

## Customized Delivery Procedure for Energy

(As of April 20, 2022)

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 11 of the Energy 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 refinery or storage facility prescribed in Rule 2, Paragraph 1, Items 2 and 3 of the Detailed Rules 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
2. Notwithstanding the provisions of the preceding paragraph, In-Tank Title Transfer of gas oils shall be available only to entities specified in Rule 3, Paragraph 1, Item 1 of the Detailed Rules for a seller or specified in any of Items 1 through 4 of the same paragraph for a buyer, and are approved as appropriate by the Exchange.

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

1. The period, method, and other relevant matters for notifying an intention to make a Customized

1 / 8

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## Reference Translation

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 11, 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 said delivery goods between the 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) The notification of intention pursuant to the preceding item shall be made, as a general rule, upon reaching an agreement after the seller presents the proposed delivery point, at least to the level of whether it is a refinery or storage facility, to the buyer and the buyer presents the proposed delivery day, at least to the level of timing such as early, middle or late in the nearest contract, to the seller and they negotiate the terms between them.
- (3) In cases where the Exchange accepts documents including a General Delivery Notice prescribed in Item 1, it will notify the relevant Trading Participants of the delivery payment (for gasoline, it shall include any gasoline tax and local gasoline tax applicable to the delivery amount, and for gas oil, it shall include any gas oil delivery tax in case of taxable delivery; 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").
- (4) Trading Participants which have notified their intention to make a Customized Delivery shall agree on the delivery details pertaining to Items 1 and 2 between the delivery parties by the 10<sup>th</sup> day (one

business day earlier if the day falls on a non-business day) of the nearest contract and make the delivery pursuant to the provisions of Japan Securities Clearing Corporation.

- (5) In cases where a Trading Participant which has notified its intention to make a Customized Delivery revises details included in the General Delivery Notice and/or Agreement prescribed in Item 1 based on the agreement between the delivery parties, 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 of Japanese Industrial Standard K2202 No. 2 and the requirements specified in the Procedure Related to Delivery for Energy Market and Chukyo-Oil Market;
  - (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. and the requirements specified in the Procedure Related to Delivery for Energy Market and Chukyo-Oil Market;
  - (3) Gas oil

Either domestically refined gas oil or imported gas oil that has cleared the custom, that meets the quality criteria for gasoline standards prescribed in Article 22, Paragraph 1 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) and the quality standards of any grade of special No. 1 through No. 3 of Japanese Industrial Standard K2204, type 1 in schedule 1.

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

1. The delivery point shall be either a refinery or storage facility prescribed in Rule 2, Paragraph 1, Items 2 and 3 of the Detailed Rules which is located in Japan and that has been agreed upon by the delivery parties.

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

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 62 of the Market Rules (hereinafter referred to as the "delivery point"), and in case of maritime shipment, 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 in 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 cargo handling agreement or statement of delivery.
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 with none of the following items being applied, said seller shall attach the certification; provided, however, that in case of a request for attachment pursuant to Item 2 of the following paragraph, the seller may change the attachment to the one described in Item 1 of the following paragraph only if the seller cannot make the attachment because

of a change of delivery day due to the circumstance of the buyer.

- (1) Where a delivery is made by means other than maritime shipment;
  - (2) Where a delivery is made at places other than delivery points prescribed in Rule 62 of the Market Rules according to the agreement by the delivery parties;
  - (3) Where a delivery is made of materials other than good delivery materials specified in Rule 6 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 qualification standards of the Japanese Industrial Standard prescribed in Rule 6.
- (1) Analysis of samples that were extracted from the tank in which said delivery goods are stored on the first day (one business day later if the day falls on a Saturday, Sunday or holiday prescribed in the Act on National Holidays) of the nearest contract;
  - (2) Analysis of samples that were extracted from the tank in which said delivery goods are stored at the time when the delivery goods were last carried into the tank before the delivery day stated in the General Delivery Notice prescribed in Rule 4, Paragraph 1, Item 1.
3. Request for attachment pursuant to Item 2 of the preceding paragraph shall be made within the period prescribed in Rule 11, Paragraph 1 of the Detailed Rules.

#### **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 Energy Delivery Detailed Rules)**

1. The provisions of Paragraphs 2 through 5 of Rule 3, Rule 4, Rule 5, and Rule 8 of the Detailed Rules shall be applied mutatis mutandis to Customized Deliveries.
2. The provisions of Rule 15 and Rule 16 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 December 1, 2008.

### **Supplementary Provisions**

The revisions to the provisions of Rule 2 (Eligible Entities), Rule 3 (Notification Period and Method, etc.), Rule 5 (Good Delivery Materials) and Rules 7 (Weight of Delivery Goods) through 14 (Filing of Deficiency) shall take effect on May 7, 2009.

### **Supplementary Provisions**

The revision to the provisions of Item 1 of Rule 2 (Eligible Entities) shall take effect on the day when the revision to Rule 87 (Category of Membership) of the Market Rules takes effect (October 8, 2009).

### **Supplementary Provisions**

The revisions to the provisions of Rule 3 (Notification Period and Method, etc.), Rule 5 (Good Delivery Materials), Rule 9 (Delivery Method), Rule 15 (Retention of Delivery Certification Documents) and Rule 17 (Application Mutatis Mutandis of Oil Delivery Detailed Rules) shall take effect on May 6, 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**

## Reference Translation

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 Notification), Rule 15 (Retention of Delivery Certification Documents), and Rule 16 (Recording on Statutory Book) shall take effect on October 31, 2016.

### **Supplementary Provisions**

The revisions to the provisions of Rule 5 (Good Delivery Materials) and Rule 10 (Qualification Certification) shall take effect on November 14, 2016 and apply to contracts on and after June 2017.

### **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 3 (Notification Period and Method, etc.) and Rule 17 (Application Mutatis Mutandis of Oil Delivery Detailed Rules) shall take effect on April 27, 2018, and shall be applied to contracts on or after June 2018.

### **Supplementary Provisions**

The revisions to the provisions of Rule 5 (Good Delivery Materials), Rule 7 (Calculation of Weight of Delivery Goods), and Rule 10 (Qualification Certification) shall take effect on July 1, 2019.

### **Supplementary Provisions**

The revisions to title of this Procedure, Rule 1 (Purpose), Rule 5 (Good Delivery Materials) and Rule 17 (Application Mutatis Mutandis of Oil Delivery Detailed Rules) shall take effect on September 17, 2019.

### **Supplementary Provisions**

These revisions shall take effect on December 1, 2019.

### **Supplementary Provisions**

These revisions shall take effect on July 27, 2020.

### **Supplementary Provisions**

These revisions shall take effect on April 1, 2021.

### **Supplementary Provisions**

## Reference Translation

These revisions shall take effect on May 20, 2022 and shall be applied to contracts on or after June 2022.