

Outline of Give-Up Rules

As of April 4, 2022

Tokyo Commodity Exchange, Inc.

Item	Details	Remarks
I. Purpose	<ul style="list-style-type: none"> - In cases where an investor entrusts trading in futures (meaning physically delivered futures and cash-settled futures; the same shall apply hereinafter) to multiple trading participants, it will need to conduct settlement-related operations (meaning transfer of payment and deposit or refund of margin pertaining to futures; the same shall apply hereinafter) with each of these trading participants, which imposes an extremely large administrative burden on institutional investors and other market users. - In light of this, Tokyo Commodity Exchange, Inc. (TOCOM) has introduced give-up rules for futures in order to reduce administrative costs pertaining to settlement related operations and the required amount of margin for investors, thereby improving the convenience of futures traded on TOCOM. 	<ul style="list-style-type: none"> - Give-up rules have been adopted by major futures exchanges and other trading venues in the world. - A "trading participant" is referred to as a "member" in TOCOM's rules including its Market Rules.
II. Definitions	<ul style="list-style-type: none"> - A give-up is where an executing participant (as defined below) requests a carrying participant (as defined below) to clear and settle a give-up transaction (as defined below). - A take-up is where a carrying participant accepts a give-up from an executing participant. - An executing participant is a trading participant which makes a give-up notification (as specified in III 3(3)) to TOCOM when it requests another trading participant to 	<ul style="list-style-type: none"> - Please refer to Appendix 1 for an illustration of a give-up. - Upon a take-up by a carrying participant, the transaction between TOCOM and the executing participant is terminated and a transaction with the same details is created between TOCOM and the carrying participant. Accordingly, the

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<p>III. Outline of Give-up Rules</p> <p>1. Availability of Give-ups</p> <p>2. Conclusion of Give-</p>	<p>clear and settle a give-up transaction.</p> <p>- A carrying participant is a trading participant who clears and settles a give-up transaction.</p> <p>- A give-up transaction is a futures transaction which is given up.</p> <p>- Give-ups shall be available for futures (including trades for error correction or similar, off-auction trading, EFP and EFS; the same shall apply hereinafter).</p> <p>- Before a customer can entrust a give-up transaction to an executing participant,</p>	<p>entrustment relationship between the customer and its executing participant is terminated for those parts related to settlement, and an entrustment relationship with the same details is established between the customer and the carrying participant.</p> <p>- When a trading participant that is a customer of and has a Futures Trading Account with an executing participant cannot place an order due to a failure of its proprietary system or another reason, for transactions executed by said executing participant on behalf of said trading participant, the trading participant may take up clearing and settlement of the transaction (which is given up by the executing participant) as a carrying participant.</p> <p>- "Off-auction trading" is referred to as "off-floor trading" in TOCOM's rules including its Market Rules.</p> <p>- A standard agreement (written in Japanese) is</p>

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Up Agreements	<p>said customer shall be required to open Futures Trading Accounts with both the executing participant and the designated carrying participant (meaning a trading participant designated by a customer as its carrying participant; the same shall apply hereinafter). In addition, the executing participant, the customer, and the designated carrying participant shall enter into an agreement in advance specifying commission payments pertaining to give-up transactions and how to handle cases where a give-up does not become valid (such an agreement is referred to as a “give-up agreement” hereinafter).</p> <ul style="list-style-type: none"> - When an executing participant or carrying participant accepts entrustment of a give-up transaction or settlement pertaining to a give-up transaction from a broker based on the commission of brokerage from an applicant, a give-up agreement between the broker or applicant, the executing participant, and the carrying participant is not necessary. However, a give-up agreement between the applicant, the broker of the give-up transaction (or executing participant in cases where said applicant has entrusted the give-up transaction to them directly), and the broker of the settlement of the give-up transaction (or carrying participant in cases where said applicant has entrusted settlement pertaining to the give-up transaction to them directly) shall be necessary. <p>Note 1: A broker is an entity that has been commissioned to broker entrustments of give-up transactions or settlement pertaining to give-up transactions to trading participants.</p> <p>Note 2: An applicant is an entity that has commissioned brokerage of entrustments of give-up transactions or settlement pertaining to give-up transactions.</p>	<p>provided.</p> <ul style="list-style-type: none"> - Trading participants may also use the standard agreement prepared by the Futures Industry Association (FIA). - Please refer to Appendix 2.

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<p>3. Give-up and Take-up Procedures</p> <p>(1) Instructions from Customers when Entrusting Give-up Transactions</p> <p>(2) Instructions for Give-Ups from Customers with Prior Consent</p>	<ul style="list-style-type: none"> - Whenever a customer entrusts a give-up transaction, said customer shall provide the executing participant with, in addition to the necessary instructions for entrustment of a futures trade (such as name of contract and trading quantity), the give-up request and the name of the carrying participant. - In cases where a customer obtains prior consent from an executing participant and its designated carrying participant, the customer may carry out an instruction by providing the executing participant with the give-up request, the name of the designated carrying participant, and the customer confirmation number by the cut-off time designated by the executing participant, which shall be a time up to 4:45 p.m. after the end of the trading day on which the give-up transaction is executed. - When a customer has an agreement with an executing participant about the cut-off time for the instructions in (1), said customer shall provide an instruction containing the matters prescribed in (1) to the executing participant by said cut-off time. 	<ul style="list-style-type: none"> - In cases where a customer obtains prior consent from an executing participant and designated carrying participant, said customer does not have to provide a give-up instruction every time it entrusts a give-up transaction. - A trading day is defined as one cycle from the beginning of night trading (meaning the night session and off-auction trading) to the end of day trading on the next business day (meaning the day session and off-auction trading on the next business day). This is, for most products, from 4:15 p.m. to 4:00 p.m. the next business day. - A "trading day" is referred to as a "clearing period" in TOCOM's rules including its Market Rules.

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<p>(3) Give-Up Notifications from Executing Participants</p>	<ul style="list-style-type: none"> - When a give-up transaction is executed, the executing participant shall notify TOCOM of the following (a) and (b) (this notification is referred to as the “give-up notification” hereinafter) no later than 5:30 p.m. after the end of the trading day on which the give-up transaction is executed. <ul style="list-style-type: none"> (a) Name of the designated carrying participant pertaining to the give-up transaction (b) Details of the give-up transaction (meaning name of contract, purchase or sale, quantity, traded price, trade execution time, and customer confirmation number; the same shall apply hereinafter) - Executing participants may submit advance give-up notifications when placing orders. 	<ul style="list-style-type: none"> - Give-up notifications shall be made via the clearing system (excluding those made at the same time as placing an order) and may be made after a certain period of time from when the give-up transaction is executed. - For a contract that has reached its last trading day, give-up notifications shall be submitted by 4:45 p.m. of the business day following the last trading day.
<p>(4) Notice on Give-Ups to Designated Carrying Participant</p>	<ul style="list-style-type: none"> - When TOCOM receives a give-up notification from an executing participant, TOCOM shall send a notice to the designated carrying participant containing the following a. through c. based on said give-up notification, and the designated carrying participant shall check the details immediately. <ul style="list-style-type: none"> a. That the notified entity is the designated carrying participant of said give-up transaction b. The name of the executing participant of said give-up transaction c. The details of said give-up transaction 	<ul style="list-style-type: none"> - Notice pertaining to give-up shall be made via the clearing system.

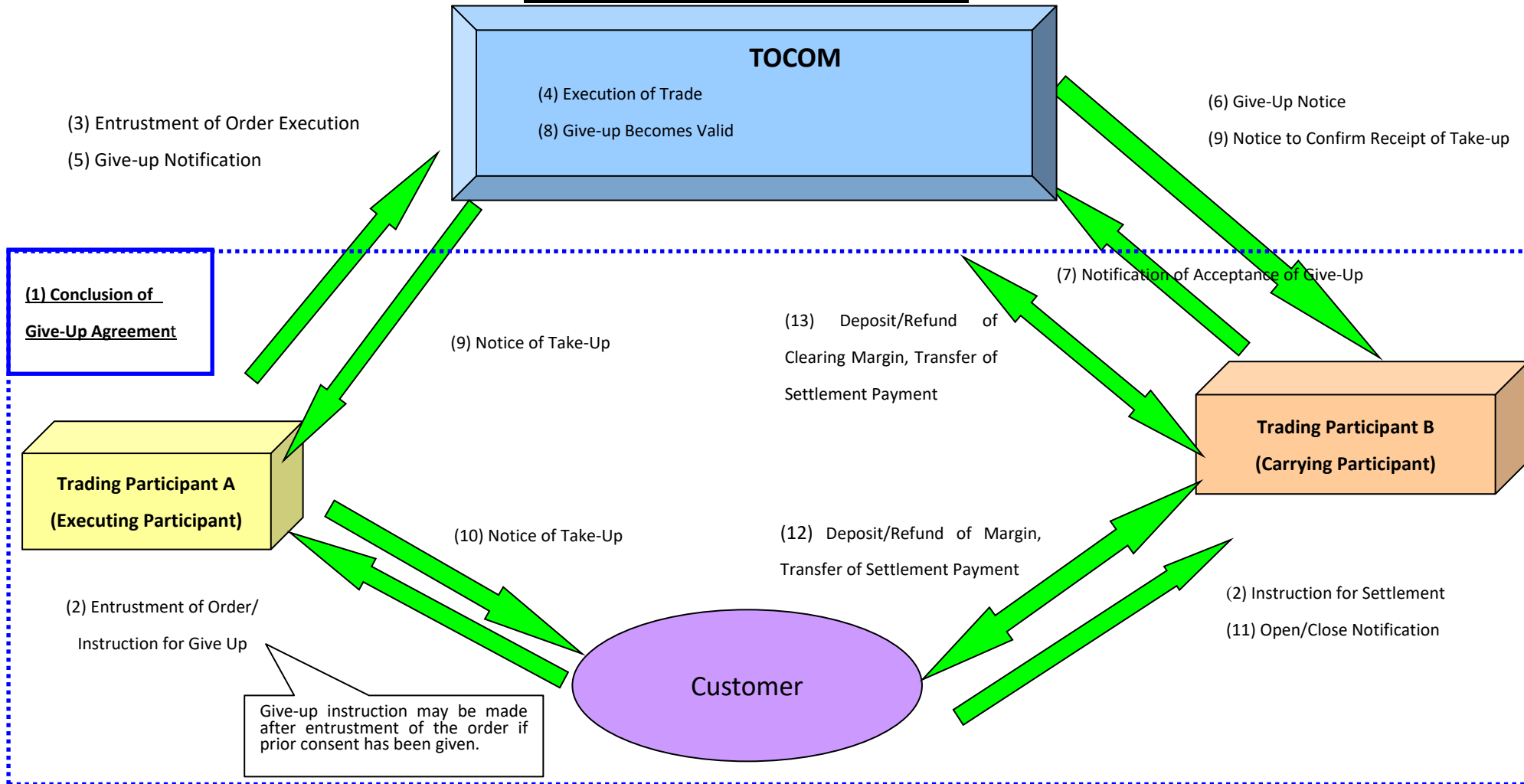
Item	Details	Remarks
(5) Notifications Pertaining to Take-Ups	<ul style="list-style-type: none"> - When a designated carrying participant receives a notice pertaining to a give-up from TOCOM, it shall notify TOCOM of whether or not it accepts (takes up) said give-up no later than 5:45 p.m. after the end of the trading day on which the give-up transaction is executed. - If TOCOM does not receive a notification of acceptance or rejection by the cut-off time on the relevant day, it shall deem that the designated carrying participant has sent a notification of rejection of the give-up. 	<ul style="list-style-type: none"> - Notifications of acceptance and rejection of give-ups shall be made via the clearing system. - For a contract that has reached its last trading day, notifications of acceptance or rejection of give-ups shall be submitted by 4:45 p.m. of the business day following the last trading day.
(6) Validity of Give-Ups	<ul style="list-style-type: none"> - When TOCOM receives notification of acceptance or rejection of a give-up from a designated carrying participant, it shall promptly send a notice to the executing participant of this result. - A give-up is considered valid from when TOCOM receives a notification of acceptance from the designated carrying participant. 	<ul style="list-style-type: none"> - Notices of acceptance or rejection of give-ups shall be sent via the clearing system.
4. Clearing and Settlement	<ul style="list-style-type: none"> - When a give-up becomes valid due to take-up by a carrying participant, the give-up transaction shall be treated as a futures transaction executed by said carrying participant based on entrustment from the customer, meaning that clearing/settlement and deposit of clearing margin shall be carried out between TOCOM-designated clearing house Japan Securities Clearing Corporation (JSCC) and clearing participants, clearing participants and non-clearing participants (meaning trading participants without a clearing qualification), or trading participants and their customers. 	<ul style="list-style-type: none"> - Operational procedures for clearing/settlement and deposit of clearing margin pertaining to futures shall be the same as that for transactions not given up.

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5. Give-up Correction	<ul style="list-style-type: none"> When there is an error in the details of a give-up which was taken up by a carrying participant or a give-up fails to become valid due to an error (or other occurrence) caused by a truly unavoidable reason, the executing participant or carrying participant, depending on the situation, with consent from the other, may correct the give-up (in the case of an error) or conduct the give-up (in the case of a failure to take the necessary operational procedures; these two actions are hereinafter collectively referred to as "Give-Up Correction") upon prior approval from TOCOM as specified by TOCOM up to 5:30 p.m. of the third business day after the day when the error or failure occurred. However, an executing participant or carrying participant may cancel a give-up or take-up (respectively) up to the notification cut-off time on the same day if said participant obtains consent from the other. 	<ul style="list-style-type: none"> For a contract that has reached its last trading day, Give-Up Correction is not available after the cut-off times specified below. <table border="1" data-bbox="1529 384 2038 679"> <thead> <tr> <th>Type of product</th> <th>Cut-off time</th> </tr> </thead> <tbody> <tr> <td>Physically Delivered Futures</td> <td>4:45 p.m. on last trading day</td> </tr> <tr> <td>Cash-Settled Futures</td> <td>4:45 p.m. on business day after last trading day</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Operational procedures pertaining to Give-Up Correction shall be carried out via the clearing system. 	Type of product	Cut-off time	Physically Delivered Futures	4:45 p.m. on last trading day	Cash-Settled Futures	4:45 p.m. on business day after last trading day
Type of product	Cut-off time							
Physically Delivered Futures	4:45 p.m. on last trading day							
Cash-Settled Futures	4:45 p.m. on business day after last trading day							
6. Handling in Case of System Failure	<ul style="list-style-type: none"> In the event of disruption to clearing system operations, give-ups shall not be available except when TOCOM deems it necessary. 	<ul style="list-style-type: none"> When a clearing system failure occurs, TOCOM shall notify trading participants of the handling of give-ups. 						
IV. Fees Pertaining to Give-Ups 1. Give-Up Fees	<ul style="list-style-type: none"> Carrying participants shall pay fees to TOCOM, which are decided by multiplying the volume of give-ups by the following amounts. <table border="1" data-bbox="566 1209 1415 1358"> <thead> <tr> <th>Type of Derivative</th> <th>Multiplier</th> </tr> </thead> <tbody> <tr> <td>Energy market: Platts Dubai Crude Oil Futures, Gasoline Futures, Kerosene Futures, Gas Oil Futures,</td> <td>JPY 5</td> </tr> </tbody> </table>	Type of Derivative	Multiplier	Energy market: Platts Dubai Crude Oil Futures, Gasoline Futures, Kerosene Futures, Gas Oil Futures,	JPY 5			
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	LNG (Platts JKM) Futures, East Area Peakload Electricity Futures, West Area Peakload Electricity Futures		
	Chukyo Oil Market: Chukyo-Gasoline Futures, Chukyo-Kerosene Futures	JPY 2	
	Energy Market: East Area Baseload Electricity Futures, West Area Baseload Electricity Futures	JPY 15	
2. Payment of Trading Participant Fees When Give-Ups Become Valid	<p>- Trading participant fees shall be paid by the following parties when a give-up becomes valid.</p> <p>(1) Trading fees The executing participant</p> <p>(2) Clearing fees The carrying participant (if a carrying participant is a non-clearing participant, payment shall be made by its designated clearing participant)</p>		
V. Other 1. Handling of Reporting on Trading by Type of Investor	<p>- Give-up transactions whose give-up notifications have been taken up by a carrying participant shall be included by the carrying participant in its reporting to TOCOM on trading by type of investor.</p>		
2. Handling of Trading	<p>- Give-up transactions whose give-up notifications have been taken up by a carrying</p>		<p>- Statistical information by trading participant</p>

Item	Details	Remarks
Volume by Top Ten Trading Participants	participant shall be treated by TOCOM as having been traded by the executing participant for the purpose of disclosing trading volume by the top ten trading participants.	disclosed by TOCOM shall not be revised even if the details change due to Give-Up Correction.

Illustration of a Give-Up

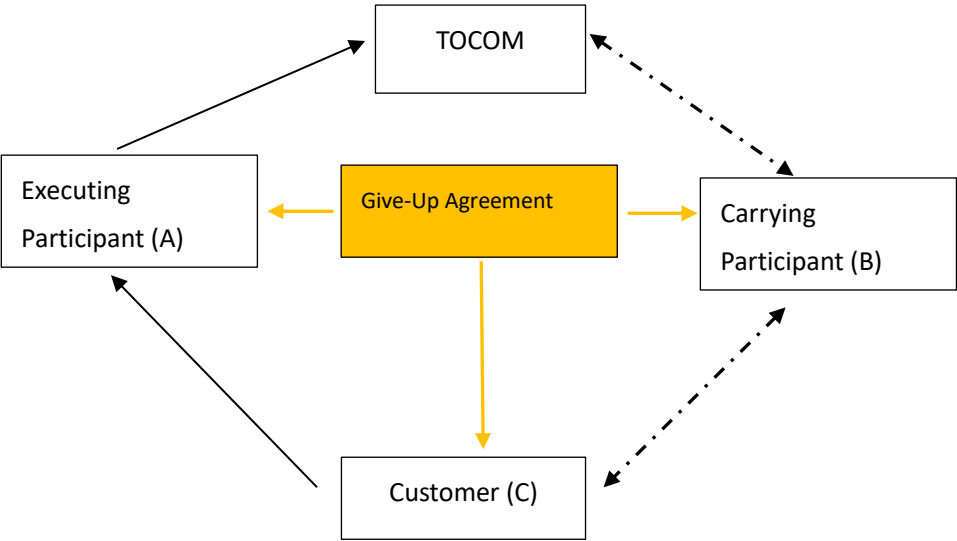


Notes: 1. The above illustration shows a customer entrusting the placing of an order to Trading Participant A and settlement of the transaction with Trading Participant B.

2. (13) is made between JSCC, a clearing house designated by TOCOM, and Trading Participant B. The same shall apply in Attachment 2.

Appendix 2

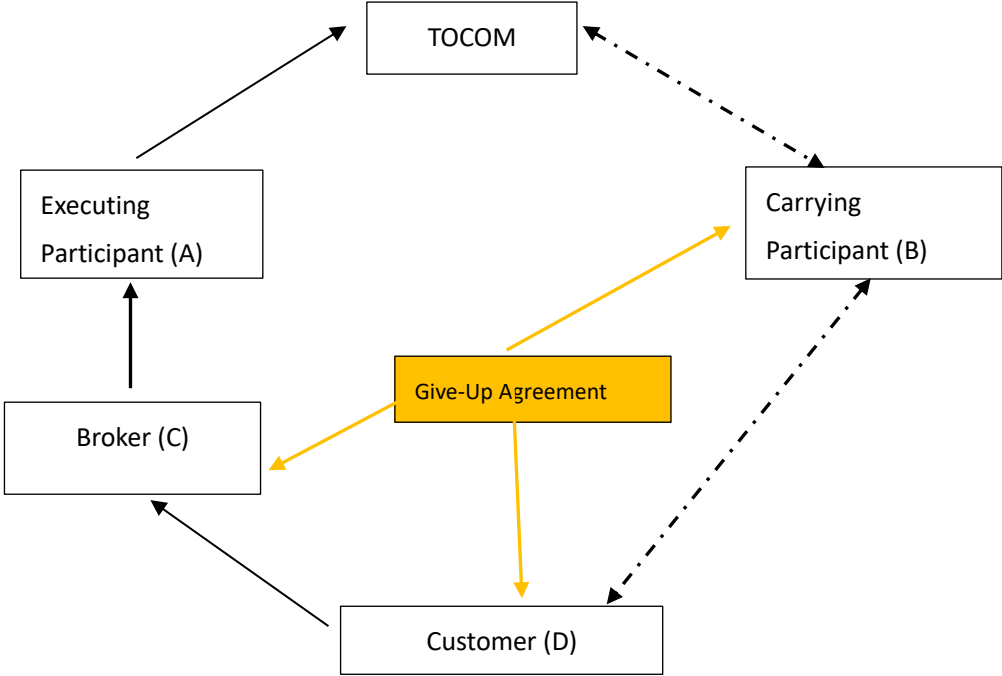
(1) Usual Cases (without a broker)



——— Order
 - - - - - Clearing and Settlement

*An agreement for setting up an account is required to be submitted from C to A, and from C to B respectively.

(2) Where there is a Broker for Execution of Give-Up Transaction

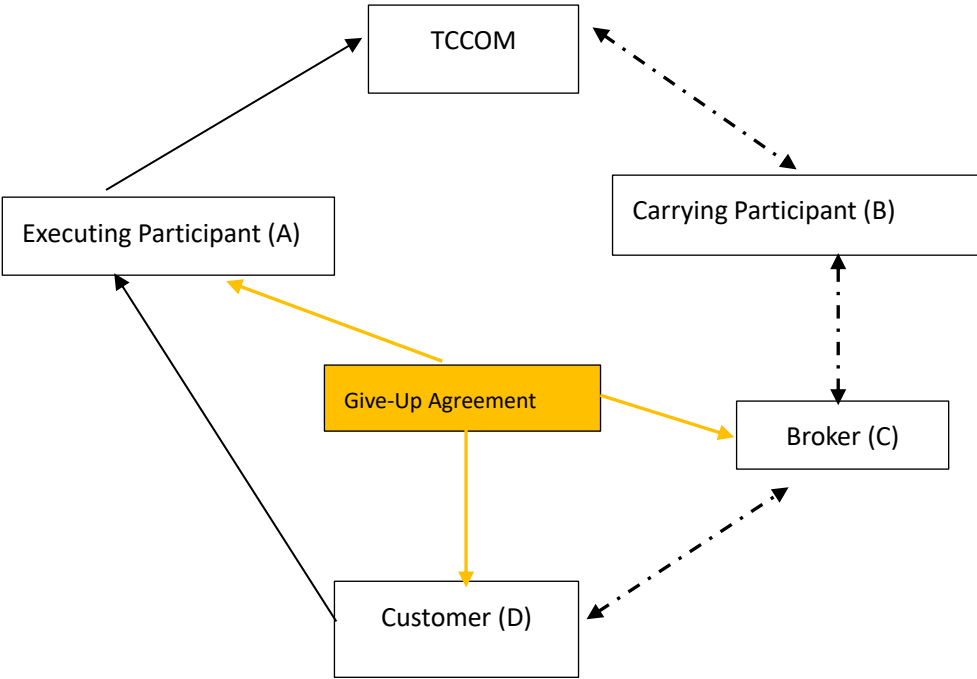


——— Order
 - - - - - Clearing and Settlement

*An agreement for setting up an account is required to be submitted from D to C, from D to B, and from C to A respectively.

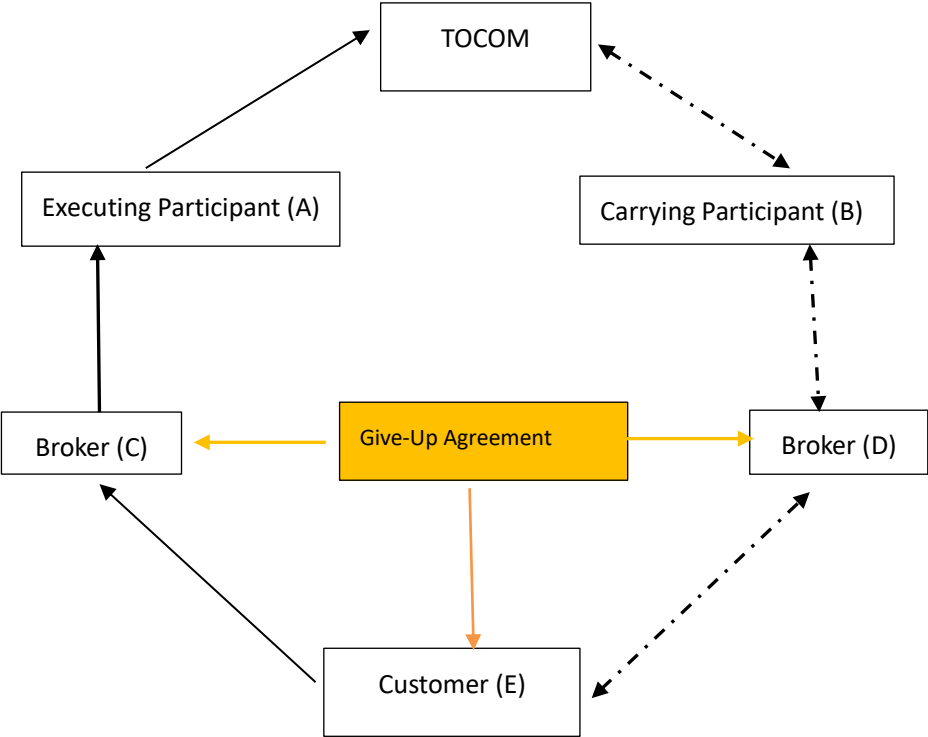
(3) Where there is a Broker for Settlement of Give-Up Transaction

(4) Where there are Brokers for Execution and Settlement of Give-Up Transaction



——— Order
 - - - - - Clearing and Settlement

*An agreement for setting up an account is required to be submitted from D to A, from D to C, and from C to B respectively.



——— Order
 - - - - - Clearing and Settlement

*An agreement for setting up an account is required to be submitted from E to C, from E to D, from C to A, and from D to B respectively.