

Contingency Plan for Cases Including System Failure

Disclaimer: This English translation is being provided for informational purposes only and represents a desire by the Exchange to promote better understanding of the Exchange by non-resident participants. While care has been taken to ensure that the translation is accurate and complete, Tokyo Commodity Exchange, Inc. accepts no liability or responsibility for any loss or damages, including trading losses, that may be incurred from any inaccuracy or omission in the English translation. In the event of discrepancies between the English version and the original Japanese version, the Japanese version shall prevail. Any dispute that may arise within or without a court of law with regard to the meaning of the words, provisions and stipulations of the rules, regulations and agreements shall be resolved in accordance with the Japanese texts.

Tokyo Commodity Exchange, Inc.

Enacted May 15, 2007

Revised April 28, 2009

Revised March 23, 2010

Revised July 1, 2010

Contingency Plan for Cases Including System Failure

Enacted May 15, 2007
 Revised April 28, 2009
 Revised March 23, 2010
 Revised July 1, 2010

Tokyo Commodity Exchange, Inc

Tokyo Commodity Exchange, Inc. (“TOCOM” or the “Exchange”) has prepared the following Contingency Plan (“CP”) for transactions in the markets of the Exchange, to respond to situations affecting the continuation of trades at the Exchange or when it is deemed inappropriate to continue trading due to the failure of the Exchange’s Trading System and/or other related systems. In addition, the CP shall be applicable in cases not only limited to system failures, but also in cases of force majeure or suspension of utility services, such as electrical power and telecommunications, or other factor resulting in the discontinuation of trades in the TOCOM markets or in the continuation of trades being deemed inappropriate.

1. Basic Responses, Corresponding Regulations etc.

	Failing System etc.	Supposed Failure Type/Scope	Exchange Response	Reasoning	Main Corresponding Regulations
1	Exchange Trading System	(1) If trading in all products (including Commodity Index; the same should apply hereinafter) became difficult. (2) If trading in part of the products became difficult.	<ul style="list-style-type: none"> • The trading session for all products shall be interrupted or suspended. • The trading session for the product(s) experiencing the failure shall be interrupted or suspended. The trading session for Cash-settled Futures Transactions (mini contracts), spread transactions by SCO, or Options Transactions related to the product experiencing the failure shall also be interrupted or suspended. • If the Exchange deemed that the failure, etc. may also affect the trading session of other products, the trading session of other products may be interrupted or suspended. 	<ul style="list-style-type: none"> • Because if the Trading System becomes inoperative due to a failure, etc. of the Trading System, there is no alternative. • Because if the Trading System becomes inoperative due to a failure, etc. of the Trading System, there is no alternative. • Because Cash-settled Futures Transactions (mini contracts), spread transactions by SCO, and Options Transactions are related to Physically Delivered Futures Transactions. 	◇ Market Rules Article 80 (Measures to be taken in cases of Trading system failure, etc.)

	Failing System etc.	Supposed Failure Type/Scope	Exchange Response	Reasoning	Main Corresponding Regulations
		<p>(3) If trading in Cash-settled Futures Transactions (mini contracts), spread transactions by SCO, or Options Transactions became difficult.</p> <p>(4) If trading in some of the contract months of a product became difficult.</p>	<ul style="list-style-type: none"> • The trading session for the contract month(s) or series experiencing the failure shall be interrupted or suspended (the trading session for the underlying Physically Delivered Futures Transactions shall continue) <p>The trading session for the contract month(s) experiencing the failure shall be interrupted or suspended. However, after careful consideration of the status of the failure, etc. and if deemed necessary by the Exchange, the trading session for all the contract months of said product may be interrupted or suspended. If there are Cash-settled Futures Transactions (mini contracts), spread transactions by SCO, or Options Transactions related to the product experiencing the failure, the trading session of the corresponding contract month(s) or series shall also be interrupted or suspended.</p> <p>Additionally, for transactions in the current contract month on the Last Trading Day or for transactions in the current contract month on the Last Trading Day of Options Transactions, if it is difficult to resume the trading session during the day session, the trading session for said contract month shall not be postponed to the following Clearing Period or thereafter. (*)</p>	<ul style="list-style-type: none"> • In order to continue trading in the underlying asset whenever possible and to provide trading opportunities to market participants. • In order to continue trading in the contract month(s) not affected by the failure whenever possible and to provide trading opportunities to market participants. 	<p>◇ Market Rules Article 80 (Measures to be taken in cases of Trading system failure, etc.)</p>

	Failing System etc.	Supposed Failure Type/Scope	Exchange Response	Reasoning	Main Corresponding Regulations
		<p>(5) If the trading session of a component of the Commodity Index (designated contract months; components for which the trading session is closed excepted) is interrupted or suspended</p> <p>(6) If notices, including Notice of Order Reception, Notice of Order Cancellation and Notice of Execution, can no longer be made.</p> <p>(7) If providing market information became difficult following the failure, etc. of TOCOM market data dissemination (excluding the TOCOM website).</p>	<ul style="list-style-type: none"> • When the Exchange recognized that the components experiencing the interruption or the suspension represent over 50% of the Component Weight used in calculating the index, the trading session for the Commodity Index shall be interrupted or suspended. • The trading session for the product(s) experiencing trouble shall be interrupted or suspended. • After careful consideration of the status of the failure, etc. and if deemed necessary by the Exchange, the trading session may be interrupted or suspended. 	<ul style="list-style-type: none"> • Because the formation of fair Index Points may be hindered, since new prices are not being formed in a considerable number of components (designated contract months) • Because market participants may be confused since they are unable to understand the trading situation. • Because the formation of fair prices may be hindered since trading is taking place without sufficient communication on the market situation. 	
<p>* See attached "Procedure in Case of Day Session Suspension on Last Trading Day following Failure when Resuming Day Session became Difficult".</p>					

	Failing System etc.	Supposed Failure Type/Scope	Exchange Response	Reasoning	Main Corresponding Regulations
2	Trade Members, etc. in-house system	<ul style="list-style-type: none"> If placing orders became difficult following the failure, etc. of the in-house system (including ISV and third-party operated systems) of a Trade Member or Broker Member ("Trade Members, etc.>"). 	<ul style="list-style-type: none"> The trading session shall continue. However, if the Exchange deemed that it has become difficult for a substantial number of Trade Members, etc. to place orders following the failure, etc. of in-house systems, the trading session for all or part of the products may be interrupted or suspended. 	<ul style="list-style-type: none"> In order to provide trading opportunities to market participants whenever possible. However, if the formation of fair prices is deemed to be hindered when a substantial number of Trade Members, etc. can't participate, the session may be interrupted or suspended. 	◇ Market Rules Article 80 (Measures to be taken in cases of Trading system failure, etc.)
3	Clearing organization	<ul style="list-style-type: none"> If the business of assuming commodity transaction debts (i.e: clearing business) is temporarily suspended or if the settlement deadline is postponed by the clearing organization (which shall mean the Japan Commodity Clearing House Co., Ltd.; the same shall apply hereinafter). 	<ul style="list-style-type: none"> After consideration of the measures etc. taken by the clearing organization, the Exchange may interrupt or suspend the trading session. 	<ul style="list-style-type: none"> In order to avoid an increase in settlement risk due to the accumulation of unsettled trades. 	◇ Market Rules Article 8 (Temporary Opening and Closing of Session), Article 35-2 (Settlement of Transaction in Commodity Markets) and Article 82 (Emergency Measures).
4	Force majeure etc.	<ul style="list-style-type: none"> If a system failure, etc. occurs due to force majeure or suspension of utility services, such as electrical power and telecommunications. 	<ul style="list-style-type: none"> 1 through 3 shall apply <i>mutatis mutandis</i>. 	<ul style="list-style-type: none"> Same as 1 through 3. 	Market Rules Article 8 (Temporary Opening and Closing of Session), Article 35-2 (Settlement of Transaction in Commodity Markets) and Market Rules Article 80 (Measures to be taken in cases of Trading system failure, etc.).

	Failing System etc.	Supposed Failure Type/Scope	Exchange Response	Reasoning	Main Corresponding Regulations
5	Other	<ul style="list-style-type: none"> If it is deemed that a failure of the Exchange's Trading System may occur due to a number of orders or contract executions that exceeds the processing capacity of the Exchange's Trading System. 	<ul style="list-style-type: none"> After careful consideration of the order, execution and trading status etc., and if deemed necessary by the Exchange, the trading session for all or part of the products may be interrupted or suspended. 	<ul style="list-style-type: none"> Because the continuity of transactions will be affected. 	<ul style="list-style-type: none"> ◇ Market Rules Article 80 (Measures to be taken in cases of Trading system failure, etc.)

2. Notification to /Contact with Members, etc. upon system failure, etc.

In case of an emergency, such as a system failure, TOCOM will notify or contact Members and data vendors (including ISV connection providers) of the failure status (details on the failure, trade restrictions status, recovery prospects, etc.) and of the procedures to follow (instructions to resume the trading session, operation schedule after the trading session resumed, etc.) by simultaneously sending faxes and making announcements on the TOCOM website, using any of these communication means available at that time. TOCOM will also notify or contact other related organizations of the failure status, etc.