,272,232	1,851,798	56.7%	145.6%
April 2016	2,638,980	588,956	1,713,115	64.9%	290.9%
April 2017	2,429,826	596,991	1,287,925	53.0%	215.7%
April 2018	2,809,094	1,083,271	1,295,257	46.1%	119.6%
April 2019	2,705,120	1,107,138	1,056,986	39.1%	95.5%
April 2020	3,012,421	948,547	1,782,708	59.2%	187.9%
April 2021	3,176,389	982,151	2,468,424	77.7%	251.3%
April 2022	4,291,185	962,077	3,767,265	87.8%	391.6%
April 2023	3,296,198	828,616	2,613,197	79.3%	315.4%
April 2024	4,243,401	944,508	3,153,111	74.3%	333.8%

Note 1: Note 1: Figures in (1) and (2) of the table above are calculated by multiplying the spot trading volume described in "[Reference Table] <Table 1>" in the "Survey on Foreign Exchange Transaction Volume in Tokyo Foreign Exchange Market" published by the Tokyo Foreign Exchange Market Committee by the yen/dollar spot rate as of 17:00 at the end of April published by the Bank of Japan (118.91 yen in 2015, 108.40 yen in 2016, 111.29 yen in 2017, 109.40 yen in 2018, 111.675 yen in 2019, 106.06 yen in 2020, 108.885 yen in 2021, 130.595 yen in 2022, 135.725 yen in 2023, and 156.86 yen in 2024).

Note 2: We adopt the same definition of non-financial institution customers as those on the "Survey on Foreign Exchange

Transaction Volume in Tokyo Foreign Exchange Market” published by the Tokyo Foreign Exchange Market Committee. In the survey, it is explained that transactions with FX margin trading operators should be recorded as transactions with non-financial institution customers. However, it should be noted that such transactions can be classified into a category other than those with non-financial institution customers if the FX margin trading operator is not a specialized FX margin trading operator.

3. Cover Transactions for OTC Retail FX Margin Trading

(1) Firms Used for Cover Transactions by Attribute⁸ and Use of Cover Transactions

The number of firms for cover transactions used by the Members handling OTC retail FX margin trading by attribute shown in Table 4 and the total number of Members handling OTC retail FX margin trading that use firms for cover transactions (by attribute) shown in Table 4-2 indicate the attribute of firms used for cover transactions with which Members handling OTC retail FX margin trading make a cover transaction.

The number of Members handling OTC retail FX margin trading is approximately 3.6 per firm used for cover transactions. When we look at the attributes of firms used for cover transactions, the number of Members handling OTC retail FX margin trading is approximately 8.4 on average per financial institution subject to reporting to the Tokyo Foreign Exchange Market Committee, which is higher than the general average.

⁸ When we determine the attribute, financial institutions that participate in (report to) the “Survey on Foreign Exchange Transaction Volume in Tokyo Foreign Exchange Market” are categorized into “Financial institutions subject to reporting to the Tokyo Foreign Exchange Market Committee”; financial institutions that cooperate with the “Central Bank Survey on Foreign Exchange and Derivatives (FX and Derivatives Survey)” conducted once in three years by the Bank of Japan (excluding those categorized into the financial institutions subject to reporting to the Tokyo Foreign Exchange Market Committee) are categorized as “Financial institutions subject to reporting to the Bank of Japan”; and financial institutions, etc. that cooperate with the “FX and Derivatives Survey” conducted by a central bank other than in Japan are categorized into “Other financial institutions, etc. subject to reporting to a central bank (overseas).”

Table 4: Number of Firms for Cover Transactions by Attribute Used by Members Handling OTC Retail FX Margin Trading

(Unit: Company (Operator))

Survey Month and Year	Attributes of Firms Used for Cover Transactions	1. Total from (1) to (3)	(1) Financial institutions subject to reporting to the Tokyo Foreign Exchange Market Committee	(2) Financial institutions subject to reporting to the Bank of Japan (excluding (1))	(3) Other financial institutions, etc. subject to reporting to a central bank (overseas) (excluding (1) and (2))	2. Total of firms that are not categorized into any of the above but are used for cover transactions (total of (4) and (5))	(4) Domestic Operators	(5) Overseas Operators Total	U.S.	U.K.	Singapore	Australia	Others	Grand Total
									[Note]	[Note]	[Note]	[Note]	[Note]	
April 2015		22	16	1	5	35	11	24	3	9	4	5	3	57
April 2016		22	16	1	5	36	13	23	3	8	4	4	4	58
April 2017		26	19	1	6	41	13	28	5	10	5	4	4	67
April 2018		25	19	1	5	43	13	30	5	11	4	4	6	68
April 2019		26	19	1	6	45	14	31	5	11	5	4	6	71
April 2020		27	19	1	7	49	14	35	5	12	8	3	7	76
April 2021		26	19	1	6	50	15	35	6	13	7	3	6	76
April 2022		26	19	1	6	45	15	30	4	12	6	3	5	71
April 2023		26	19	1	6	46	15	31	3	12	7	3	6	72
April 2024		26	19	1	6	49	14	35	4	13	8	5	5	75

Note: Malaysia, New Zealand, Ireland, Cyprus, UAE, Germany, Saint Vincent and the Grenadines, Greece, Vanuatu, and Israel.

Table 4-2: Total Number of Members Handling OTC Retail FX Margin Trading that Use Firms for Cover Transactions (by Attribute) [Note 1]

(Unit: Company (Member))

Survey Month and Year	Attributes of Firms Used for Cover Transactions	1. Total from (1) to (3)	(1) Financial institutions subject to reporting to the Tokyo Foreign Exchange Market Committee	(2) Financial institutions subject to reporting to the Bank of Japan (excluding (1))	(3) Other financial institutions, etc. subject to reporting to a central bank (overseas) (excluding (1) and (2))	2. Total of firms that are not categorized into any of the above but are used for cover transactions (total of (4) and (5))	(4) Domestic Operators	(5) Overseas Operators Total	U.S.	U.K.	Singapore	Australia	Others	Grand Total
									[Note 2]	[Note 2]	[Note 2]	[Note 2]	[Note 2]	
April 2015		128	113	1	14	68	24	44	4	16	16	5	3	196
April 2016		136	116	1	19	68	25	43	8	11	15	4	5	204
April 2017		152	132	1	19	79	29	50	10	13	16	4	7	231
April 2018		156	137	1	18	86	32	54	6	19	16	5	8	242
April 2019		163	143	1	19	86	31	55	6	20	17	5	7	249
April 2020		174	152	1	21	104	38	66	6	21	27	4	8	278
April 2021		182	164	1	17	94	36	58	7	22	20	3	6	276
April 2022		187	167	2	18	91	37	54	5	22	19	3	5	278
April 2023		191	169	3	19	94	38	56	4	23	20	3	6	285
April 2024		175	159	3	13	97	38	59	5	23	21	5	5	272

Note 1: This is a total aggregated figure after categorizing firms for cover transactions used by Members handling OTC retail FX margin trading by attribute.

Note 2: Malaysia, New Zealand, Ireland, Cyprus, UAE, Germany, Saint Vincent and the Grenadines, Greece, Vanuatu, and Israel.

(2) Trading Volume of Cover Transactions by Attribute of Firms Used for Cover Transactions

As in Table 4 and Table 4-2, Table 5 and Table 5-2 show the trading volume of cover transactions executed between Members that handle OTC retail FX margin trading and firms used for cover transactions after categorizing firms used for cover transactions by attribute. When we look at the data by attribute, financial institutions subject to reporting to the Tokyo Foreign Exchange Market Committee accounted for 29.3% of all cover transactions.

Table 6 shows the aggregated result by categorizing data in (1), (2), and (4) of the attributes of firms used for cover transactions as shown in Table 5 as domestic cover transactions, and data in (3) and (5) as overseas cover transactions.

Table 5: Trading Volume of Cover Transactions by Attribute of Firms Used for Cover Transactions

(Unit: 100 million yen)

Survey Month and Year	Attributes of Firms Used for Cover Transactions				2. Other Firms Used for Cover Transactions (Other than 1.)	(4) Domestic Operators	(5) Overseas Operators Total	U.S.	U.K.	Singapore	Australia	Others [Note]	Grand Total
	1. Financial Institutions (financial institutions included in category (1) to (3))	(1) Financial institutions subject to reporting to the Tokyo Foreign Exchange Market Committee	(2) Financial institutions subject to reporting to the Bank of Japan (excluding (1))	(3) Financial institutions, etc. subject to reporting to a central bank (overseas) (excluding (1) and (2))									
2015 April	1,066,640	1,043,167	0	23,472	752,202	636,729	115,473	38,953	36,862	18,156	20,976	525	1,818,843
2016 April	841,822	789,458	0	52,364	839,564	750,352	89,212	36,766	18,381	19,973	10,196	3,893	1,681,387
2017 April	558,313	521,352	0	36,960	707,068	617,018	90,049	38,088	34,248	7,697	6,503	3,511	1,265,381
2018 April	606,608	580,509	0	26,099	665,264	553,916	111,347	46,433	33,411	15,433	14,321	1,747	1,271,873
2019 April	537,300	512,944	0	24,356	505,151	392,217	112,934	47,734	36,684	16,229	9,907	2,377	1,042,452
2020 April	725,258	686,091	0	39,167	1,037,758	884,114	153,644	54,498	60,211	21,859	13,390	3,684	1,763,017
2021 April	830,855	778,846	0	52,008	1,620,362	1,452,932	167,430	68,042	62,914	21,980	11,771	2,720	2,451,217
2022 April	1,254,521	1,173,781	0	80,739	2,472,055	2,110,193	361,862	110,707	189,886	49,933	2,194	9,140	3,726,576
2023 April	727,936	682,919	0	45,016	1,864,313	1,574,515	289,797	68,691	99,441	62,195	15,930	43,537	2,592,249
2024 April	938,983	913,399	0	25,584	2,181,337	1,772,448	408,889	77,986	215,850	48,238	56,109	10,704	3,120,321

Note: Malaysia, New Zealand, Ireland, Cyprus, UAE, Germany, Saint Vincent and the Grenadines, Greece, Vanuatu, and Israel.

Table 5-2: Trading Volume of Cover Transactions by Attribute of Firms Used for Cover Transactions (As a Percentage of Grand Total in Each Month by Attribute)

(Unit: %)

Attributes of Firms Used for Cover Transactions Survey Month and Year													Grand Total
	1. Financial Institutions (financial institutions included in category (1) to (3))	(1) Financial institutions subject to reporting to the Tokyo Foreign Exchange Market Committee	(2) Financial institutions subject to reporting to the Bank of Japan (excluding (1))	(3) Financial institutions, etc. subject to reporting to a central bank (overseas) (excluding (1) and (2))	2. Other Firms Used for Cover Transactions (Other than 1.)	(4) Domestic Operators	(5) Overseas Operators Total	U.S.	U.K.	Singapore	Australia	Others [Note]	
April 2015	58.6%	57.4%	0.0%	1.3%	41.4%	35.0%	6.3%	2.1%	2.0%	1.0%	1.2%	0.0%	100.0%
April 2016	50.1%	47.0%	0.0%	3.1%	49.9%	44.6%	5.3%	2.2%	1.1%	1.2%	0.6%	0.2%	100.0%
April 2017	44.1%	41.2%	0.0%	2.9%	55.9%	48.8%	7.1%	3.0%	2.7%	0.6%	0.5%	0.3%	100.0%
April 2018	47.7%	45.6%	0.0%	2.1%	52.3%	43.6%	8.8%	3.7%	2.6%	1.2%	1.1%	0.1%	100.0%
April 2019	51.5%	49.2%	0.0%	2.3%	48.5%	37.6%	10.8%	4.6%	3.5%	1.6%	1.0%	0.2%	100.0%
April 2020	41.1%	38.9%	0.0%	2.2%	58.9%	50.1%	8.7%	3.1%	3.4%	1.2%	0.8%	0.2%	100.0%
April 2021	33.9%	31.8%	0.0%	2.1%	66.1%	59.3%	6.8%	2.8%	2.6%	0.9%	0.5%	0.1%	100.0%
April 2022	33.7%	31.5%	0.0%	2.2%	66.3%	56.6%	9.7%	3.0%	5.1%	1.3%	0.1%	0.2%	100.0%
April 2023	28.1%	26.3%	0.0%	1.7%	71.9%	60.7%	11.2%	2.6%	3.8%	2.4%	0.6%	1.7%	100.0%
April 2024	30.1%	29.3%	0.0%	0.8%	69.9%	56.8%	13.1%	2.5%	6.9%	1.5%	1.8%	0.3%	100.0%

Note: Malaysia, New Zealand, Ireland, Cyprus, UAE, Germany, Saint Vincent and the Grenadines, Greece, Vanuatu, and Israel.

Table 6: Change of Trading Volume of Cover Transactions (Domestic and Overseas)

(Unit: 100 million yen, %)

Survey Month and Year	Trading Volume of Cover Transactions (Total)	Domestic Cover Transactions		Domestic Cover Transactions [Note]	
		Trading Volume	Percentage of Total	Trading Volume	Percentage of Total
April 2015	1,818,843	1,679,896	92.4%	138,946	7.6%
April 2016	1,681,387	1,539,810	91.6%	141,576	8.4%
April 2017	1,265,381	1,138,371	90.0%	127,009	10.0%
April 2018	1,271,873	1,134,425	89.2%	137,447	10.8%
April 2019	1,042,452	905,161	86.8%	137,290	13.2%
April 2020	1,763,017	1,570,205	89.1%	192,811	10.9%
April 2021	2,451,217	2,231,778	91.0%	219,438	9.0%
April 2022	3,726,576	3,283,975	88.1%	442,601	11.9%
April 2023	2,592,249	2,257,435	87.1%	334,814	12.9%
April 2024	3,120,321	2,685,847	86.1%	434,473	13.9%

Note: Corrections have been made to figures reported in the 2021 survey for the figures of April 2022 and April 2023.

(3) Trading Volume of Cover Transactions Based on the Trading Volume of OTC Retail FX Margin Trading

In order to show the trading volume of cover transactions in connection with the trading volume of OTC retail FX margin trading (with customers), we firstly rank Members that handle OTC retail FX margin trading by their trading volume of OTC retail FX margin trading (with customers) in each survey year and month, and then categorize them into six classes (e.g. from first to third). Tables 7 to 10 show data of OTC retail FX margin trading categorized by the above six classes.

Table 7: Trading Volume of OTC Retail FX Margin Trading (with Customers) (by ranking class based on the trading volume with customers)

(Unit: 100 million yen)

Survey Month and Year	1st to 3rd place	4th to 10th place	11th to 20th place	21st to 30th place	31st to 40th place	41st place and more	Total
April 2015	2,476,761	1,367,613	497,839	134,886	46,896	6,415	4,530,411
April 2016	2,064,879	1,426,025	457,247	89,271	34,017	2,550	4,073,991
April 2017	1,592,561	1,119,193	381,791	72,777	22,921	3,566	3,192,813
April 2018	1,532,188	1,088,132	372,326	78,899	20,261	2,599	3,094,407
April 2019	1,105,735	878,668	340,876	64,972	13,862	3,930	2,408,046
April 2020	2,672,564	1,834,592	642,342	101,134	21,175	5,828	5,277,638
April 2021	2,349,286	2,222,596	661,131	170,133	25,793	7,355	5,436,298
April 2022	4,599,956	3,841,037	1,104,636	306,169	57,566	9,078	9,918,445
April 2023	4,100,350	2,655,607	713,351	192,139	38,853	6,732	7,707,035
April 2024	5,062,084	3,132,489	961,033	201,950	51,933	7,460	9,416,951

Table 8: Trading Volume of Cover Transactions by Members Handling OTC Retail FX Margin Trading by Ranking Class Based on the Trading Volume of OTC Retail FX Margin Trading with Customers)

(Unit: 100 million yen)

Survey Month and Year	1st to 3rd place	4th to 10th place	11th to 20th place	21st to 30th place	31st to 40th place	41st place and more	Total
April 2015	405,016	902,433	337,143	128,655	39,271	6,323	1,818,843
April 2016	331,651	929,141	301,644	90,703	25,947	2,299	1,681,387
April 2017	149,716	726,007	301,578	65,654	18,584	3,840	1,265,381
April 2018	195,368	685,475	292,146	79,958	16,466	2,457	1,271,873
April 2019	149,598	538,506	279,607	57,343	13,433	3,962	1,042,452
April 2020	193,427	1,008,661	438,192	97,383	19,694	5,657	1,763,017
April 2021	644,672	1,256,854	373,449	148,978	19,928	7,333	2,451,217
April 2022	506,396	2,321,613	585,908	253,957	46,037	12,661	3,726,576
April 2023	334,758	1,568,570	468,708	182,190	29,615	8,406	2,592,249
April 2024	397,389	1,878,901	511,107	285,955	35,911	11,055	3,120,321

Table 9: Ratio of Trading Volume of Cover Transactions by Ranking Class Based on the Trading Volume of OTC Retail FX Margin Trading Volume of Cover Transactions

(Unit: %)

Survey Month and Year	1st to 3rd place	4th to 10th place	11th to 20th place	21st to 30th place	31st to 40th place	41st place and more
April 2015	22.3%	49.6%	18.5%	7.1%	2.2%	0.3%
April 2016	19.7%	55.3%	17.9%	5.4%	1.5%	0.1%
April 2017	11.8%	57.4%	23.8%	5.2%	1.5%	0.3%
April 2018	15.4%	53.9%	23.0%	6.3%	1.3%	0.2%
April 2019	14.4%	51.7%	26.8%	5.5%	1.3%	0.4%
April 2020	11.0%	57.2%	24.9%	5.5%	1.1%	0.3%
April 2021	26.3%	51.3%	15.2%	6.1%	0.8%	0.3%
April 2022	13.6%	62.3%	15.7%	6.8%	1.2%	0.3%
April 2023	12.9%	60.5%	18.1%	7.0%	1.1%	0.3%
April 2024	12.7%	60.2%	16.4%	9.2%	1.2%	0.4%

Table 10: Ratio of Trading Volume of Cover Transactions (Table 8) to the Trading Volume of OTC Retail FX Margin Trading (Table 7) (by ranking class based on the trading volume of OTC retail FX margin trading with customers)

(Unit: % [Note])

Survey Month and Year	1st to 3rd place	4th to 10th place	11th to 20th place	21st to 30th place	31st to 40th place	41st place and more
April 2015	16.4%	66.0%	67.7%	95.4%	83.7%	98.6%
April 2016	16.1%	65.2%	66.0%	101.6%	76.3%	90.1%
April 2017	9.4%	64.9%	79.0%	90.2%	81.1%	107.7%
April 2018	12.8%	63.0%	78.5%	101.3%	81.3%	94.6%
April 2019	13.5%	61.3%	82.0%	88.3%	96.9%	100.8%
April 2020	7.2%	55.0%	68.2%	96.3%	93.0%	97.1%
April 2021	27.4%	56.5%	56.5%	87.6%	77.3%	99.7%
April 2022	11.0%	60.4%	53.0%	82.9%	80.0%	139.5%
April 2023	8.2%	59.1%	65.7%	94.8%	76.2%	124.9%
April 2024	7.9%	60.0%	53.2%	141.6%	69.1%	148.2%

Note: It is possible that the trading volume of cover transactions may exceed the trading volume of OTC retail FX margin trading (i.e. over 100%) due to the transfer of open positions following the change of the firm used for cover transactions or transaction errors.

Conclusion (General Comments and Considerations)

The following is a conclusion (general comments and considerations) of the survey:

When we look at the business model for OTC retail FX margin trading that is executed by Members handling OTC retail FX margin trading, we find that many Members handling OTC retail FX margin trading do not adopt a white label form, but instead they use several firms for cover transactions and conduct marry transactions. This transaction form is particularly adopted by Members with a large amount of OTC retail FX margin trading with customers. On the other hand, there are also many Members handling OTC retail FX margin trading that adopt a white label form, use a single firm for cover transactions, and do not conduct marry transactions. This form is particularly adopted by Members with a small amount of OTC retail FX margin trading. This trend is similar to the results of the past surveys, and the results of this survey followed suit.

Automatic trading tools are provided this year by 16 Members handling OTC retail FX margin trading, down from last year (20 Members in 2023), and a lower number of them offer externally (outside the own company) developed tools than in 2023. Out of the total trading volume of OTC retail FX margin trading with customers executed by all the Members handling OTC retail FX margin trading, the trading volume executed by the Members that have provided automatic trading tools accounted for approximately 21.1% (about 19.4% in 2023). The share was approximately 20% for the last few years. The trading volume of OTC retail FX margin trading with customers executed by operators that have continuously provided automatic trading tools since 2015 accounted for roughly 7.4% (about 7.1% in 2023) of the total trading volume of OTC retail FX margin trading with customers executed by operators that have conducted such trading for all the survey months since 2015. Compared with 2015, the trading volume of OTC retail FX margin trading with customers in each year executed by the Members who consistently provided automatic trading tools was generally slightly higher than those of the other Members."

With regard to the provision of API, the number of Members handling OTC retail FX margin trading and providing API has been on a decreasing trend since 2015 (for reference, 15 companies in 2015 and six companies in 2024). The trading volume of OTC retail FX margin trading with customers executed by the Members that have provided API was approximately 2.8% (about 2.1% in 2023) of the total trading volume of all the Members handling OTC retail FX margin trading with customers. The share was approximately 2 to 3% for the last few years. In addition, the trading volume of OTC retail FX margin trading with customers executed by operators that have continuously provided API since 2015 accounted for roughly 0.7% (about 0.8% in 2023) of the total trading volume of OTC retail FX margin trading with customers executed by operators that have conducted such trading for all the survey months since 2015. Compared with 2015, the trading volume of OTC retail FX margin trading with customers in each year executed by the Members who consistently provided API was generally slightly higher than those of the other Members, but the difference between the ratios of each category was almost the same in 2023 and 2024."

Judging from the fact that compared with the results of spot trading at the foreign exchange market of around 424 trillion yen released by the Tokyo Foreign Exchange Market Committee survey, the amount of transactions by non-financial institution customers (domestic) into which transactions by Members handling OTC retail FX margin trading are categorized is approximately 94 trillion yen, with the external circulation of OTC retail FX margin trading reaching approximately 312 trillion yen, it appears that OTC retail FX margin trading has a certain impact on the foreign exchange market, as shown in last year's report.

As for the usage cover transactions by attribute, the total number of Members handling OTC retail FX margin trading that use firms for cover transactions decreased compared to the previous survey as a whole, while as for the total number of Members by attribute, the number of financial institutions that participate in (report to) the "Survey on Foreign Exchange Transactions Volume in

Tokyo Foreign Exchange Market" decreased for the first time in nine years. With regard to the trading volume of cover transactions by attribute of cover counterparty traders, the ratio of amount of cover transactions by domestic operators to the total amount in each year was below that in 2023, but accounting for about 60% of the total.

It was also confirmed that the ratios of financial institutions that participate in (report to) the Survey on Foreign Exchange Transaction Volume in Tokyo Foreign Exchange Market account for approximately 60% of the total number of Members handling OTC retail FX margin trading, and approximately 30% of trading volume of cover transactions. This indicates that the business relationship is continuously being built between Members that handle OTC retail FX margin trading and financial institutions that participate in (report to) the Survey on Foreign Exchange Transaction Volume in Tokyo Foreign Exchange Market through cover transactions for OTC retail FX margin trading.

(Written by Kurakata of the Research Department of the FFAJ)

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