

Energy Market Management Detailed Rules

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Article 1 (Purpose)

1. These Rules shall, pursuant to the provisions of Article 3.1 of the Market Rules, prescribe matters necessary for the management of the Energy Market.

Article 2 (Position Limits of Members)

1. Exchange shall pursuant to the provisions of Article 33.1 of the Market Rules, set limits on proprietary positions of Members as follows, applicable separately for short positions and long positions (or net positions obtained by netting out short and long positions (“Net Positions”) for Electricity):

- (1) Gasoline, Kerosene and Gas oil:

	Current Contract Month	Second Contract Month	Other Contract Month (each)
Commercial or Market Makers (limited to those recognized by the Exchange)	2,000 contracts	3,000 contracts	5,000 contracts
Others	500 contracts	1,000 contracts	3,000 contracts

(Position limits shall be applicable to the relevant contract months from the first business day to the last business day of such month; same shall apply hereinafter)

- (2) Crude oil and LNG:

No limit; provided, however, that in cases where the Exchange deem necessary, the Exchange may impose necessary restrictions on number of positions.

- (3) Electricity:

	Each Contract Month (Net Positions)
East Area Base Load	10,000 contracts
East Area Peak Load	14,000 contracts
West Area Base Load	10,000 contracts
West Area Peak Load	14,000 contracts

2. Number of positions for Members prescribed in the previous paragraph shall be the total number of positions consigned, requested, or consigned to broker the consignment for transaction to those listed below.
 - (1) Broker Members
 - (2) Remote Members
 - (3) Intermediaries
 - (4) Foreign Commodities Futures Broker
3. A member shall be subject to position limits for Commercials prescribed in Paragraph 1 Item 1 if such member submits an application form separately specified to the Exchange, and the Exchange deems it appropriate.
4. In cases where a Member that was granted an approval pursuant to Paragraph 3 no longer meets the requirements, such Member shall notify the Exchange in writing without delay.
5. Notwithstanding the provisions of Paragraph 3, a Member who obtains the membership as a Commercial Member shall be subject to the position limits as Commercial Members prescribed in Paragraph 1 Item 1.

Article 3 (Position Limits of Customers and Overseas Customers)

1. Exchange shall set limits on number of positions for customers and overseas customers, pursuant to the provisions of Article 33.2 of the Market Rules, as follows, applicable

separately for short positions and long positions (or Net Positions for Electricity). For Paragraph 1 Item 1, Broker Members and Remote Broker Members shall further categorize their customers into "Commercials", "Investment Trusts, etc." (limited to those stipulated under the Guidelines on the Requirements for Investment Trusts, etc.; the same shall apply hereinafter), "Market Makers" and "Others";

(1) Gasoline, Kerosene and Gas oil:

	Current Contract Month	Second Contract Month	Other Contract Month (each)
Commercials, Investment Trusts, etc. or Market Makers	2,000 contracts	3,000 contracts	5,000 contracts
Others	250 contracts	500 contracts	1,500 contracts

(2) Crude oil and LNG:

No limit; provided, however, that in cases where the Exchange deems necessary, the Exchange may impose necessary restrictions on number of positions.

(3) Electricity:

	Each Contract Month (Net Positions)
East Area Base Load	5,000 contracts
East Area Peak Load	7,000 contracts
West Area Base Load	5,000 contracts
West Area Peak Load	7,000 contracts

2. Number or position for customers and overseas customers prescribed in the previous paragraph shall be the total number of consigned, requested, or consigned to broker the consignment for transactions to those listed below.

- (1) Broker Members
- (2) Remote Members
- (3) Intermediaries
- (4) Foreign Commodities Futures Broker

3. When calculating the positions of customers and overseas customers, positions set forth below shall be deemed to be established by the same person and treated as the positions held by one customer:

- (1) Positions judged to be established by the same customer using separate accounts, pseudonyms, etc.;
- (2) Positions established by a person directly or indirectly controlled by the customer; and
- (3) Positions established by two or more persons under an explicit or implicit agreement among those persons.

Article 4 (Measures to be Taken When Number of Positions Held by Customers and Overseas Customers Exceed Limits)

1. When the Exchange deems the number of positions held by customers and overseas customers, prescribed in Article 3, exceed the limits, the Exchange shall notify the Broker Members or the Remote Broker Members thereof. In such case, the Broker Members or the Remote Broker Members shall have their customers or overseas customers reducing their positions to the level not exceeding the limits promptly.
2. In cases where a customer's positions exceed the number of positions prescribed in Article 3 as a result of carryover of existing contract months, a Broker Member or Remote Broker Member shall offset any excessive positions by the close of the Day Session of the business day set forth below. Customers may not trade for a new position in any contract month until their remaining positions are reduced to the level not exceeding the limits.

- (1) the third business day for the current contract month
- (2) the fifth business day for the second contract month

Article 5 (Special Measures for Position Limits)

1. Intermediaries and Foreign Commodity Futures Brokers (“Intermediaries etc.”) may apply position limits to each of their customers who consigned intermediation of consignment of transaction or requested transaction to such Intermediaries etc. (“Customers of Intermediaries”), pursuant to Article 2 if such customers are Members, and pursuant to Article 3 if such customers are not Members, by submitting a pledge, which is separately specified, to the Exchange through Broker Members or Remote Broker Members, and if the Exchange deems it appropriate (“Special Measures”).
2. Intermediaries, etc. that was granted Special Measures shall submit the position report prescribed in Article 7.
3. In cases set forth below, the Exchange may terminate such Special Measures prescribed in Paragraph 1. In such case, said Intermediaries, etc. shall reduce its position to the level not exceeding the limits specified by the Exchange:
 - (1) Intermediaries, etc. fail to submit the position report;
 - (2) Intermediaries, etc. fail to comply with the Rules Governing Special Measures for Position Limits;
 - (3) Intermediaries, etc. fail to comply with the pledge; and
 - (4) deemed necessary by the Exchange based on prevailing market conditions.
4. Intermediaries, etc. may not raise an objection to the administrative measures prescribed in the previous paragraph enforced by the Exchange.
5. In addition to the provisions of these Detailed Rules, matters necessary for the Special Measures shall be prescribed by the Rules Governing Special Measures for Position Limits.

Article 6 (Hedge Positions)

1. With regards to the proprietary trade of Members (meaning Members prescribed in Article 6.1 of the Market Rules) in the Exchange's market, or the trades consigned by Members or Customers etc. (meaning customers, overseas customers, or the Customers of Intermediaries etc. whose Intermediaries were granted Special Measures), Members may hold positions as Hedge Positions (meaning positions established for the purpose of offsetting or reducing the price fluctuation risk arising from transactions in spot market etc. as prescribed in the Energy Market Hedge Positions Handling Procedure), exceeding the number of position prescribed in Article 2 for Members and Article 3 for Customers etc. but not exceeding the number of positions determined by the Exchange.
2. When Members or Customers etc., who were granted an approval prescribed in the previous paragraph from the Exchange, completed or canceled the spot transaction etc. which acted as the underlying transaction of hedge, such Members or Customers etc. shall reduce the Hedge Positions promptly.
3. In cases set forth below, the Exchange may enforce limitation of approval prescribed in Paragraph 1, in whole or in part. In such case, Members or Customers, etc. shall reduce any excessive positions promptly until the remaining positions are within the limits approved by the Exchange:
 - (1) Members or Customers, etc. fail to comply with the Energy Market Hedge Positions Handling Procedure; and
 - (2) deemed necessary by the Exchange based on prevailing market conditions.
4. Members or Customers, etc. may not raise an objection to such administrative measures enforced by the Exchange.
5. In addition to the provisions of these Detailed Rules, matters necessary for the Hedge Positions shall be prescribed by the Energy Market Hedge Positions Handling Procedure.

Article 7 (Reporting of Positions)

1. If the positions at the close of the Day Session fall under any of the conditions set forth below, applicable separately for short positions and long positions, Members or Intermediaries, etc. who have applied Special Measures shall report such positions for all contract months to the Exchange, using the form separately prescribed by the Exchange, by the following business day (two business day following for the Remote Trade Members, Remote Broker Members and the Foreign Commodity Futures Broker who applied special measure by the Exchange) .
 - (1) The total customer position in one contract month (if there are positions held by the same customer under separate accounts or pseudonyms, these positions shall be aggregated) exceeds 50 contracts for Gasoline, Kerosene, Gas oil, Crude oil and LNG, and 1 contract for Electricity.
 - (2) When the Exchange indicates different conditions.
2. The trading volume of 1 Clearing Period and the positions at the close of Clearing Period shall be reported by the Members in the form provided by the Exchange.
3. For the positions in the current contract month, when the Exchange deems it necessary, the Exchange shall interview the Members pertaining to the positions (including concurrent positions) regarding delivery and require them to submit a report on the positions scheduled for delivery.
4. When the Exchange deems it particularly necessary, the Exchange may, in addition to the reporting prescribed in the preceding Items, give a separate instruction to require Trade Members, etc., Intermediaries, or Foreign Commodity Futures Brokers to report on positions of each customer or Customer of an Intermediary etc., and other matters deemed necessary by the Exchange.

Article 8 (Market Maker Program)

1. In order to ensure the smooth execution of transactions and improve liquidity, the Exchange shall apply Market Maker Program to the markets pursuant to the provisions of Article 102 of the Market Rules.
2. The Exchange shall designate a member as a Market Maker after receiving an application from a Member in a manner separately specified by the Exchange.
3. A Member designated by the Exchange as prescribed in preceding paragraph shall fulfill any of the role set forth below as separately specified by the Exchange;
 - (1) quote a bid and an offer continuously for the designated contracts as separately specified by the Exchange; or
 - (2) quote a counter-bid or offer within a scope that deems appropriate for their designated contracts as separately specified by the Exchange.
4. The Exchange may revoke Market Maker designation prescribed in paragraph 2 in a manner separately specified by the Exchange.
5. In addition to the provisions prescribed in the preceding paragraphs, the Exchange shall specify necessary matter to handle Market Maker program.

Article 9 (Emergency Measures)

1. When the Exchange deems it necessary to take emergency measures other than those prescribed in these Rules, the Exchange shall determine such other measures on a case-by-case basis.

Article 10 (Revision or Abolition)

1. Revision or abolition to these Detailed Rules shall be approved by the Representative Director, President.

Supplementary Provisions

Article 1

These Detailed Rules shall be in effect as of March 31, 2014.

Article 2

The previous version of the Oil Market Management Detailed Rules shall be abolished in the effective date of these Detailed Rules.

Article 3

Measures taken based on previous version of the Oil Market Management Detailed Rules shall be deemed as the measures taken based on these Detailed Rules.

Article 4

The rules in the previous version of the Oil Market Management Detailed Rules shall be applicable to the limits on the proprietary positions of a Broker Member (the greater of 10% of the total positions or the numbers prescribed in the rules) on and before October 2014 contract month.

Supplementary Provisions

The revisions to the provisions of Article 8 (Delivery Clearing Margins) shall be in effect as of September 26, 2014 and applied to October 2014 contract month and subsequent contract months.

Supplementary Provisions

The revisions to the provisions of Article 2 (Position Limit of Members) and Article 3 (Position Limit of Customers) shall be in effect as of June 1, 2015.

Supplementary Provisions

Article 1

Revisions to Article 9 (Reporting of Positions) shall be in effect as of September 20, 2016.

Article 2

Notwithstanding the provisions of Article 1, in the event that there is operational trouble of the electronic trading system or other unavoidable reasons that it is deemed necessary by the Exchange, the effective date of preceding Article will be separately provided by the Exchange

Supplementary Provisions

The revision to Article 2 (Position Limits of Members), Article 3 (Position Limits of Customers), Article 4 (Measures to be Taken When the Position of Members Exceeds the Limits), Article 7 (Hedge Positions) and Article 9 (Reporting of Positions) shall be in effect as of October 31, 2016.

Supplementary Provisions

The revision to Article 2 (Position Limits of Members), Article 3 (Position Limits of Customers) and Article 8 (Delivery Clearing Margins) shall be in effect as of May 8, 2017.

Supplementary Provisions

The revision to Article 8 (Delivery Clearing Margins) shall be in effect as of July 1, 2017.

Supplementary Provisions

The revision to Article 3 (Position Limits of Customers) shall be in effect as of July 26, 2017.

Supplementary Provisions

The revision to Article 1 (Purpose), Article 2 (Position Limits of Members), Article 3 (Position Limits of Customers), Article 7 (Hedge Positions) and Article 8 (Delivery Clearing Margin) shall be in effect as of September 17, 2019.

Supplementary Provisions

The revision shall be in effect as of December 1, 2019.

Supplementary Provisions

The revision shall be in effect as of July 27, 2020.

Supplementary Provisions

The revision shall be in effect as of April 1, 2021.

Supplementary Provisions

The revision shall be in effect as of April 4, 2022.

Supplementary Provisions

The revision shall be in effect as of January 1, 2023.