

## **Dispute Resolution Regulations**

(As of July 27, 2020)

Tokyo Commodity Exchange, Inc.

### **CHAPTER 1 General Provisions**

#### **Rule 1 (Purpose)**

1. The purpose of these Regulations is, pursuant to the provisions of Article 44, Paragraph 3 of the Articles of Incorporation, to prescribe necessary matters for the arbitration of disputes and contribute to resolution thereof, arising between Trading Participants or between a Trading Participant who obtained a license prescribed in Article 190, Paragraph 1 of the Commodity Derivatives Transaction Act (Law No. 239, 1950, hereinafter referred to as the "Act") and accept consignment of transactions in the commodity markets (hereinafter referred to as a "Broker Trading Participant") and its customer, in relation to transactions on commodity markets of TOCOM; provided that with respect to disputes arising between a Broker Trading Participant and its customer, these Regulations shall apply only to disputes other than those pertaining to the resolution of disputes arising from transactions, etc. on a commodity market (excluding commodity clearing transactions) arbitrated by the Commodity Futures Association of Japan pursuant to Article 241 of the Act.

#### **Rule 2 (Nondisclosure of Arbitration Procedure)**

1. The arbitration procedure shall not be disclosed; provided, however, that the Company may permit passive attendance of a person or persons deemed appropriate by the Committee.

### **CHAPTER 2 Appeal for Dispute Arbitration**

#### **Rule 3 (Appeal)**

1. When a dispute arises between Trading Participants, or between a Broker Trading Participant and its customer, in relation to transactions on commodity markets of the Company, the parties thereto may appeal to the Company for dispute arbitration; provided, however, that with respect to a dispute between a Broker Trading Participant and its customer, the Broker Trading Participant may not appeal for dispute arbitration unless the customer agrees to accept arbitration by the Company.
2. Any Trading Participant who becomes a counterparty to an appeal that has been made pursuant to the preceding Paragraph shall accept the arbitration.
3. Any party to a dispute intending to appeal for dispute arbitration, pursuant to the provisions of Paragraph 1 shall, in principle, submit a document describing the following matters to the Company.

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- (1) Date of appeal.
  - (2) Personal or company name, occupation, and address of the party making the appeal (hereinafter referred to as the “appellant”).
  - (3) Personal or company name, occupation, and address of the counterparty in the dispute.
  - (4) Intent of the appeal.
  - (5) The progress of the dispute and the current situation.
  - (6) Specification of reference materials, if any.
4. If there are evidential documents pertaining to the appeal, made under the provision of Paragraph 1, the appellant shall submit the originals or duplicate copies of the documents at the time of appeal, to the Company, for dispute arbitration.

#### **Rule 4 (Rejection of Appeal)**

1. The Company may refuse to carry out a reconciliation, if the appeal for dispute arbitration falls under any of the following cases.
  - (1) When the appeal pertains to a dispute which has already been resolved through arbitration conducted by the Company, reconciliation and mediation conducted by the Arbitration/Conciliation Committee as prescribed in Article 260 of the Act, or through amicable settlement between the parties thereto.
  - (2) When the appeal pertains to a dispute where an appeal for reconciliation and mediation has been made to the Arbitration/Conciliation Committee, as prescribed in Article 260 of the Act, or a dispute under such reconciliation and mediation.
  - (3) When the appeal pertains to a dispute where arbitration has been discontinued pursuant to the provisions of Rule 8, the appeal has been rejected by the Arbitration/Conciliation Committee prescribed in the preceding Item, or reconciliation thereof has been unsuccessful and mediation thereof has been discontinued.
  - (4) When the appeal pertains to a dispute where the settlement of the trade that caused the dispute completed more than three years ago.
  - (5) When a party to the dispute takes an action against the other party, or appeals to the court or a bar association for mediation, with respect to the dispute under arbitration.
  - (6) When the dispute is considered inappropriate to carry out an arbitration, taking into consideration the nature of the dispute.
  - (7) When the appeal is considered to be made for unjustifiable purposes or without a proper reason.

### **CHAPTER 3 Dispute Arbitration**

#### **Rule 5 (Hearing)**

1. The Company shall request the parties related to the dispute to appear at a hearing, on a date determined by the Company, and shall conduct such hearing.
2. If a party to a dispute requests a change of the hearing date prescribed in Item 1 above, the party shall make such request no later than two business days prior to the hearing date.
3. A party requested to appear at a hearing in accordance with the provisions of Paragraph 1 above shall appear in person; provided, however, that if the Company recognizes that the party is caught in unavoidable circumstances, such party may allow its agent to appear at a hearing, or may appear at a hearing with its assistant subject to the approval of the Company.
4. The Company may revoke the approval prescribed in the preceding Paragraph at any time.

#### **Rule 6 (Participation of an Interested Party)**

1. A party who has an interest in the dispute may participate in the arbitration procedures if the

Company determines that such participation is appropriate.

**Rule 7 (Measures Taken to Facilitate Investigations, etc. Necessary for Arbitration)**

1. The Company may take any of the measures set forth in each of the following Items, if it determines that such measures are necessary for arbitration.
  - (1) To request a witness to appear at a hearing and have an interview with a witness, or request a witness to submit a report stating their opinion.
  - (2) To appoint an appraiser to perform an appraisal, if deemed necessary by the Committee.
  - (3) To request the parties to submit books, documents or other materials and to make a report, or to conduct on-site inspection thereof, to the extent necessary for conducting arbitration.
  - (4) To require the staff of the Company to conduct necessary investigations.

**Rule 8 (Discontinuation of Arbitration)**

1. The Company may discontinue arbitration if it confirms any events or reasons described in the following Items with respect to the dispute under arbitration.
  - (1) When there is a false statement with respect to the appeal for arbitration.
  - (2) When the appellant refuses to appear at a hearing prescribed in Rule 5 without reasonable cause.
  - (3) When a party to the dispute takes an action against the other party, or appeals to the court or a bar association for mediation, with respect to the dispute under arbitration.
  - (4) When the Company recognizes that it is inappropriate to conduct arbitration, taking into consideration the nature of the dispute, or identifies any facts that make it inappropriate for the Company to conduct arbitration.
  - (5) When there is no prospect to reach an agreement between the parties.
  - (6) When either of the parties refuses to accept the mediation proposal; provided, however, that the Company is not precluded from issuing instructions as prescribed in Rule 11 before it discontinues the mediation.
2. When the Company decides to discontinue arbitration, pursuant to the provisions of the preceding Item, the Company shall notify each party to the dispute of the decision.

**Rule 9 (Withdrawal of Appeal for Dispute Arbitration)**

1. If the appellant intends to withdraw an appeal for dispute arbitration, it shall do so in writing.
2. If the appellant intends to take action against the other party to the dispute, or appeal to the court or a bar association for mediation with respect to the dispute under arbitration, it shall withdraw the appeal for dispute arbitration prior to taking such action.

**Rule 10 (Presentation of Mediation Proposal)**

1. The Company shall, if deemed appropriate, prepare an mediation proposal in writing, present it to the parties to the dispute, and encourage the parties to accept it.

**Rule 11 (Instructions on Acceptance of Mediation Proposal)**

1. With respect to disputes arising between a Broker Trading Participant and its customer, if the Broker Trading Participant refuses to accept the mediation proposal prepared, pursuant to the provisions of the preceding Rule, without reasonable cause, while the customer accepts such proposal, the Company shall issue the necessary instructions to the Broker Trading Participant regarding the acceptance of the mediation proposal, pursuant to Rule 13.

**Rule 12 (Preparation of Amicable Settlement Agreement)**

1. When the parties reach an agreement through arbitration by the Company, or accept the mediation proposal, an amicable settlement agreement shall be prepared in duplicate, in a form designated by the Company, with each party retaining one original thereof.
2. The appellant shall submit a copy of the amicable settlement agreement prescribed in the preceding Paragraph to the Company .

**Rule 13 (Measures to be Taken in Relation to Dispute Arbitration)**

1. The Company may take such measures against Trading Participants, including issuing instructions, disciplinary actions, etc. as deemed necessary to conduct the dispute arbitration appropriately.

**Rule 14 (Disciplinary Action)**

1. In the event that a Broker Trading Participant does not comply with the instructions prescribed in Rule 11, or a party who is a Trading Participant of the Company violates any provisions prescribed in the amicable settlement agreement prescribed in Rule 12, Paragraph 1, the Company shall impose disciplinary actions on said Broker Trading Participant or Trading Participant in accordance with the provisions of Rule 153, Paragraph 1, Item 7 or Item 9 of the Market Rules.

**Rule 15 (Interpretation)**

1. Any question concerning interpretation of the provisions of these Regulations or any matter not expressed herein that requires prompt action, shall be determined by the Company.

### **Supplementary Provisions**

These Regulations shall take effect on and after December 1, 2008 or the date (November 28, 2008) on which the approval of the Competent Minister was obtained pursuant to Article 132, Paragraph 1 of the Commodity Exchange Act (Law No. 239, 1950), whichever comes later.

### **Supplementary Provisions**

Revisions to the provisions of Rule 6 (Rejection of Appeal) and Rule 17 (Punishment) adopted by resolution at the meeting of the Board of Directors held on January 19, 2010 shall become effective on the later date when the Commodity Act (Act No. 239 of 1950) Article 156, Paragraph 1 approved by the Regulating Minister (February 4, 2010) or April 1, 2010.

### **Supplementary Provisions**

Revisions to the provisions of Rule 18 (Interpretation) adopted by resolution at the meeting of the Board of Directors held on May 27, 2010 shall become effective on the later date when the Commodity Exchange Act (Act No. 239 of 1950) Article 156, Paragraph 1 approved by the Regulating Minister (June 29, 2010) or July 1, 2010.

### **Supplementary Provisions**

Revisions to the provisions of Rule 1 (Objective), Rule 5 (Appeal), Rule 6 (Rejection of Appeal), Rule 7 (Reconciliation of Dispute), Rule 10 (Measures Taken to Facilitate Investigations, etc. Necessary for Mediation), Rule 11 (Discontinuation of Mediation), Rule 14 (Instructions on Acceptance of Arbitration Proposal), Rule 15 (Preparation of Amicable Settlement Agreement ), Rule 16 (Measures to be Taken in Relation to Dispute Mediation), Rule 17 (Punishment) and Rule 18 (Interpretation) shall become effective on the later date when the Commodity Exchange Act (Act No. 239 of 1950) Article 156, Paragraph 1 approved by the Regulating Minister (December 3, 2010) or January 1, 2011.

### **Supplementary Provisions**

Revisions to the provisions of Rule 1 (Objective) shall become effective on the date when the revisions of Trade Name in Article of Incorporation took effect (February 12, 2013).

### **Supplementary Provisions**

Revisions to the provisions of Rule 1 (Objective), Rule 4 (Nondisclosure of Mediation Procedure), Rule 5 (Appeal), Rule 6 (Rejection of Appeal), Rule 8 (Hearing), Rule 9 (Participation of Interested Party), Rule 10 (Measures Taken to Facilitate Investigations, etc. Necessary for Mediation), Rule 11 (Discontinuation of Mediation), Rule 12 (Withdrawal of Appeal for Dispute Mediation), Rule 13 (Presentation of Arbitration Proposal), Rule 14 (Instructions on Acceptance of Arbitration Proposal), Rule 15 (Preparation of Amicable Settlement Agreement ), Rule 16 (Measures to be Taken in Relation to Dispute Mediation), Rule 17 (Punishment) and Rule 18 (Interpretation), and delete of Rule 2 (Dispute Mediation Committee), Rule 3 (Committee Member Who is a Party to the Dispute) and Rule 7 (Reconciliation of Dispute), shall become effective on the later date when the Commodity Derivatives Transaction Act (Act No. 239 of 1950) Article 156, Paragraph 1 approved by the Regulating Minister (November 29, 2019) or December 1, 2019.

### **Supplementary Provisions**

Revisions to the provisions of Rule 14 (Disciplinary Action) shall become effective on the later date when the Commodity Derivatives Transaction Act (Act No. 239 of 1950) Article 156, Paragraph 1 approved by the Regulating Minister (April 30, 2020) or July 27, 2020.