

Tokyo Commodity Exchange Audit Plan for FY2026

March 30, 2026

Self-regulatory Department
Tokyo Commodity Exchange, Inc.

I. Basic Policy

To maintain market fairness and reliability, Tokyo Commodity Exchange, Inc. (TOCOM) will audit Trading Participants based on its basic policy as follows, to examine their compliance with laws, regulations, and exchange rules (hereinafter collectively referred to as "laws and regulations"), as well as their business operations and financial positions.

1. Conducting audits with expertise of the exchange

The TOCOM Self-regulatory Department, which is in charge of audits, accurately understands the environment and issues surrounding the market, such as trends in international regulations, and cooperates with market operations departments, IT departments, and the clearing house (Japan Securities Clearing Corporation) as a self-regulatory department with close proximity to the market to conduct highly specialized audits to ensure the fairness and reliability of exchange markets.

2. Monitoring Trading Participants' operations and financial situation

Working in close collaboration with regulatory authorities, TOCOM will gather and analyze information on Trading Participants (i.e., on-exchange trading activity, all types of statements and reports submitted by Trading Participants, disclosed information, past audit results, and information on clearing, etc.). TOCOM will also communicate regularly with the persons in charge of audits and the like, in order to learn about the actual status of issues and internal management systems of each Trading Participant that cannot be understood solely from various filings and reports submitted by such Trading Participants.¹

3. Strengthening audits based on a risk-based approach

TOCOM will strengthen audits based on a risk-based approach as follows through risk assessment of Trading Participants based on audit and monitoring

¹ In addition to face-to-face contact, web-based meeting tools and other methods will be used.

results. In order to supervise Trading Participants effectively and efficiently, it will also aim for overall optimization of audits and monitoring.

(1) Selecting Trading Participants for audit based on risk

Based on the risk assessment results, TOCOM will prioritize audits of Trading Participants that are deemed to be at high risk.

If TOCOM considers it is necessary to make more in-depth enquiries without delay, it will flexibly conduct audits which focus on a specific issue, regardless of the number of days since the last audit or other considerations.

(2) Conducting flexible audits based on the severity of risk

Based on the results of the risk assessment and the business conditions and individual situations of the Trading Participant to be audited, TOCOM will select the items and themes to focus on during the audit. The number of audit days and number of audit officials will be determined flexibly according to the severity of the risk.

4. Strengthening internal management systems of Trading Participants

When TOCOM carries out audits, if the checks reveal any violation of laws and regulations or activities that are inappropriate for sound market operations, TOCOM will not only correct and follow up on those situations but also encourage the Trading Participant to take measures to strengthen its internal management system for matters deemed to have a potential risk in the future, by discussing issues with Trading Participants, including their management team, for example.

In addition, TOCOM will disseminate information on cases identified during audits. At the same time, it will work to expand its support activities with a focus on human resources development to address the shortage of compliance personnel at Trading Participants.

II. **FY2026 Initiatives**

1. Developments Related to Operations of Trading Participants

(1) Status of Violations in the Market, etc.

In light of the fact that manipulative trading known as “layering,” involving the placement of multiple layered orders to create a misleading appearance

of market depth, was identified in a Trading Participant's proprietary trading of 10-year JGB Futures on OSE,² and considering that such conduct can also occur in the commodity futures trading industry, TOCOM revised the "Guidelines for Rules concerning Trading Supervision Systems at Trading Participants to Prevent Unfair Trading"³ on January 15, 2026.

In addition, during audits and monitoring, there were some cases where order placement limits had been set at values that were excessively higher than those that should have been established, and where issues were identified in verification of the appropriateness of extraction criteria used in trade surveillance.

(2) IT usage

In FY2025, there was a significant number of cases of unauthorized access and fraudulent transactions at internet trading services which used customer information such as IDs and passwords stolen through phishing websites impersonating trading participants' websites, or other means, causing losses to customers.⁴

In the commodity futures trading industry as well, there have been recent cases of unauthorized access to systems by malicious third parties that have caused leakage of customer information.⁵

In addition, during audits and monitoring, several cases were identified where issues were found in the management of system malfunctions and in the identification and assessment of system risks.

2. Focus of Audits

Based on the above developments related to operations, the following items (1) through (4) have been identified as priority audit targets in FY2026.

² Disciplinary actions were taken by OSE and TSE in December 2024.

³ The Guidelines are only accessible by Trading Participants in order to prevent circumvention of the regulations.

⁴ In light of this situation, revisions were made on October 15, 2025 to the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." issued by the FSA, and to the "Guidelines for Preventing Unauthorized Access in Internet Transactions" issued by the Japan Securities Dealers Association (JSDA)

⁵ Under these circumstances, the Ministry of Economy, Trade and Industry (METI) released "Cybersecurity Management Guideline Ver.3.0 (https://www.meti.go.jp/policy/netsecurity/downloadfiles/CSM_Guideline_v3.0_en.pdf).

(1) Trading supervision systems to prevent unfair trading

With respect to proprietary and customer trades, TOCOM will conduct audits to determine whether Trading Participants have developed adequate trading supervision systems. This includes whether Trading Participants identify transactions that are likely to constitute unfair trading, including fictitious orders placed through multilayered order placements (layering), conduct trading surveillance based on the results of such identification, take appropriate measures against inappropriate transactions, respond in good faith to inquiries on unfair trading from TOCOM (including information on originating foreign investors), and conduct internal auditing of trading supervision operations.

(2) System risk management systems

With respect to cyberattacks, TOCOM will verify measures implemented to prevent customer losses,⁶ taking into account the entire supply chain including third-party service providers. (These include appropriate management of IDs and passwords, identification of possible intrusion routes, and monitoring and restrictions related to changes to or additional withdrawal accounts.) TOCOM will also verify whether effective measures have been taken in response to increasingly sophisticated cyberattack methods (including risk assessments, the establishment of response procedures, and conducting training).

Also, TOCOM will check whether the development and operation of Trading Participants' computer systems for receiving, placing, and settling transactions are appropriately managed. If any systems-related operations are outsourced, TOCOM audits whether Trading Participants check the status of such outsourced operations. If new technologies such as cloud services are used, it will also conduct audits such as whether risks inherent in said

⁶ In the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” issued by the FSA and the “Guidelines for Preventing Unauthorized Access in Internet Transactions” issued by the JSDA, Trading Participants are required to implement measures such as the introduction of phishing-resistant multi-factor authentication for important operations including login, as well as the provision of notification functions to customers. In light of the growing threat of cyberattacks, it is considered important for Trading Participants to ensure stable system operations and thorough information security management by referring to these supervisory guidelines and industry guidelines, as well as other initiatives within the financial instruments business sector, when addressing relevant issues.

services are properly understood and risk-reduction measures are implemented according to data to be handled, as well as the importance of business operations to be applied.

TOCOM will also verify whether Trading Participants are identifying remaining risks by comprehensively checking all systems and assessing the degree of vulnerability of and threats to critical systems based on current countermeasures. In addition, we will also verify whether Trading Participants are taking sufficient countermeasures against identified risks.

Regarding system malfunctions, TOCOM will check whether there are effective measures in place to ensure stable system operations (such as development of procedures in response to disruptions of Trading Participants' own systems as well as exchange systems, etc., or development of alternative routes for major business operations) as well as, for example, whether causes of malfunctions are identified, and prevention measures are appropriately formulated by addressing said causes.

(3) Order Management Systems

TOCOM will audit whether Trading Participants implement appropriate management systems to prevent erroneous order placement, including responses to abnormal circumstances such as an order placement system with appropriate limits for order placement based on trading conditions, including for trading through automated order placement which uses an electronic data processing system.

(4) Clearing Margin Management Systems

TOCOM will audit whether Trading Participants have sufficient clearing margin management systems; for instance, whether they specify the amount of margin required, whether they properly deposit margin received from customers with the clearing organization, or whether they have appropriate management systems for when customers' margin deposits become or are likely to become inadequate.

3. Information sharing with regulatory authorities

To contribute to the overall enhancement of Trading Participant oversight, TOCOM will continue boosting efforts by exchanging information, closely collaborating, and sharing views on problems with regulatory authorities.

4. Other matters

Please refer to the Appendix for outlines of other audits. TOCOM will also work on supporting Trading Participant-driven improvement of internal management systems as necessary.

Appendix

1. Scope of audits

Audits of Trading Participants, mainly those who send orders directly to TOCOM, shall, as a general rule, be conducted based on this Audit Plan within the following scope.

(1) Types of audits

There are three types of audits:

- General audits of Trading Participants for which audits are deemed highly necessary based on on-going analysis of Trading Participant's business operations and financial situation;
- Follow-up audits conducted as needed to check for improvements within approximately one year after an audit; and
- Special audits that focus on specific issues based on a range of information.

(2) Audits in collaboration with other self-regulatory organizations

Audits for TOCOM Trading Participants with OSE trading qualifications will be carried out simultaneously with inspections by Japan Exchange Regulation (JPX-R)⁷. Information submitted by Trading Participants will be shared with JPX-R as needed to conduct effective audits, which includes a reduction of the burden of audits for Trading Participants, as well as to manage Trading Participants for the entire JPX group to ensure the reliability of the capital market.

(3) Notice of audits, etc.

Where an audit is to be carried out, notice will be given to the representative of the Trading Participant. As a general rule, the Trading Participant will be notified of the start date and method, etc. of the audit approximately four weeks in advance and the names, etc. of the audit staff will be provided approximately two weeks prior to the start date.

In an audit, TOCOM will request, in advance, personnel responsible for audits at the Trading Participant subject to the audit to prepare various materials required for the audit⁸.

(4) Audit method

⁷ Audits are carried out jointly with JSDA and other financial instruments exchanges.

⁸ The formats for materials to be prepared in advance are available from Target. Note that, depending on the features of the Member's business and other factors, we may ask the Member to prepare materials in advance in addition to the default format.

Audits are classified into on-site audits, in which TOCOM staff visit the headquarters and other offices of Trading Participants, and document-based audits, which are based on submitted documents.

During an on-site audit, TOCOM will examine various documents including books and records. At the same time, TOCOM will analyze the actual operations of Trading Participants from multiple perspectives through conversations with their officers and employees and audit issues in question, etc. in relation to their business operations.

(5) Duration of audit and number of audit staff

The duration of an audit and the number of audit staff Trading Participants will be determined in accordance with the degree of risk and related factors, based on the size and actual conditions of each Trading Participant as well as the risk each Trading Participant holds, and the like.

(6) Explanation of audit results, etc.

After an audit is completed, TOCOM will give the representative or other appropriate person of the Trading Participant a verbal explanation of the audit results and the assessment status of internal management systems, etc. TOCOM will also send notification of the audit results to the representative of the Trading Participant.

(7) Action taken based on audit results

In order to protect public interest and investors, if the results of an audit reveal an infringement of laws and regulations, TOCOM will impose sanctions⁹ on or issue a recommendation to do so; or otherwise, issue cautionary notice to or take other actions as indicated in the chart below against Trading Participants.¹⁰

⁹ "Points of Consideration when Deciding on Sanctions" (March 30, 2021) (<https://www.jpx.co.jp/english/regulation/maintaining/points-of-note/01.html>)

¹⁰ The decision on the type of disciplinary action, etc. will be based on a comprehensive evaluation of various aspects, including whether or not there has been willful misconduct or gross negligence on the part of the officers or employees of the Member, the severity of the infringement, and the status of internal management systems.

Infringement of laws, regulations, or exchange rules		Deficiency of internal controls, etc.
Sanction	Revocation of trading qualification	Recommendation
	Suspension or restriction of transactions, etc.	
	Imposition of financial penalty	
	Censure	
Cautionary notice	Caution by the executive officer in charge	Request
	Caution by Director of Self-Regulation	
	Caution by the auditor	

(8) Opinion sharing and appeals following audit

Every effort is made to align the audit staff's and the Trading Participant's understanding of conditions by exchanging opinions, etc. following the audit.

In the event of differing opinions, the Trading Participant may submit an appeal to TOCOM.¹¹

(9) Improvements made by Trading Participants on deficiencies

Audit staff continuously monitor progress on improvements on problems identified by audits and take steps to ensure Trading Participants make improvements. They also provide consultation and other forms of support for improvement as needed. If anything is unclear or if there are any concerns about day-to-day business operations other than matters identified by audits, please contact TOCOM.

(10) Feedback Survey

TOCOM gathers a wide variety of opinions regarding its audit activities. It conducts surveys with audit-related personnel mainly via email following the release of audit results in order to improve audit operations.

¹¹ When TOCOM receives an appeal, after considering the content of the appeal, it will hold conversations as needed and make an impartial judgment.

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