

Detailed Rules on Trading Supervision Systems at Trading Participants to Prevent Unfair Trading

(As of January 1, 2023)

Tokyo Commodity Exchange, Inc.

Rule 1 (Purpose)

1. These Rules shall, based on the provisions of Rule 3, Paragraph 15 of the Market Rules, prescribe matters necessary for trading supervision systems that are established by Trading Participants who conduct trades on the Exchange markets.
2. The purpose of the establishment of trading supervision systems as referred to in the preceding paragraph is to prevent unfair trading by Trading Participants with regard to trading on the Exchange markets, through the establishment of internal rules and implementation of any other necessary measures by Trading Participants, thereby ensuring trust in the Exchange and Trading Participants while contributing to the public interest and protection of Customers, etc. (meaning Customers, etc. prescribed in Rule 33, Paragraph 2 of the Market Rules; the same shall apply hereinafter).

Rule 2 (Establishment of Internal Rules)

1. Trading Participants who conduct trades on the Exchange markets shall establish internal rules that specify the matters referred to in each item of the following with regard to trading supervision that Trading Participants conduct for the purpose of preventing unfair trading by their Customers, etc.
 - (1) Matters concerning the departments responsible for trading supervision, and their powers and responsibilities
 - (2) Matters concerning restrictions on order placement and cancellation, etc.
 - (3) Matters concerning accurate identification of trends in and motives for trading behavior, among other things, of Customers, etc.

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- (4) Matters concerning information to be taken into consideration in trading supervision
- (5) Matters concerning trade surveillance of Customers, etc.
- (6) Matters concerning measures to be taken on the basis of the results of trade surveillance
- (7) Matters concerning segregation of placement of orders for the proprietary account and the accounts of Customers, etc.
- (8) Communication system with contact agent (limited to Remote Broker Trading Participants and Remote Market Trading Participants who conduct trades on the Exchange markets)
- (9) Any other matters deemed necessary

Rule 3 (Accurate Identification of Motives for and Trends in Trading Behavior of Customers, etc.)

1. Trading Participants who conduct trades on the Exchange markets shall strive to accurately identify trends in and motives for trading behavior, among other things, of Customers, etc. by means of appropriate monitoring (meaning surveys of traded products, trading method, forms of trading, investment motives and investment experience of Customers, etc., among other things).

Rule 4 (Trade Surveillance)

1. Trading Participants who conduct trades on the Exchange markets shall conduct trade surveillance appropriately in consideration of matters such as the forms of trading of Customers, etc.
2. In cases where a Trading Participant who conducts trades on the Exchange markets identifies a transaction of a Customer, etc. that is likely to lead to unfair trading, it shall caution the Customer, etc. who has carried out said transaction, and if the Trading Participant sees no subsequent improvement, it shall take appropriate measures such as suspending the acceptance of orders from said Customer, etc.

Rule 5 (Creation and Preservation of Internal Records)

1. Trading Participants who conduct trades on the Exchange markets shall create internal records of the results of the trade surveillance prescribed in Paragraph 1 of the preceding rule (excluding cases where it is clear that the trade does not fall under unfair trading) and preserve them for five years.

Rule 6 (Review, etc. of Internal Rules)

1. A Trading Participant who conducts trades on the Exchange markets shall ensure the effectiveness of internal rules pursuant to Rule 2 by, among other things, keeping officers and employees fully informed, and having the department responsible for trading supervision revise the rules according to the actual situation of the market and trading.

Rule 7 (Supervision of Proprietary Trading)

1. Trading Participants who conduct trades on the Exchange markets shall establish appropriate trading supervision systems for proprietary trading, taking into account the forms of trading, etc. they carry out.

Rule 8 (Revision or Abolition)

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

Supplementary Provisions

These Detailed Rules shall take effect on January 1, 2023.