

## Rules Governing Special Measures for Position Limits

(As of April 1, 2021)

Tokyo Commodity Exchange, Inc.

### Rule 1 (Purpose)

1. These Rules shall, based on the provisions of Rule 5, Paragraph 5 of each Market Management Detailed Rules, prescribe necessary matters for special measures for position limits.

### Rule 2 (Submission of Pledge, etc.)

1. An Intermediary or a Foreign Commodity Derivatives Business Operator that wishes to gain eligibility for the Special Measures specified in Rule 5, Paragraph 1 of each Market Management Detailed Rules shall submit the pledge specified separately by the Exchange to the Exchange through a Broker Trading Participant or a Remote Broker Trading Participant.
2. In cases where a Broker or a Foreign Commodity Derivatives Business Operator which is eligible for the Special Measures (hereinafter referred to as an "Eligible Broker") falls under any of the following items, it shall immediately notify the Exchange in writing to that effect.
  - (1) Where the Eligible Broker has changed the details of its pledge.
  - (2) Where the Eligible Broker no longer needs to be eligible for the Special Measures.
  - (3) Where the license granted by the competent minister to engage in commodity derivatives business pursuant to Article 190, Paragraph 1 of the Commodity Derivatives Transaction Act (Act No. 239 of 1950; hereinafter referred to as the "Act") has expired, or where the same type of license for accepting consignment of trading in a foreign commodity market that is prescribed in laws and regulations of the relevant foreign country that are equivalent to the provisions of Article 190, Paragraph 1 of the Act (including registration or any other administrative dispositions that are similar to said license) has expired.

### Rule 3 (Restrictions on Orders, Transactions or Positions)

1. In cases where the Exchange deems it necessary or receives orders from the competent minister pursuant to Article 118 of the Act, it may impose restrictions referred to in the following items on Eligible Brokers for all or some contracts.
  - (1) Restrictions on volume of orders and/or other types of order restrictions

## Reference Translation

- (2) Restrictions on trading volume and/or other types of trading restrictions
  - (3) Restrictions on the difference between the amount of short and long positions, the maximum amount of total positions and/or other types of position restrictions
  - (4) Restrictions on accepting brokerage of consignment of transactions or accepting requests for transactions from customers which entrust brokerage of consignment or requests for transactions to an Eligible Broker (these customers are hereinafter referred to as "Customers of Eligible Brokers").
2. In cases where the Exchange deems it necessary, it may impose the restrictions referred to in Items 1 through 3 of the preceding paragraph for all or some contracts.
  3. In cases where the Exchange imposes restrictions on orders pursuant to the preceding two paragraphs, it may make an Eligible Broker which places orders that exceed the relevant restrictions with a Broker Trading Participant, Remote Broker Trading Participant, or another Eligible Broker cancel relevant orders, or in cases where the Exchange imposes restrictions on the difference between the amount of short and long positions, maximum amount of total positions and/or other types of position restrictions pursuant to the preceding two paragraphs, it may make an Eligible Broker which holds positions that exceed the relevant restrictions liquidate the relevant positions.
  4. In cases where trading on the Exchange markets falls under any of the cases in Item 1 and it is deemed necessary, the Exchange may impose the restrictions or regulations listed in Item 2.
    - (1) Cases
      - a. Where the Exchange deems that trading conditions are or are likely to become abnormal
      - b. Where the Exchange deems that fair pricing or settlement of trades is or is likely to be impaired by cornering, bear raids, or other detrimental activities
      - c. Where the Exchange otherwise deems it inappropriate to allow trading to continue in the interests of sound market supervision
    - (2) Restrictions or regulations
      - a. To impose restrictions on further order placement or trading by the Eligible Broker which made the trade or to make said Eligible Broker liquidate positions;
      - b. To impose restrictions on further acceptance of brokerage of consignment of order placement or transactions, or further acceptance of requests for transactions, by the Eligible Broker which accepted the brokerage of consignment of transactions or request for transactions, or make said Eligible Broker liquidate the relevant positions
      - c. Other appropriate regulations
  5. In cases where the Exchange deems that any of Item 1 of the preceding paragraph is applicable or is suspected of being applicable in the Exchange markets, it may request the Eligible Broker to provide explanation or submit materials. In addition, the Exchange may request the Customer of the Eligible Broker to provide an explanation or submit materials if the Exchange deems it

particularly necessary.

6. In cases where the Exchange requests provision of explanations or submission of materials from a Customer of an Eligible Broker pursuant to the preceding paragraph and said Customer refuses the request, the Exchange may impose appropriate restrictions such as restrictions on accepting brokerage of consignment of new transactions or accepting requests for transactions from said Customer by Eligible Brokers which have accepted brokerage of consignment of transactions or request for transactions from said Customer, or make said Eligible Broker liquidate the positions held for said Customer.

#### **Rule 4. (Measures to be Taken when Positions Exceed Limits)**

1. In cases where the Exchange deems that positions held by a Customer of an Eligible Broker exceed the position limits specified in Rule 3 of each Market Management Detailed Rules, it will notify the Eligible Broker to that effect either directly or through a Broker Trading Participant or Remote Broker Trading Participant. In that case, said Eligible Broker must reduce the positions of said Customer to within said position limits as soon as possible.

#### **Rule 5. (Special Provisions for Energy Market)**

1. In cases where positions in a contract held by a Customer of an Eligible Broker have come to exceed the position limit specified in Rule 3 of the Energy Market Management Detailed Rules due to a change in the applicable position limit (e.g., because of expiry of the nearest contract), the Eligible Broker shall liquidate relevant excess positions by the close of the day session on the day referred to in each of the following. In this case, said Customer of the Eligible Broker may not take new positions in any contract until the excess positions in said contract have been liquidated.
  - (1) For the nearest contract, the third business day
  - (2) For the second nearest contract, the fifth business day

#### **Rule 6 (Special Provisions for Chukyo-Oil Market)**

1. In cases where positions held in a contract by a Customer of an Eligible Broker have come to exceed the position limit specified in Rule 3 of the Chukyo-Oil Market Management Detailed Rules due to a change in the applicable position limit (e.g., because the nearest contract expired and said contract became the new nearest contract or one contract closer to the new nearest contract and thus became subject to the position limits thereof), the Eligible Broker shall liquidate relevant excess positions by the close of the day session on the day referred to in each of the following. In this case, said Customer of the Eligible Broker may not take new positions in any contract until the excess positions in said contract have been liquidated.

## Reference Translation

- (1) For the nearest contract, the third business day
- (2) For the second nearest contract, the fifth business day

### **Rule 7 (Revision or Abolition)**

1. Revision or abolition of these guidelines shall be approved by the Representative Director, President.

### **Supplementary Provisions**

#### **Rule 1**

These rules shall take effect on March 31, 2014.

#### **Rule 2**

The Handling Procedure Pertaining to Position Limits Applicable to Intermediaries and Foreign Commodity Derivatives Business Operator as of before the effective date shall be abolished.

#### **Rule 3**

Measures taken based on the Handling Procedure Pertaining to Position Limits Applicable to Intermediaries and Foreign Derivatives Business Operator which was in place before the effective date shall, as of the effective date, be deemed as measures taken based on the equivalent stipulations in these rules.

### **Supplementary Provisions**

#### **Rule 1**

The revisions to the provisions of Rule 6 (Special Provisions for Precious Metal Market) shall take effect on September 20, 2016.

#### **Rule 2**

Notwithstanding the provisions of the preceding rule, if the Exchange deems it inappropriate to implement the revisions on the date specified in the preceding rule due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on a later date specified by the Exchange.

### **Supplementary Provisions**

The revisions to the provisions of Rule 1 (Purpose), Rule 2 (Submission of Pledge, etc.) and Rule 10 (Special Provisions for Agricultural Product and Sugar Market) shall take effect on October 31, 2016.

### **Supplementary Provisions**

The revisions to the provisions of Rule 7 (Special Provisions for Oil Market) shall take effect on September 17, 2019.

Reference Translation

**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.