

EFP and EFS Transactions Detailed Rules

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Article 1 (Purpose)

1. These Detailed Rules shall, based on the provisions of Article 3.5 of the Market Rules, prescribe matters necessary for the handling of EFP and EFS transactions.

Article 2 (Application Hours)

1. The application hours for EFP and EFS transactions shall be from 8:30 a.m. until 15 minutes after the close of a day session; provided, however, that the Exchange may change the application hours where it is deemed necessary.

Article 3 (Commodities Underlying Eligible Spot Transactions)

1. Commodities underlying spot transactions that are eligible for EFP transactions shall be as follows:
 - (1) Rubber
Ribbed Smoked Sheet (RSS), Technically Specified Rubber (TSR), and Un-Smoked Sheet (USS);
 - (2) Precious metals
 - A. Gold: Gold of minimum 99.5% fineness;
 - B. Silver: Silver of minimum 99.9% fineness;
 - C. Platinum: Platinum of minimum 99.95% fineness; and
 - D. Palladium: Palladium of minimum 99.95% fineness;
 - (3) Oil
 - A. Crude oil: Crude oil and Oil products;
 - B. Gasoline: Crude oil, Gasoline, and Naphtha;
 - C. Kerosene: Crude oil, Kerosene, and Jet fuel; and
 - D. Gas oil: Crude oil, Gas oil, and Heavy fuel oil A;
 - (4) Chukyo-oil
 - A. Gasoline: Crude oil, Gasoline, and Naphtha; and
 - B. Kerosene: Crude oil, Kerosene, and Jet fuel;
 - (5) Aluminum
Aluminum of minimum 99.70% purity with maximum permissible iron content 0.20% and silicon content 0.10%.; and
 - (6) Commodity ETFs backed by physical commodities listed in Item 2.
2. Commodities underlying spot transactions that are eligible for EFS transactions shall be those listed in Item 3 and Item 4 of the preceding paragraph.

Article 4 (Eligible Applicants)

1. Eligibility to make an application for EFP transactions shall be limited to those who fall under each of the following items:
 - (1) The Trade Members, etc. (meaning Trade Members, Broker Members, and Remote Trade Members; the same shall apply hereinafter) who engage commercially in the buying and selling of the physical commodities prescribed in the preceding article, act commercially as mediators, intermediaries or agents for the buying and selling, or engage commercially in the production, processing or use of said commodities; or
 - (2) Broker Members who accept the consignment of EFP transactions for intended execution from customers and others (meaning customers and others prescribed in

- Article 30.1 of the Market Rules; the same shall apply hereinafter) who engage commercially in the buying and selling of the physical commodities prescribed in the preceding article, act commercially as mediators, intermediaries or agents for the buying and selling, or engage commercially in the production, processing or use of said commodities.
2. Eligibility to make an application for EFS transactions shall be limited to those who fall under each of the following items:
 - (1) Trade Members, etc. of the Exchange who engage commercially in the buying and selling of the physical commodities prescribed in the preceding article, act commercially as mediators, intermediaries or agents for the buying and selling, or engage commercially in the production, processing or use of said commodities or Trade Members, etc. of the Exchange who have concluded a contract for a swap transaction (meaning a transaction incidental to a buying and selling contract for cash transactions in which a floating price is exchanged for a fixed price; the same shall apply hereinafter); or
 - (2) Broker Members who accept the consignment of EFS transactions for intended execution from customers, etc. who engage commercially in the buying and selling of the physical commodities prescribed in the preceding article, act commercially as mediators, intermediaries or agents for the buying and selling, or engage commercially in the production, processing or use of said commodities or from customers, etc. who have concluded a contract for a swap transaction and satisfy any of the requirements listed in Article 85.1.2 through Article 85.1.5 of the Market Rules.

Article 5 (Application Documents)

1. The “documents prescribed by the EFP and EFS Transactions Detailed Rules” referred to in Article 32.2.1 of the Market Rules shall be as follows:
 - (1) For EFP transactions, a copy of the sales/purchase contract for a physical commodity containing, among others, the date of contract, the counterparty to the contract, delivery day, delivery point, product name, quantity, price, and the statement to the effect that the parties agree to enter into an EFP transaction; and for EFS transactions, a copy of the contract for a swap transaction containing, among others, the date of contract, the counterparty to the contract, swap day, product name, quantity, price, and the statement to the effect that the parties agree to enter into an EFS transaction; and
 - (2) Other documents deemed necessary by the Exchange.
2. If the copy of the contract prescribed in Item 1 of the preceding paragraph does not contain the statement to the effect that the parties agree to enter into an EFP or EFS transaction, a document certifying that such agreement has been made shall be added.

Article 6 (Relationship between the Number of Lots Pertaining to the Application and the Quantity of a Spot Transaction)

1. The number of lots pertaining to the application shall be the number agreed between the applicants within the number of lots obtained by converting the quantity of the physical commodity specified in the contract prescribed in Item 1 of the preceding article to the transaction unit prescribed in Article 17 of the Market Rules.
2. For the purpose of applying the conversion of the preceding paragraph, a fractional quantity exceeding 50% of the minimum transaction unit may be included in the application by deeming such fractional quantity as the minimum transaction unit.

Article 7 (Recording on the Statutory Book)

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1. The Trade Members, etc. who carried out an EFP transaction or EFS transaction shall record the transaction on the statutory book (Journal of Commodity Derivatives Transaction, etc.) in a manner that clearly indicates that the transaction was carried out by way of an EFP transaction or EFS transaction.

Article 8 (Preservation of Documents Proving the Transaction)

1. The Trade Members, etc. who carried out an EFP transaction or EFS transaction shall preserve the documents prescribed in Article 5 and the request form for an EFP transaction or EFS transaction prescribed in Article 32.2.1 of the Market Rules, in a manner similar to that applicable to the statutory book prescribed in the preceding article.

Article 9 (Demand for Inspection and Submission of Books and Other Documents)

1. The Exchange may, when deemed necessary, require Trade Members, etc. to submit documents and other materials pertaining to said EFP transaction or EFS transaction (including documents pertaining to the spot transaction and the swap transaction entered into in conjunction with the sale/purchase contract for the spot transaction).

Article 10 (Revision or Abolition)

1. Revision or abolition to these Detailed Rules shall be approved by the President & CEO.

Supplementary Provisions

These Detailed Rules shall be in effect as of December 1, 2008.

Supplementary Provisions

Revisions to Article 1 (Purpose), Article 2 (Application Hours), Article 5 (Application Documents), Article 6 (Relationship between the Number of Lots Pertaining to the Application and the Quantity of a Spot Transaction), and Article 8 (Preservation of Documents Proving the Transaction) shall be in effect as of May 7, 2009.

Supplementary Provisions

Revisions to Article 4.1 (Eligible Applicants) and Article 7 (Recording on the Statutory Book) shall be in effect as of October 8, 2009 when the revisions of Market Rules Article 87 (Category of Membership) take effect.

Supplementary Provisions

Revisions to Article 3 (Commodities Underlying Eligible Spot Transactions) shall be in effect as of May 6, 2010.

Supplementary Provisions

Revisions to Article 3 (Commodities Underlying Eligible Spot Transactions) shall be in effect as of October 12, 2010.

Supplementary Provisions

Revisions to Article 4 (Eligible Applicants) and Article 7 (Recording on the statutory book) shall be in effect as of August 1, 2011.

Supplementary Provisions

Revisions to Article 4 (Eligible Applicants) shall be in effect as of October 18, 2011.