

## **TOCOM Announces Midterm Management Plan (for April 2009 – March 2012)**

**(Tokyo, March 17, 2009)** Tokyo Commodity Exchange (“TOCOM” or the “Exchange”) announced today its midterm management plan effective from April 2009 to March 2012. Based on the midterm management policy, which was established in December 2008, TOCOM developed the plan upon analysis of the present state of the Exchange’s business environment and progress in implementing the basic and business strategies, which were produced to achieve the profit target as well as trading volume objectives.

A focus of the business strategy is to implement various measures to develop an attractive market in line with global standards such as stably launching the next generation trading system on May 7 as scheduled, as well as extending trading hours until 23:00 (until 19:00 for Rubber market) , introduction of circuit breaker system and co-location service. In fall of 2009, the Exchange plans to list TOCOM Index futures contract and to offer Market Maker Program.

As a result of steady and vigorous implementation of the market development measures, TOCOM aims to stem trading volume decline (January’s average daily trading volume was 139,000 contracts), turn it back to increase and achieve 15% growth on year-to-year basis in the fiscal years 2010 and 2011.

Along with the cost reduction efforts, the Exchange aims at **returning to profitability and accomplishing 100 million yen of current earnings in the fiscal year 2011.**

TOCOM is committed to make ever efforts to accomplish this midterm management plan and to attain its corporate goal, which is to firmly position itself as a primary commodity exchange in Asia, and also as a preeminent exchange in the world, as stated in its management principles.

(For more information about TOCOM’s midterm management plan, please visit <http://www.tocom.or.jp/stockcompany/strategy.html> )

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[Reference] Outline of the midterm management plan

<Basic Strategies>

Market Design	<ol style="list-style-type: none"><li>1. Launch the Next Generation System on schedule, and offer the world's highest level of performance, which fully meets international standards on trading functionality</li><li>2. Adopt trading rules in line with global standards</li><li>3. Improve the trading environment to boost market liquidity</li></ol>
Listed Commodities	<ol style="list-style-type: none"><li>1. Revitalize the Oil market, by implementing measures that respond to the needs of the industry</li><li>2. Establish the Precious Metals market as a primary source of earnings for the company, and maintain our Rubber market as the global benchmark</li><li>3. List new commodities which meet the needs of various market participants</li></ol>
Market Participants	<ol style="list-style-type: none"><li>1. Attract a variety of market participants</li><li>2. Develop stronger relationships with FCMs and/or brokers</li><li>3. Increase a number of commercials hedging in the market</li><li>4. Reach new types of "Liquidity Providers" such as prop houses</li></ol>

< Business Strategies >

(1) Market Design

Introduce the Next Generation System & Maintain stable operation

- Launch the Next Generation System as scheduled on May 7, 2009

Extend Trading Hours

- According to the launch of our new platform on May 7, 2009, TOCOM will further extend its trading hours to 23:00, except for the Rubber market (to close at 19:00).
- TOCOM will study offering around-the-clock trading after reviewing the trading and financial conditions.

Adopt new trading rules in line with global standards

- Circuit Breaker (will be implemented on May 7, 2009)
- Market Maker (Fall 2009)
- Block trading (Fall 2009)

Improve the trading environment to boost market liquidity

- Co-location service (will be introduced on May 7, 2009)
- Remote Membership (FY2009)
- DMA (will be introduced as soon as adjustments with overseas regulators are completed.)

Develop Partnership with relevant markets

- Explore the possibility of developing commodity-linked ETFs on TOCOM's listed products
- Study the feasibility of providing OTC platform and/or clearing service

(2) Listed Commodities

List TOCOM Index (Fall 2009)

- Revitalize option trading and consider listing new products
- Arrange with related ministries to re-open the Gas Oil contract
- Consider listing of Fuel Oil
- Re-design the Oil market
- Consider listing CFD products
- Study feasibility of listing LPG, coal & copper
- Research the possibility of listing emissions, electric power, etc

(3) Market Participants

Intensify Marketing Activities

- Attract various participants to enter the market
- Encourage commercials, especially oil commercials, to enter the market since large refineries started to base their weekly whole sale prices on TOCOM's futures prices.
- Promote various types of market participations in cooperation with FCM & Brokers
- Encourage "Liquidity Providers", such as proprietary trading firms, to enter the market

(4) Others

- IPO Target Date: Fiscal Year 2013
- Research on the function and usability of Clearing System

< Management Plan >

(1) Volume Objectives

Current Situation on Volume

- Generally, the trading volume in FY2008 had a downward trend, especially after November.
- Whereas the trading volume as a whole declined, the mini contracts showed a significant increase.
- Revenue for FY2008 was severe as a result of decreasing amount of Exchange Fee.

(2) Objectives on Volume

- For FY2009: to stop the decline of trading volume and accomplish the V-shaped recovery by steadily implementing measures on the Business Plan (the average of daily trading volume in January 2009: 139,000 contracts)
- For FY2010 & 2011: targeted year-to-year growth at 15 %

Target for 2009	150,000
Target for 2010	170,000
Target for 2011	200,000

( Average Trading Volume for a day )

(3) Management Plan – Cost Reduction

- Difficult to cut the fixed cost, which represents about 60% of the expenditure, such as the costs for trading system development, the service & common maintenance. TOCOM will strive to take measures to reduce other categories of expenditure as much as possible. (Reduction of the costs for admin, labor and benefit program is planned)

(4) Targeted Profit

**[Objective for FY 2011]**

Accomplish V-shaped recovery and achieve operational profit of 100 million yen