

(As of January 12th, 2012)

Oil Market Management Detailed Rules

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Article 1 (Purpose)

1. These Rules shall, pursuant to the provisions of Article 3.1 of the Market Rules, prescribe matters necessary for the management of the Oil Market.
2. When the Exchange deems it necessary to take emergency measures other than those prescribed in these Rules, the Exchange shall determine such measures on a case-by-case basis, to be utilized in combination with those prescribed in these Rules.

Article 2 (Position Limits)

1. In order to prevent excessive speculation, pursuant to the provisions of Article 30.1 of the Market Rules, customer positions and proprietary positions of Members shall be limited as follows. (Such limits shall be applicable to the relevant contract months from the first business day to the last business day of such month; provided, however, that the current contract month shall end on the Last Trading Day.)

(1) Limit on customer positions

- A. Separately for short positions and long positions, the limit on customer positions (customers shall be further categorized into “Commercials” (meaning the Commercials prescribed in Article 85.1.1 of the Market Rules; the same shall apply hereinafter), Investment Trusts, etc. (who fulfill the requirement stated by the Exchange; the same shall apply hereinafter), and customers other than Commercials or Investment Trusts, etc.) shall be as follow:

Gasoline, Kerosene and Gas oil:

	Current Contract Month	Second Contract Month	Other Contract Month (each)
Customers other than Commercials or Investment Trusts, etc.	250 contracts	500 contracts	1,500 contracts
Commercials or Investment Trusts, etc.	2,000 contracts	3,000 contracts	5,000 contracts

Crude oil:

Customers other than Commercials or Investment Trusts, etc. :

2,400 contracts for each contract month

Commercials or Investment Trusts, etc. : 12,800 contracts for each contract month

- B. For the purpose of calculation under Sub-item A, positions set forth below shall be deemed to be positions established by the same person and treated as the positions held by the same customer:
 - (i) Positions judged to be established by the same person using separate accounts, pseudonyms, etc.;
 - (ii) Positions established by the persons directly or indirectly controlled by the customer; and
 - (iii) Positions established by two or more persons under an explicit or implicit agreement among those persons.
- C. If it is determined by the Exchange that the positions of a customers, etc. (if the customer, etc. has consigned transactions or intermediation of consignment of transactions or requested intermediation of consignment of transactions or requested intermediation of consignment for intermediation of consignment of transactions also to other Broker Members, Intermediaries, or the Foreign Commodity Futures Broker, the total positions pertaining to all such consignments) have exceeded the position limits prescribed in Sub-item A, the Exchange shall notify the Broker Member thereof and require said customers, etc. to reduce its positions promptly, until any remaining positions are within such limit.
- D. For an Oil Division Member, whose position limit prescribed in Item 2 exceeds the

- position limit prescribed in Sub-item A, notwithstanding the position limit prescribed in Sub-item A, the position limit prescribed in Item 2 shall apply.
- E. In cases where a customer position has exceeded the position limit prescribed in Sub-item A as a result of carryover of existing contract months, a Broker Member shall, pursuant to the provisions of Article 30.2 of the Market Rules, offset the excess positions by the close of the Day Session on the third business day of the relevant month, if such excess pertains to the current contract month, or by the close of the Day Session on the fifth business day of the relevant month if such excess pertains to the second contract month. Such customer may not trade for a new position in any contract month, until their remaining positions are within the position limit applicable to said contract months.
 - F. A customer may maintain a position exceeding the position limit prescribed in Sub-item A, within a limit separately determined by the Exchange, provided that the Exchange has approved such excess position as a hedging position. However, the Exchange may enforce limitations of such approval, in whole or in part, based on prevailing market conditions. In such case, the customer shall reduce any excessive positions promptly, until the remaining positions are within the limit approved by the Exchange. The customer may not raise an objection to such administrative measures enforced by the Exchange.
 - G. In accepting a consignment of transactions from an Intermediary that would result in a customer position exceeding the position limit prescribed in Sub-item A, a Broker Member shall obtain from the Intermediary a Pledge separately specified by the Exchange and submit it to the Exchange.
 - H. In accepting a consignment of transactions from a Foreign Commodity Futures Broker that would result in a customer position exceeding the position limit prescribed in Sub-item A, a Broker Member shall obtain from the Foreign Commodity Futures Broker a Pledge separately specified by the Exchange and submit the same to the Exchange.
 - I. In accepting consignment of transaction from the Foreign Commodity Futures Broker, who consign intermediation of consignment of transactions to an Intermediary that would result in a customer position exceeding the position limits prescribed in Sub-item A, the Broker Member and the Intermediary shall submit an application form and an agreement as separately specified by the Exchange.
 - J. When a Pledge is submitted by an Intermediary or the Foreign Commodity Futures Broker, pursuant to the provisions of Sub-item G and H, or an application form and an agreement are submitted by the Broker Member of an Intermediary pursuant to the provisions of Sub-item I, and is approved by the Exchange as appropriate, the Exchange shall take special measures to permit an exception to the position limit applicable to said Intermediary or Foreign Commodity Futures Broker. In this case, the terms "customer" prescribed in Sub-item A, "Broker Member" prescribed in Sub-item B, "Trade Members, etc." prescribed in Article 4.1.1, "customer" prescribed in Article 4.1.1.C, and "Trade Members, etc." prescribed in Article 4.1.2, shall be deemed to be replaced with "those who consigned intermediation of consignment of transactions, or those who requested intermediation of consignment of transactions or those who requested intermediation of consignment for intermediation of consignment of transactions to an intermediary or a Foreign Commodity Futures Broker ("Customer of Intermediary etc.)", "Broker Member, Intermediary, and Foreign Commodity Futures Broker", "Intermediary and Foreign Commodity Futures Broker" "Customer of Intermediary etc." and "Intermediary and Foreign Commodity Futures Broker" respectively.
 - K. In cases where an Intermediary, or a Foreign Commodity Futures Broker that was granted special measures pursuant to the provisions of Sub-item J, fails to submit the position report prescribed in Article 4, or otherwise is deemed to have committed an act that causes problems in the market management of the Exchange, the Exchange may, at any time, limit or terminate any measures granted under Sub-item J.

(2) Limits on proprietary positions of a Member (including Member- customer positions consigned to other Broker Members or those positions pertaining to intermediation consigned to Intermediaries)

A. Separately for short positions and long positions, limits on proprietary positions of a Member (Member shall be further categorized into "Commercial Member" and "Members other than Commercials"):

Gasoline, Kerosene and Gas oil:

	Current Contract Month	Second Contract Month	Other Contract Month (each)
Members other than Commercials	500 contracts	1,000 contracts	3,000 contracts
Commercial Members	2,000 contracts	3,000 contracts	5,000 contracts

Crude oil:

Member other than Commercials : 6,400 contracts/ each contract month

Commercial Members : 12,800 contracts/ each contract month

- B. A Member who desires to apply the position limits as Commercial Members prescribed in Sub-item A shall submit the Application Form for the approval to the Exchange beforehand.
- C. In cases where a Commercial Member that was granted pursuant to the Sub-item B has fallen under any of the disqualifying conditions, such Member shall notify the Exchange in writing without delay.
- D. Separately for short positions and long positions, limits on proprietary positions of a Broker Member shall be the larger of the 10% of the total position of that Broker Member or the numbers prescribed in preceding paragraph.
- E. A Member may maintain a position exceeding the position limit prescribed in Sub-item A or D, within a limit separately determined by the Exchange, provided that the Exchange has approved such excess position as a hedge position. However, the Exchange may enforce limitations of such approval, in whole or in part, based on prevailing market conditions. In such case, a Member shall reduce any excessive positions promptly, until the remaining positions are within the limit approved by the Exchange. The Member may not raise any objection to such administrative measures enforced by the Exchange.
- F. Trade Members, etc. (meaning Trade Members, Broker Members, and Remote Trade Members; the same shall apply hereinafter) whose outstanding clearing deposit balance has exceeded the cumulative deposit limit and no longer required to deposit an additional clearing deposit, in accordance with the Business Rules of the Clearing House, may maintain positions until their positions reach the level of 20% more than the limit on proprietary positions prescribed in Sub-item A or D.
- G. When a limit on proprietary positions prescribed above has been exceeded as a result of trades executed in the course of a default procedure, pursuant to the provisions of Article 73.2 and Article 73.3 of the Market Rules, Trade Members, etc. shall promptly close any excess position until their positions no longer exceed said limit.

Article 3 (Delivery Clearing Margins)

1. The Delivery Clearing Margin shall be ten hundredth (10/100) of the amount that is calculated by multiplying Delivery Price and the delivery units (the amount of delivery unit divided by Price Quotation Unit as prescribed in Article 17.1 of the Market Rules) and deposited by noon on the business day immediately following the Last Trading Day of the current contract month (or, in the case of Declared Delivery, the day the terms of such Declared Delivery determined). The seller is no longer required to deposit said Delivery Clearing Margin on or after the day on which a Delivery Completion Notice, prescribed in Article 9 of the Oil Delivery Detailed Rules, is submitted by the buyer, and the buyer is no longer required to deposit said Delivery Clearing Margin on or after the day on which the

buyer pays to the Exchange the Delivery Payment, as prescribed in the same article.

Article 4 (Reporting of Positions)

1. (1) If the positions at the close of the Day Session fall under any of the conditions set forth below, applicable separately for short positions and long positions, Trade Members, etc. shall report such positions for all contract months to the Exchange, using a form separately prescribed by the Exchange, by the following business day.
 - A. The total proprietary position exceeds 600 contracts.
 - B. The total proprietary position in one contract month exceeds 50 contracts.
 - C. The total customer position in one contract month (if there are positions held by the same customer under separate accounts or pseudonyms, these positions shall be aggregated) exceeds 50 contracts.When the Exchange deems it particularly necessary, the Exchange may indicate different conditions.
- (2) For the positions in the current contract month, when the Exchange deems it necessary, the Exchange shall interview the Trade Members, etc. pertaining to the positions (including concurrent positions) regarding delivery and require them to submit a report on the positions scheduled for delivery.
- (3) When the Exchange deems it particularly necessary, the Exchange may, in addition to the reporting prescribed in the preceding items, give a separate instruction to require Trade Members, etc., Intermediaries, or Foreign Commodity Futures Brokers to report on positions of each customer or Customer of an Intermediary etc., and other matters deemed necessary by the Exchange.

Article 5 (Revision or Abolition)

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

Supplementary Provisions

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

Supplementary Provisions

Revisions to the provisions of Article 4 (Clearing Margins) shall be in effect as of March 24, 2009 and applied to the June 2009 contract month and subsequent contract months.

Supplementary Provisions

Revisions to the provisions of Article 1 (Purpose) and Article 2 (Position Limits) through Article 4 (Reporting of Positions) and deletion of Article 3 (Limit on Trading Price (Price Limits)) shall be in effect as of May 7, 2009.

Supplementary Provisions

Revisions to the provisions of Article 2.1 and 2.2 (Position Limits) and Article 3.2 (Clearing Margins) shall be in effect as of October 1, 2009. However, before the revision of Market Rules take effect on October 8, 2009, "Trade Members, Brokers Members, and Remote Trade Members" in Article 2.2 Item D shall read as "Trade Members and Broker Members", and "Article 73.1 through 73.3" in Article 2.2 Item E shall read as "Article 74.2 of the Market Rules".

Supplementary Provisions

Revisions to the provisions of Article 2 (Position Limits) and Article 3 (Clearing Margins) shall be in effect as of May 6, 2010.

Supplementary Provisions

Revisions to the provisions of Article 4 (Reporting of Positions) shall be in effect as of July 1, 2010.

Supplementary Provisions

Revisions to the provisions of Article 2 (Position Limits) through Article 4 (Reporting of Positions) shall be in effect as of August 9, 2010.

Supplementary Provisions

Revisions to the provisions of Article 2 (Position Limits) and Article 3 (Delivery Clearing Margins) shall be in effect as of January 1, 2011. However, revisions to the provisions of Article 3 (Delivery Clearing Margins) shall be applied to the delivery from January 2011 contract (include the Declared Delivery in December 2010).

Supplementary Provisions

Revisions to the provisions of Article 2 (Position Limits) and Article 4 (Reporting of Positions) shall be in effect as of February 1, 2011.

Supplementary Provisions

Revisions to the provisions of Article 2 (Position Limits) shall be in effect as of January 4, 2012.