

## Customized Delivery Procedure for Chukyo-Oil

(As of July 27, 2020)

Tokyo Commodity Exchange, Inc.

### Rule 1 (Purpose)

1. This Procedure shall prescribe matters necessary for physical delivery by means of Customized Delivery prescribed in Rule 8 of the Chukyo-Oil Delivery Detailed Rules (hereinafter referred to as the "Detailed Rules").

### Rule 2 (Definition)

1. A Customized Delivery means a physical delivery that is carried out in a manner where the Trading Participants (meaning Trading Participants specified in Rule 6, Paragraph 1 of the Market Rules; the same shall apply to Rules 4, 5, 11 and 12) involved in the delivery negotiate their delivery terms and reach an agreement thereof after the last trading day of the nearest contract, then notify the Exchange to that effect.

### Rule 3 (Eligible Entities)

1. Deliveries which are made within a tank established in a storage facility prescribed in Rule 2, Paragraph 1, Item 2 of the Detailed Rules or a manufacturing facility (meaning a facility that manufactures hazardous materials prescribed in Article 2 of the Fire Service Act (Act No. 186 of 1948) and that manufactures and stores the class I and II petroleum referred to in the appended table of the same act with permission obtained from the municipal mayor, prefectural governor or Minister of Internal Affairs pursuant to the provisions of Article 11 of the same act) without physically transferring the delivery goods (hereinafter referred to as "In-Tank Title Transfer") shall be available only to entities that fall under either of the following items and are approved as appropriate by the Exchange.
  - (1) A Trading Participant
  - (2) A Commercial

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**Rule 4 (Notification Period and Method, etc.)**

1. The period, method, and other relevant matters for notifying an intention to make a Customized Delivery shall be as follows.
  - (1) Trading Participants notifying their intention to make a customized delivery shall submit the following documents to the Exchange within the period prescribed in Rule 8, Paragraph 1 of the Detailed Rules (or, for documents specified in d., by 3:30 p.m. of the day one business day before the delivery day if the Exchange approves this).
    - a. A written notice signed by both the buyer and seller;
    - b. A General Delivery Notice specifying, among other things, delivery day, delivery point, delivery amount, delivery method, and whether a document certifying that delivery goods to be delivered qualify as good delivery material (hereinafter referred to as the "Quality Certification") is attached (limited to cases pursuant to the provisions of Rule 10);
    - c. In cases where an In-Tank Title Transfer is carried out, a copy of a document specifying delivery day, delivery point, delivery volume, delivery method and other relevant information, and a copy of a document such as a contract from which the Exchange can confirm that the relevant delivery will be made (hereinafter referred to as the "Agreement");
    - d. In cases where an In-Tank Title Transfer is carried out, a document stating that the entity who stores or administers the delivery point or relevant delivery goods agrees that the In-Tank Title Transfer will be carried out for the said delivery goods between a buyer and seller;
    - e. The document prescribed in d. may be omitted in cases where a seller or buyer carries out the In-Tank Title Transfer at a delivery point that is owned by itself (including delivery points where a lease agreement or other similar agreements have been concluded with the tank facility owner or others for whole or part of the tank) or inside a tank where it itself was storing or administering said delivery goods.
  - (2) In cases where the Exchange accepts documents including the General Delivery Notice prescribed in the preceding item, it will notify the relevant Trading Participants of the delivery payment (for gasoline, the gasoline tax and the local gasoline tax according to the delivery amount shall be added; the same shall apply hereinafter) and the amount equivalent to applicable consumption tax (including local consumption tax; the same shall apply hereinafter) (the total of the delivery payment and the amount equivalent to applicable consumption tax is hereinafter referred to as the "tax-inclusive delivery payment").
  - (3) In cases where a Trading Participant which has notified its intention to make a Customized Delivery submits a General Delivery Notice including other relevant documents prescribed in Item 1 to the Exchange, it shall make the delivery pursuant to the provisions of Japan Securities Clearing Corporation.
  - (4) In cases where a Trading Participant which has notified its intention to make a Customized

## Reference Translation

Delivery revises details included in the General Delivery Notice and/or Agreement prescribed in Item 1, it shall resubmit the General Delivery Notice and/or Agreement to the Exchange by 3:30 p.m. of the delivery day (or by 3:30 p.m. of the previous business day if the day falls on a non-business day). In this case, the Exchange will renotify the relevant Trading Participants of the tax-inclusive delivery payment without delay.

2. In cases where the intention is notified as specified in Item 1 of the preceding paragraph and the delivery method is an In-Tank Title Transfer, the Exchange may request the Trading Participants who have given the notification to provide a detailed explanation or submit relevant materials about the delivery.
3. In cases where the Exchange has requested provision of a detailed explanation or submission of relevant materials about the delivery pursuant to the provisions of the preceding paragraph and a Trading Participant refuses to accept said request without legitimate reason, or the Exchange deems it inappropriate for a Trading Participant to carry out the delivery by In-Tank Title Transfer after reviewing said explanation or materials, the Exchange may instruct said Trading Participant to change the delivery method.

### **Rule 5 (Cancellation of Notification)**

1. A Trading Participant which has given notification of its intention to make a Customized Delivery may not cancel said notification.

### **Rule 6 (Good Delivery Materials)**

1. Good delivery materials shall be the delivery goods that meet the following criteria and that have been agreed upon by delivery parties.

(1) Gasoline

Either domestically refined gasoline or imported gasoline that has cleared the custom, that meets the quality standards for gasoline standards prescribed in Article 10 of the Regulation for Enforcement of the Act on the Quality Control of Gasoline and Other Fuels (Order of the Ministry of Economy, Trade and Industry No. 24 of 1977);

(2) Kerosene

Either domestically refined kerosene or imported kerosene that has cleared the custom, that meets the quality standards of Japanese Industrial Standard K2203 No. 2.

### **Rule 7 (Delivery Point)**

1. The delivery point shall be either a storage facility or manufacturing facility prescribed in Rule 3, which is located in Japan and that has been agreed upon by the delivery parties.

### **Rule 8 (Calculation of Weight of Delivery Goods)**

## Reference Translation

1. The weight of delivery goods shall be based on the numerical value of the flow meter installed at the delivery point prescribed in Rule 3 (hereinafter referred to as the "delivery point"), and in case of maritime shipment (meaning shipment by means of a tanker or tank barge prescribed in Article 2, Paragraphs 10 and 11 of the Regulations for the Carriage and Storage of Dangerous Goods in Ship (Ordinance of the Ministry of Transport No.30 of 1957) (hereinafter referred to as an "inland water vessel"); the same shall apply hereinafter), the weight of delivery shall be the numerical value obtained by converting the oil temperature of said delivery goods to 15 degrees Celsius in accordance with the volume conversion factor prescribed by the Japan Industrial Standard K2249.
2. The minimum measuring unit for delivery goods shall be 1 liter. Any resulting fraction that is less than 1 liter shall be rounded off.
3. Notwithstanding the provisions of Paragraph 1, in cases where a delivery is made at a delivery point other than those prescribed in Rule 62 of the Market Rules, the weight of delivery goods shall be based on numerical values stated in documents certifying that the delivery has been completed such as a copy of the statement of delivery or cargo handling agreement.
4. Notwithstanding the provisions of Paragraph 1 and Paragraph 3, the weight of delivery goods for an In-Tank Title Transfer shall be based on the numerical values stated in the General Delivery Notice or Agreement prescribed in Rule 4, Paragraph 1, Item 1.

### **Rule 9 (Delivery Day)**

1. The delivery day shall be a day that falls within the period prescribed in Rule 63 of the Market Rules and that has been agreed upon by the delivery parties.

### **Rule 10 (Quality Certification)**

1. In cases where a seller makes delivery at a delivery point which is a storage facility and a Quality Certification is requested to be attached by the buyer, said seller shall attach the certification; provided, however, that the same shall not apply to cases where delivery is made at a storage facility approved by the Exchange, where delivery is made at a place other than delivery points prescribed in Rule 62 of the Market Rules according to the agreement between the delivery parties, or where the delivery is of materials other than good delivery materials specified in Rule 3 of the Detailed Rules.
2. A Quality Certification pursuant to the preceding paragraph shall be based on analysis performed by a registered analytical laboratory prescribed in Article 16-2 of the Act on the Quality Control of Gasoline and Other Fuels (Act No. 88 of 1976) or an organization approved by the Exchange as equivalent to a registered analytical laboratory, by any of the following methods, and contain results of analysis that meet the criteria prescribed in Rule 6.
  - (1) Analysis of samples that were extracted from the tank in which said delivery goods are or were

## Reference Translation

stored at each rotation of the tank;

- (2) Analysis of samples that were extracted from the tank in which said delivery goods are or were stored once every month regularly.

### **Rule 11 (Retention of Delivery Certification Documents)**

1. A Trading Participant who has carried out a Customized Delivery shall retain documents specified in Rule 4, Paragraph 1, Item 1, d.

### **Rule 12 (Recording on Statutory Book)**

1. A Trading Participant who has carried out a Customized Delivery shall record the delivery in the statutory book in a manner that clearly indicates that delivery was made by way of Customized Delivery.

### **Rule 13 (Application Mutatis Mutandis of Detailed Rules)**

1. The provisions of Rule 5 of the Detailed Rules shall be applied mutatis mutandis to Customized Deliveries.
2. The provisions of Rules 12 13 of the Detailed Rules shall be applied mutatis mutandis to Customized Deliveries. In this case, "these Detailed Rules" shall be read as "this Procedure".

### **Rule 14 (Revision or Abolition)**

1. Revision or abolition of this Procedure shall be approved by the Representative Director, President.

### **Supplementary Provisions**

This Procedure shall take effect on October 12, 2010.

### **Supplementary Provisions**

The revisions to the provisions of Rule 2 (Eligible Entities), Rule 7 (Calculation of Weight of Delivery Goods) and Rule 16 (Recording on Statutory Book) shall take effect on May 15, 2012.

### **Supplementary Provisions**

The newly established provisions of Rule 1-2 (Definitions) and the revision to the provisions of Rule 2 (Eligible Entities) shall take effect on March 31, 2014.

### **Supplementary Provisions**

The revisions to the provisions of Rule 9 (Delivery Method) shall take effect on October 1, 2014.

**Supplementary Provisions**

The revisions to the provisions of Rule 9 (Delivery Method) and Rule 15 (Retention of Delivery Certification Documents) shall take effect on March 22, 2016.

**Supplementary Provisions**

The revisions to the provisions of Rule 1-2 (Definitions), Rule 2 (Eligible Entities), Rule 3 (Notification Period and Method, etc.), Rule 4 (Cancellation of Notice), Rule 15 (Retention of Delivery Certification Document), Rule 16 (Recording on Statutory Book) and Rule 17 (Application Mutatis Mutandis of Detailed Rules) shall take effect on October 31, 2016.

**Supplementary Provisions**

The revisions to the provisions of Rule 3 (Notification Period and Method, etc.), Rule 9 (Delivery Method) and Rule 15 (Retention of Delivery Certification Documents) shall take effect on May 8, 2017.

**Supplementary Provisions**

The revisions to the provisions of Rule 5 (Good Delivery Materials) and Rule 7 (Calculation of Weight of Delivery Goods) shall take effect on July 1, 2019.

**Supplementary Provisions**

These revisions shall take effect on December 1, 2019.

**Supplementary Provisions**

These revisions shall take effect on July 27, 2020.