

Outline of Specifications for LNG (Platts JKM) Futures

July 28, 2021

Revised as of September 24, 2021

Tokyo Commodity Exchange, Inc.

| Item | Description | Notes |
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| I. Purpose II. Trading Specifications 1. Type of Contract 2. Underlying Product 3. Last Trading Day of the Contract, etc. | <ul style="list-style-type: none">• In consideration of the growing needs for fixing power generation margins and hedging of LNG (Liquefied natural gas) spot prices in line with the expected expansion of the short-term and spot LNG markets in Asia, Tokyo Commodity Exchange, Inc. (TOCOM) will launch a cash-settled yen-denominated LNG Futures contract (hereinafter referred to as "LNG (Platts JKM) Futures") which tracks Platts JKM, the benchmark price of LNG spot cargo for Northeast Asia.• The type of contract will be cash-settled futures.• The underlying product will be spot LNG <u>cargo</u> delivered ex-ship to Japan and Korea.• LNG (Platts JKM) Futures contracts will cover 15 contract months within a 15-month period starting from two months after the month containing the first trading day of a new contract month.• The first trading day of a new contract month is the business day following the last trading day of the current contract month, and trading begins at the opening of the Day Session on that day.• The last trading day of a contract month is the 15th day of the month immediately preceding the month in which the current contract month falls (if the day falls on a holiday, it will be moved up), and trading will end at the close of the Day Session. | <ul style="list-style-type: none">• Platts JKM (Japan Korea Marker) is the Asian spot price index for LNG delivered ex-ship to Japan and Korea as assessed by S&P Global Platts (hereinafter referred to as "Platts").• The trading period will be 15 months. |

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| <p>(3) Type of Orders</p> <p>6. Suspension of Trading and Temporary Trading Halts</p> <p>(1) Suspension of Trading</p> <p>(2) Temporary Trading Halts</p> <p>(3) Immediately Executable Price Range</p> | <ul style="list-style-type: none"> • Available orders are Limit Orders, Market Orders, and Standard Combination Orders (SCO). Members must specify conditions determined by TOCOM such as order conditions, execution conditions, and order duration, etc. • In cases where TOCOM deems it necessary, TOCOM may temporarily change the opening and closing times of the trading session and temporarily suspend all or part of the auction and off-floor transactions. • If a buy (or sell) order is placed in the central contract month (the most liquid contract month as specified by TOCOM) of continuous trading at the upper (or lower) limit obtained by subtracting or adding the Circuit Breaker Trigger Level from or to the reference price, trading in all contract months will be suspended for at least 10 minutes. • In the case that a temporary trading halt is conducted, the upper (and lower) price limits for all contract months will be expanded by subtracting or adding the Circuit Breaker Trigger Level from or to the reference price. • The Immediately Executable Price Range (i.e., dynamic circuit breaker, hereinafter referred to as "DCB") will be applied to auction trading in each contract month as follows. <ul style="list-style-type: none"> a. When a bid or offer that is likely to be executed beyond the price range specified by TOCOM from the DCB reference price (hereinafter referred to as the "DCB Price Range") is accepted, all transactions among orders within the DCB Price Range will be executed and trading will be halted for a certain period of time. b. If trading has been halted for a certain period pursuant to a. above and the matching price is beyond the DCB Price Range from the reference price, trading will not resume and the DCB reference price will be renewed to the price within the DCB Price Range that is nearest the matching price, and trading will again be halted for a certain period of time. | <ul style="list-style-type: none"> • Only calendar spread trading will be available when using SCOs. • This is the same as for Platts Dubai Crude Oil Futures, etc. • The central contract month for LNG (Platts JKM) Futures will be the second contract month. • This includes cases where the orders are immediately executed. • In the event of a temporary halt of trading, off-floor transactions, EFP transactions and EFS transactions for all contract months will also be temporarily halted. • The DCB reference price for each contract month will be the most recent execution price of the clearing period (if there is none, the reference price). • The DCB Price Range will be set as follows. <ul style="list-style-type: none"> ➤ Opening Auction (Ita-awase): JPY 30 ➤ Continuous Trading (Zaraba): JPY 10 ➤ Closing Auction (Ita-awase) : JPY 20 • The duration of the temporary trading halt will be, in principle, 30 seconds. |

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| 7. Restrictions on Trading | <ul style="list-style-type: none"> In cases where TOCOM deems that trading conditions are, or are likely to be, abnormal, TOCOM may implement, among the regulatory measures specified by TOCOM, necessary measures against trading or accepting orders from customers. | <ul style="list-style-type: none"> This is the same as for Platts Dubai Crude Oil Futures, etc. |
| 8. Off-floor transactions, etc. | <ul style="list-style-type: none"> Off-floor transactions, etc. (which refers to off-floor transactions, EFP transactions and EFS transactions) of LNG (Platts JKM) Futures will be available to Members as specified by TOCOM. The price increment for off-floor transactions, etc. will be JPY 0.01. The Registration Price range for off-floor transactions, etc. will be that obtained by adding or subtracting the value calculated by multiplying the reference price of the trading session by nine tenths (9/10) to or from the most recent execution price of the trading session. | <ul style="list-style-type: none"> If there is no execution price during the trading session, the reference price of the trading session will be used. |
| 9. Give-up | <ul style="list-style-type: none"> Give-up will be available for LNG (Platts JKM) Futures. | <ul style="list-style-type: none"> This is the same as for Platts Dubai Crude Oil Futures, etc. |
| 10. Large Position Reporting | <ul style="list-style-type: none"> Reporting of large positions will apply to LNG (Platts JKM) Futures. | <ul style="list-style-type: none"> Details will be announced later. |
| 11. Membership <ul style="list-style-type: none"> <u>Reference to Members of Energy Division who are Commercials</u> | <ul style="list-style-type: none"> TOCOM will add LNG <u>Members</u> to Energy Division. Members of Energy Division who <u>are Commercials and</u> wish to trade LNG (Platts JKM) Futures contracts shall <u>be LNG Members</u>, which will be newly created as a category under Energy Division. | <ul style="list-style-type: none"> The procedures specified by TOCOM are to be followed to obtain relevant membership. |
| III. Clearing and Settlement Arrangements | | |
| 1. Clearing Organization | <ul style="list-style-type: none"> LNG (Platts JKM) Futures transactions will be cleared by Japan Securities Clearing Corporation (JSCC). | |
| 2. Clearing Qualifications | <ul style="list-style-type: none"> The clearing qualifications pertaining to clearing of LNG (Platts JKM) Futures will be set forth by JSCC. | <ul style="list-style-type: none"> JSCC plans to use an existing Energy Futures Clearing Qualification for clearing of LNG (Platts JKM) Futures. |

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| 3. Clearing and Settlement (1) Clearing of Transactions | <ul style="list-style-type: none"> Clearing of transactions will be conducted between clearing participants and JSCC as specified by JSCC. | <ul style="list-style-type: none"> This is the same as for Platts Dubai Crude Oil Futures, etc. |
| (2) Settlement Price | <ul style="list-style-type: none"> Settlement prices will be as determined by JSCC. | <ul style="list-style-type: none"> This is the same as for Platts Dubai Crude Oil Futures, etc. |
| (3) Mark-to-Market | <ul style="list-style-type: none"> Delivery and receipt of the following differences in amounts will be made between clearing participants and JSCC and between non-clearing participants and their designated clearing participants. <ol style="list-style-type: none"> With regard to new transactions on the trading day, the difference between the contract price and the day's settlement price. With regard to unsettled contracts (excluding a. above), the difference between the previous day's settlement price and the day's settlement price. | <ul style="list-style-type: none"> This is the same as for Platts Dubai Crude Oil Futures, etc. |
| (4) Margin | <ul style="list-style-type: none"> Clearing participants will submit or deposit to JSCC, and non-clearing participants will submit or deposit to their designated clearing participants, margin that is equivalent to or greater than the required amount specified by JSCC in accordance with the classification of customer entrustment or proprietary account. | <ul style="list-style-type: none"> This is the same as for Platts Dubai Crude Oil Futures, etc.. |
| (5) Final Settlement Day | <ul style="list-style-type: none"> The final settlement day will be the business day following the last trading day of the contract month. | |
| (6) Final Settlement Price | <ul style="list-style-type: none"> The final settlement price will be the yen equivalent of the monthly average of the Japan Korea Marker (JKM) prices published by Platts (the average of the assessed JKM prices for the relevant contract month published by Platts in "Platts LNG Daily" during the period from the 16th of the month two months prior to the contract month to the 15th of the month prior to the contract month). | <ul style="list-style-type: none"> Details will be announced later. |
| IV. Other | | |
| 1. Trading Fees | <ul style="list-style-type: none"> Details will be announced later. | |
| 2. Market Maker Scheme | <ul style="list-style-type: none"> A market maker scheme will be introduced to complement market liquidity. | <ul style="list-style-type: none"> Details will be announced later. |

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| 3. Disclosure of Information (1) Market Information | <ul style="list-style-type: none">Opening/high/low/closing price data, trading volume, open interest, and other market information on LNG (Platts JKM) Futures will be published separately from those on other futures. | <ul style="list-style-type: none">The frequency and method of disclosure will be the same as for other futures contracts. |
| (2) Trading by Investor Type | <ul style="list-style-type: none">The trading volume and contract value of sales and purchases by different categories of investors will be disclosed separately from those for other futures. | |
| V. Launch Date | <ul style="list-style-type: none">LNG (Platts JKM) Futures will be launched in the first quarter of FY2022. | |

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