

Change in Application Procedure for Additional Trading Memberships, etc.

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Tokyo Commodity Exchange, Inc.

I . Purpose

In order to improve the convenience of the derivatives market, Tokyo Commodity Exchange, Inc. (TOCOM) will change the application procedures for additional trading memberships for Members, and partially revise the trading rules for crude oil and petroleum-linked futures.

II . Outline

Item	Description	Notes
1. Change to Notification System for Additional Memberships	<ul style="list-style-type: none">When Members who already hold TOCOM memberships wish to acquire additional memberships for listed products in the same market or in a different market, the application procedure will be changed to a notification system.	<ul style="list-style-type: none">There are two markets, Energy Market and Chukyo Oil Market.Currently, Members are required to apply and go through an examination each time they wish to add a membership.
2. Discontinuation of EFF (Exchange of Futures for Futures) Trading	<ul style="list-style-type: none">EFF trading will be discontinued because of a lack of demand after the delisting of cash-settled petroleum product futures in April this year, among other things.	<ul style="list-style-type: none">EFF trading was introduced at the time of the listing of cash-settled petroleum product futures (May 2017).
3. Change in the Criteria for Temporary Trading Halts	<ul style="list-style-type: none">In the case of gasoline, kerosene and gas oil futures in the Energy Market and gasoline and kerosene futures in the Chukyo-oil Market, if a buy (or sell) order is placed in the central contract month of continuous trading* at the upper (or lower) limit obtained by adding or subtracting the Circuit Breaker Trigger Level to or from the reference price, trading in all contract months will be halted.	<ul style="list-style-type: none">Currently, with the exception of crude oil futures, trading for these products is not halted even if a buy (or sell) order is placed at the upper (or lower) limit obtained by adding or

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<p>4. Expansion of Registration Price Limits for Off-floor Transactions</p> <p>5. Other</p>	<ul style="list-style-type: none"> • In the case that a temporary trading halt is conducted, the upper (and lower) price limits for all contract months will be expanded by adding or subtracting the Circuit Breaker Trigger Level to or from the reference price and then trading will continue. *"Central contract month of continuous trading" refers to the most liquid contract month as specified by TOCOM among all contract months for each product. • The range of prices (price limits) at which off-floor transactions can be registered will be expanded for crude oil, gasoline, kerosene and gas oil in the Energy Market, and gasoline and kerosene in the Chukyo-oil Market. Parameter "N" in the below formula will change to 60. $\text{Registration Price Limit for Off-floor Transaction} = X \pm (Y \times N\%)$ (X: the most recent execution price, or if there is none, the settlement price of the preceding business day; Y: the settlement price of the preceding business day) • Other necessary revisions will be made. 	<ul style="list-style-type: none"> • subtracting the Circuit Breaker Trigger Level to or from the reference price. • This revision will result in the treatment of all the mentioned products being aligned with crude oil futures. • This change will also apply to EFP (Exchange of Futures for Physicals) and EFS (Exchange of Futures for Swaps) transactions. • Currently, parameter "N" is set as 32.

III. Implementation date (planned)

- Item 1, Item 2, and Item 5 will be implemented in December 2021 subject to approval by the Minister of Economy, Trade and Industry. Item 3 and Item 4 will be implemented in April 2022 (both dates approximate).

Appendix: Changes in the Circuit Breaker Trigger Level

		Before			<u>After</u>		
		Normal	1 st Expansion	2 nd Expansion	Normal	1 st Expansion	2 nd Expansion
Energy Market	Gasoline	JPY 10,000	No expansion in principle	No expansion in principle	<u>30% of the reference price</u>	<u>45% of the reference price</u>	<u>60% of the reference price</u>
	Kerosene						
	Gas oil						
	Crude oil	30% of the reference price	45% of the reference price	60% of the reference price	30% of the reference price	45% of the reference price	60% of the reference price
Chukyo-oil Market	Gasoline	JPY 10,000	No expansion in principle	No expansion in principle	<u>30% of the reference price</u>	<u>45% of the reference price</u>	<u>60% of the reference price</u>
	Kerosene						

Note: "Reference price" refers to the settlement price of the previous clearing period (in the case of a newly established contract month, the settlement price of the previous clearing period of the closest contract month).