



TOCOM's Approach to the Business Continuity Plan (BCP)

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Tokyo Commodity Exchange, Inc.

The Tokyo Commodity Exchange (TOCOM) administers the markets of the commodity futures trading, a key component of industrial infrastructure, for products including Precious Metals and Oil. In the recent years, various risks surrounding the markets including disasters and IT failures have been increasing, and should the TOCOM markets be interrupted for a long term, not only members and customers but the society will also be considerably affected.

In order to provide measures and systems for potential risks, the Exchange formulated "Operational Procedures in case of Trading System Failure" upon the launch of our electronic trading system in 1991 and "Y2K-related Crisis Management Plan" in 1999.

In addition, TOCOM has systematically organized and partly reviewed these procedures and plans in May 2007, and summarized them as the "Contingency Plan for Cases Including System Failure."

However, various risk factors have been revealed in recent years, and it has become even more imperative to establish an action plan primarily focusing on business continuity in cases where a disaster occurs or being incurred. The Exchange has decided to aim resuming operations promptly and efficiently upon occurrence of risk factors by setting the basic policy, systems and handling procedures, etc. with the aim of minimizing effects on members, customers and shareholders in related organizations, etc., and has compiled these into a business continuity plan (BCP).

The intention of the Exchange publicly releasing its BCP is nothing more than sharing basic understanding on the measures for the contingency with trading participants and other interested parties in the commodity futures markets.

1. Basic Policy

The basis policy on the construction and exercise of the BCP is as set forth below:

- (1) The priority in the construction of the BCP shall ensure the safety of officers and employees as well as local residents. The Exchange will make efforts to prevent second disasters.
- (2) Regarding its operation, The Exchange will take top priority on the continuity of trading.
- (3) In case of system failures etc., the Exchange will make a decision on the continuity of trading, etc, in accordance with the "Contingency Plan for Cases Including System Failure" and the "Procedure in Case of Session Suspension on Last Trading Day following Failure when Resuming Day Session became Difficult."
- (4) The Exchange will take into consideration "Community Involvement and Coexistence in the Region."

- (5) The Exchange will make efforts to maintain systems on the facility side and the operation side (i.e. making a backup copy of important information assets) in ordinary times. However, the possibility of operation discontinuity's effects can not be entirely eliminated or mitigated, in cases of terrorism, long-term power failure due to large-scale disasters, or the collapse of the entire facility.
- (6) The Exchange will comply with applicable laws, business rules and ordinances upon construction of the BCP.

2. Scope of Application

The Exchange prioritizes resumption of operations with assumption of possible situations, in the construction of the BCP.

(1) Assumed Risks

The Exchange must assume all risks causing the suspension of market functions. However, in order to construct the BCP as quickly as possible under limited resources, we will place priority on risks that have the largest effect on our operations; i.e., disasters (fire hazards and earthquakes), system failure and the spread of new influenza.

- (i) With respect to local damages, an assumed case is where there is a fire in its building which affects the Exchange but not members or related external organizations.
- (ii) With respect to wide area disasters, the assumed case is where a large-scale earthquake paralyzes utility services (electricity, transportation means, etc.) and transportation becomes unavailable regionally, and the Exchange/members/related external organizations are all damaged.
- (iii) With respect to system failure, the assumed case is where there is failure on the core system (i.e. the trading system) and it becomes unavailable.
- (iv) The assumed case is where there is an outbreak of so-called new influenza, affecting human resources.

(2) Operations of the Highest Priority

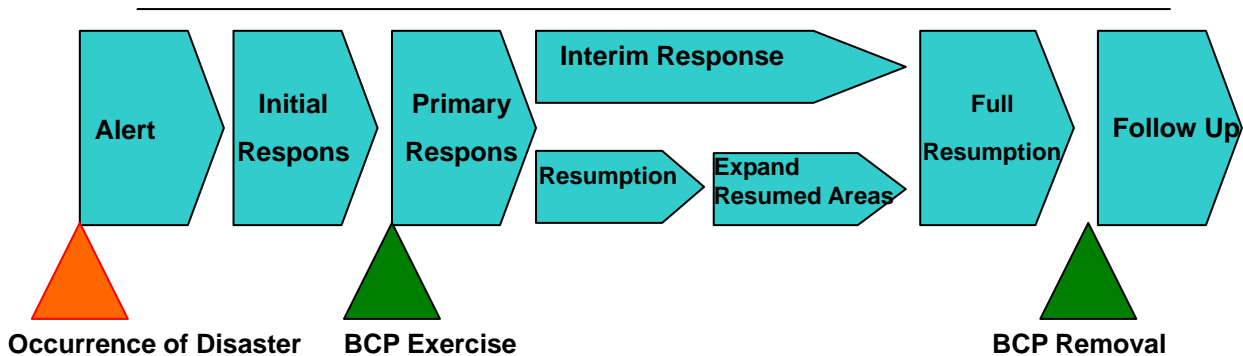
The operations which shall be resumed with top priority shall be those relating to trading and those pertaining thereto.

3. Handling Policy

The BCP consists of the following handling procedures.

Tasks for continuing of operations performed by each division in charge shall be handled upon a detailed manual which will be individually organized.

Handling Procedures from the Occurrence of Risk (Disasters) to Follow Up



(1) Alert

Preparation for immediate response to occurrence of risk factors which potentially meets the BCP exercise standards.

(2) Initial Response

Matters to be immediately handled upon occurrence of disasters such as evacuation, fire fighting, lifesaving and communication.

(3) BCP Exercise

Directions to “act in accordance with the BCP” when a situation meets the BCP exercise standards. The CP will make decisions concerning the continuation of trading.

(4) Primary Response

Making decisions on exercising the BCP, setting up the BCP task force, formulating the BCP basic policies and moving into interim responses. The primary response will be launched within one hour of the exercise of the BCP in principle.

(5) Resumption

Resuming operations subject to BCP by implementing interim business response (interim business application) using alternative resources and means, as well as confirming the status of operation of interim operations and bringing them back on track.

(6) Expand Resumed Areas

Conducting the interim business operation, at the same time checking the status of damages, figuring out resumption, implementing resumption work, and finally determining conducting normal operation (full resumption).

(7) Full Resumption

Operating final resumption work through alternative resources and means to normal operation, and to complete transition to normal operations.

(8) BCP Removal

The BCP taskforce will cancel the exercise of the BCP and dissolve the BCP taskforce when it determines that the resumption work has been completed. Any administration work or the review of the BCP thereafter will be handled under the ordinary BCP maintenance and management system.

(9) Follow Up

Organize records after the removal of the exercise of the BCP and process administrative work for insurance claims.

4. Preparation of Response Framework and Infrastructure

The Exchange has prepared the following response framework and infrastructure to materialize the BCP.

(1) The Exchange Building

The building is a seismic isolated structure with lead plugs in laminated rubber, and structured to sustain earthquakes of a considerable degree. There is also a backup electricity facility which ensures electricity for a certain period of time even if there is no power supply.

(2) BCP Taskforce

In order to make necessary responses promptly and accurately in the event of any risk, the BCP taskforce will be set up to monitoring the status of damages and business contingency, communicating with external organizations as well as making necessary decisions.

(3) BCP Response Framework

The Exchange establishes the frameworks in handling the BCP response for the cases in normal times/initial response and in emergency, and the BCP response shall be conducted based on these frameworks.

(4) Securing of Communication Means

In order to secure communication means within and outside the Exchange in the event of any risks, TOCOM has prepared various communication means such as regular telephone lines, facsimiles, emergency priority lines, cellular phones, emails, and web, as well as it will exchange contact information with related external organizations.

(5) Backup Office

In case the building where the Exchange becomes unavailable, we prepares a minimal backup office to continue operations, and consider appointing personnel moving to the backup office in the event of any risks.

(6) Data Center

The Exchange has installed its core system in a robust and resilient data center conforming to the FISC “Security Guidelines on Computer Systems for Financial Institution.” In addition, we consider the establishment of a backup data center.

(7) Education and Tests

The Exchange will make efforts to ensure the effectiveness of BCP through periodically engage in educational activities and testing etc., in order to implement the procedures prescribed by the BCP smoothly, along with verifying the contents of BCP.

5. Tasks Ahead

The Exchange will formulate a “BCP Yearly Improvement Plan” each business year, and consider the implementation thereof.

In addition, we will formulate a “BCP Mid- and Long-term Improvement Plan”, which includes setting up the backup office and the backup data center, seeking to implement them in 5 to 10 years time or when we can afford to do so from the budgetary perspective.

Furthermore, the Exchange has started to monitor the BCP of external organizations which will provide a part of the functions necessary for the performance of operations. Also, we request our Members to formulate BCP to further enhance the business continuity system of the markets. Although the Exchange has already engaged in efforts to establish the BCP, our next step will be cooperation with other exchanges and clearing organizations to construct a uniform BCP system of the entire commodity futures trading markets.