

Glossary

This page provides supplementary material to assist in better understanding the business environment surrounding the SBI Group.

Alternative Investments	Alternative investments are investment targets and approaches that differ from more traditional assets, such as listed shares and bonds. The two main alternative investment categories are: 1) “alternative assets,” such as private equity (PE), private debt, real estate, and infrastructure; and 2) “alternative strategies,” which include pair trading, long-short strategy trading, and futures-based transactions. Since alternative investments generally have different risk-return profiles than traditional investment targets, adding them to an asset management portfolio usually helps to diversify risk. Alternative investments have attracted growing interest in recent years, and are now being incorporated into pension funds around the globe, including Japan’s Government Pension Investment Fund (GPIF).
AML/CFT	Financial institutions are required to comply with guidelines and regulations concerning Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT). Until now, the Financial Action Task Force (FATF), which conducts international inspections of the progress of its member countries, has called out Japan for its policies on these fronts, so the development of appropriate responses and countermeasures has become a priority issue for financial institutions and other businesses.
NISA/iDeCo	NISA, which stands for Nippon Individual Savings Account, is a tax-deferred system for small investments. Introduced in 2014, the program provides preferred tax treatment for individual investors. Annual investment limits and the tax-exempt holding period are specified, and within these restrictions, income and capital gains from stocks and investment trusts are eligible for tax exemptions. The term “iDeCo” stands for individual-type Defined Contribution pension plan. It applies to private pension plans that are operated in accordance with the Defined Contribution Pension Act, which was adopted and took effect in 2001. Since iDeCo is a pension plan designed to build assets for retirement, tax benefits are provided. A new NISA system was launched in January 2024, bringing numerous benefits to individual investors, including higher annual investment limits and an indefinite tax-exempt holding period. Also, iDeCo had its contribution limit raised for some members in December 2024.
ST	A security token (ST) is a token (substituting for fiat currency) backed by various tangible assets of value, such as stocks, bonds, and real estate. As a digital security using blockchain technology, these tokens have properties similar to securities, such as distributing revenue to token owners. Overseas STs are issued as financial products that comply with the laws and regulations of each country, and there is the belief that the reliability of investors and the transparency of transactions are guaranteed to the same extent as existing financial products. In Japan, an amendment to the Payment Services Act and the Financial Instruments and Exchange Act, which came into effect in May 2020, made it clear that STs are subject to regulation under the Financial Instruments and Exchange Act. Security Token Offering, which raises funds through the issuance of STs, is attracting attention as a new funding mechanism.
Stablecoin	A stablecoin is a type of crypto asset that is backed by assets such as fiat currencies as collateral and designed to restrain price volatility. The advantages of crypto-assets such as low-cost, high-speed transactions and resistance to falsification, combined with the price stability and creditworthiness of stablecoins, makes them a promising next-generation payment instrument. Progress is being made in establishing a regulatory framework to promote global adoption, including in the U.S., where congress is currently deliberating the GENIUS Act that specified how stablecoins will be issued and managed and the STABLE Act that laid out a framework for the regulation of dollar-denominated stablecoins. In Japan, the partial amendments to the Payment Services Act which came into effect in 2023, defined collateralized stablecoins backed by fiat currency. For stablecoins issued domestically, the amended act limits issuance to banks, fund transfer service providers, and trust companies, and requires registration of financial service intermediaries as electronic payment instruments service providers. Furthermore, for stablecoins issued overseas it sets an upper limit on stablecoin remittances of equivalent to ¥1 million.
Staking Service	Staking is a scheme in which crypto assets are locked up on a blockchain network in order to contribute indirectly to the stable operation of the blockchain, and in exchange, earn additional assets as compensation for doing so. To participate in block creation and authentication of transactions necessary to maintain the existence a blockchain network, a high level of expertise is typically required. However, by using a staking service provided by a crypto asset exchange, individual investors are able to contribute indirectly to maintaining a decentralized blockchain. In recent years, the demand for crypto assets as a source of passive income has increased. Our Group companies, SBI VC Trade and BITPoint Japan, provide staking services to meet this growing demand.
Web3	Web3 is said to be a next-generation Internet based on blockchain technology and characterized by “decentralization” and its “trustless” nature. Under the current Web 2.0 structure, user data is owned or transacted by large, centrally controlled companies. As a result, security risks due to information concentrated in one place, as well as problems such as the monopolization of personal information by large companies, have been pointed out. Web3 is expected to solve these problems by using blockchain technology that enables decentralized management of transaction information among multiple users connected to the Internet.