

Precious Metals 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 Precious Metals Market.
2. When the Exchange deems it necessary to take emergency measures other than those prescribed in these Rules, the Exchange shall determine such other measures on a case-by-case basis, to be utilized in combination with those prescribed in these Market Management Detailed 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. With respect to the contract months of Platinum and Palladium, 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 first contract month (Expiry Month) shall end on the Last Trading Day.

(1) Limits on customer positions

- A. For Physically Delivered Futures Transactions, the limits 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 follows, applicable separately for short positions and long positions;

Gold

Customers other than Commercials or Investment Trusts, etc	5,000 contracts (regardless of contract month)
Commercials or Investment Trusts, etc.	10,000 contracts (current contract month) 30,000 contracts (Total)

Silver

	Current contract month	Total
Customers other than Commercials or Investment Trusts, etc	1,500 contracts	6,000 contracts
Commercials or Investment Trusts, etc.	3,000 contracts	30,000 contracts

Platinum

	First Contract Month		Second Contract Month	Total
	Expiry Month	Month preceding the Expiry Month		
Customers other than Commercials or Investment Trusts, etc	100 contracts	150 contracts	200 contracts	3,500 contracts
Commercials or Investment Trusts, etc	600 contracts	700 contracts	1,200 contracts	10,000 contracts

Palladium

	First Contract Month		Second Contract Month	Total
	Expiry Month	Month preceding the Expiry Month		
Customers other than Commercials or Investment Trusts, etc	60 contracts	120 contracts	240 contracts	2,500 contracts
Commercials or Investment Trusts, etc	450 contracts	600 contracts	1,200 contracts	9,000 contracts

- B. For Cash-settled Futures Transactions, the limits on customer positions (customers shall be further categorized into “Commercials”, “Investment Trusts, etc.”, and “customers other than Commercials or Investment Trusts, etc.”) shall be as follows, applicable separately for short positions and long positions:

Gold

Customers other than Commercials or Investment Trusts, etc	10,000 contracts (regardless of contract month)
Commercials or Investment Trusts, etc.	60,000 contracts (regardless of contract month)

Platinum

	First Contract Month		Second Contract Month	Total
	Expiry Month	Month preceding the Expiry Month		
Customers other than Commercials or Investment Trusts, etc	200 contracts	300 contracts	400 contracts	7,000 contracts
Commercials or Investment Trusts, etc	1,800 contracts	2,100 contracts	3,600 contracts	30,000 contracts

- C. In the case of Options Transactions, the limits on customer positions shall be as follows, applicable separately for short positions and long positions in put options and short positions and long positions in call options:

Gold : 5,000 contracts.

- D. For calculating Sub-items A, B, and C, positions set forth below shall be deemed to be 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 person 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.
- E. If it is deemed by the Exchange that the positions of customers, etc. (if the customer, etc. has consigned transactions or consigned 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 Foreign Commodity Futures Brokers, the total positions pertaining to all such consignments) have exceeded the position limits prescribed in Sub-items A, B, and C, the Exchange shall notify the Broker Members thereof and require said Customer, etc. to reduce its positions promptly, until any remaining positions are within such limits.
- F. For Precious Metals Division Member, whose position limits prescribed in Item 2.A or Item 2.B exceeds the position limits prescribed in Sub-items A, B, and C, the position limits prescribed in Item 2.A or Item 2.B shall apply.
- G. In cases where a customer’s positions have exceeded, or will exceed the position limits prescribed in Sub-items A, B, and C, a Broker Member shall offset any excessive positions immediately (or by the close of the Day Session of the third

business day of the relevant month if the positions have exceeded such limits as a result of carryover of existing contract months), pursuant to the provisions of Article 30.2 of the Market Rules. Customers may not trade for a new position in any contract month until their remaining positions are within the limits prescribed in Sub-items A, B, and C.

- H. A customer may maintain positions exceeding the position limits prescribed in Sub-items A, B, and C, within the limits separately determined by the Exchange, provided that the Exchange has approved such excessive positions as hedge positions. However, the Exchange may enforce limitation 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 limits approved by the Exchange. The customer may not raise an objection to such administrative measures enforced by the Exchange.
- I. In accepting consignment of transactions from an Intermediary that would result in a customer position exceeding the position limits prescribed in Sub-items A, B, and C, the Broker Member shall obtain from the Intermediary a Pledge separately specified by the Exchange, and submit it to the Exchange.
- J. In accepting consignment of transactions from the Foreign Commodity Futures Broker that would result in customer positions exceeding the position limits prescribed in Sub-items A, B, and C, the Broker Member shall obtain from the Foreign Commodity Futures Broker a Pledge separately specified by the Exchange, and submit the same to the Exchange.
- K. 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-items A, B, and C, the Broker Member and the Intermediary shall submit an application form and an agreement as separately specified by the Exchange.
- L. When a Pledge is submitted by an Intermediary and a the Foreign Commodity Futures Broker pursuant to the provisions of Sub-item I and J, or an application form and an agreement are submitted by the Broker Member and the Intermediary pursuant to the provisions of Sub-item K, and is approved by the Exchange as appropriate, the Exchange shall take special measures to permit an exception to the position limits applicable to said Intermediary and Foreign Commodity Futures Broker. In this case, the terms "customer" prescribed in Sub-items A, B, and C, "Broker Member" prescribed in Sub-items E and G, "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.
- M. In cases where an Intermediary or Foreign Commodity Futures Broker that was granted special measures, pursuant to the provisions of Sub-item L, fails to submit the position report prescribed in Article 4, or otherwise is deemed to have committed an act that causes problems in market management of the Exchange, the Exchange may, at any time, limit or terminate the measures granted under Sub-item L.
- N. Customers may not exceed the position limits prescribed in Sub-item A as a result of the exercise of options.
- O. In cases where a customer's positions have exceeded the position limits, prescribed in Sub-item A, as a result of the allotment of exercise, the Exchange shall require said customer to reduce its positions as promptly as possible until the positions are within such limits. Such customer may not trade for a new position in any contract month until its positions are within the position limits prescribed in Sub-item A.

(2) Limits on proprietary positions of a Member (including member-customer positions consigned to other Broker Members and member-customer positions consigned to Intermediaries for the intermediation of consignment)

A. Limits on proprietary positions of a Member shall be as follows:

(i) Physically Delivered Futures Transactions (the following limits shall apply separately for short positions and long positions)

Gold:

current contract month	Total
10,000 contracts	30,000 contracts

Silver:

current contract month	Total
3,000 contracts	30,000 contracts

Platinum

First Contract Month		Second Contract Month	Total
Expiry Month	Month preceding the Expiry Month		
600 contracts	700 contracts	1,200 contracts	10,000 contracts

Palladium

First Contract Month		Second Contract Month	Total
Expiry Month	Month preceding the Expiry Month		
450 contracts	600 contracts	1,200 contracts	9,000 contracts

(ii) Cash-settled Futures Transactions (the following limit shall apply separately for short positions and long positions)

Gold : 60,000 contracts (regardless of contract month)

Platinum

First Contract Month		Second Contract Month	Total
Expiry Month	Month preceding the Expiry Month		
1,800 contracts	2,100 contracts	3,600 contracts	30,000 contracts

(iii) Options Transactions (the following limit shall apply separately for short positions and long positions in put options and short positions and long positions in call options)

Gold : 10,000 contracts.

B. Limits on the proprietary positions of a Broker Member for Physically delivered Futures Gold and Silver transactions, and Cash settled Gold transactions shall be the greater of 10% of the total positions or the numbers prescribed in Article 2.2 Item A, applicable separately for short positions and long positions.

C. In cases where a Member's proprietary positions have exceeded, or will exceed the position limits prescribed in Sub-items A or B, the Member shall offset any excessive positions immediately (or by the close of the Day Session of the third business day of the relevant month if the positions have exceeded such limits as a result of carryover of existing contract months), pursuant to the provisions of Article 30.2 of the Market Rules. Such Member may not trade for a new position in any contract month until the positions is within the position limits prescribed in Sub-items A or B.

D. A Member may maintain positions exceeding the position limits prescribed in Sub-items A or B, within a limit separately determined by the Exchange, provided

that the Exchange has approved such excessive positions as hedge positions. However, the Exchange may enforce limitations of such approval, in whole or in part, based on of prevailing market conditions. In such a case, the Member shall reduce any excessive positions promptly, until the remaining positions are within the position limits approved by the Exchange. The Member may not appeal such administrative measures enforced by the Exchange.

- E. Trade Members, etc. (meaning Trade Members, Broker Members, and Remote Trade Members) whose outstanding clearing deposit balance has exceeded the cumulative deposit limit and no longer required to deposit an additional clearing deposits in accordance with the Business Rules of the Clearing House, may maintain positions until their positions reach the level of 20% more than the limits on proprietary positions prescribed in Sub-items A or B; provided, however, that Platinum and Palladium are excluded.
- F. When the limits on proprietary positions, prescribed above, have been exceeded as a result of transactions 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 reduce any excessive positions until their positions are within the said limits.
- G. A Member may not exceed the position limits prescribed in Sub-items A or B as a result of the exercise of options.
- H. In cases where a Member's positions have exceeded the position limits, prescribed in Sub-items A or B as a result of allotment of exercise, the Exchange shall require said Member to reduce its positions promptly, until their positions are within such limits. Such Member may not trade for a new position in any contract month until the positions are within the position limits prescribed in Sub-items A or B.

Article 3 (Delivery Clearing Margins)

1. With respect to Declared Delivery for Physically Delivered Platinum Futures Transactions, 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 day of such determination. However, the seller is no longer required to deposit said Delivery Clearing Margin on or after the delivery day, and the buyer is no longer required to deposit said Delivery Clearing Margin on or after the day on which the buyer pays the delivery payment and the amount corresponding to consumer tax applicable thereto to the Exchange.

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 the form separately prescribed by the Exchange, by the following business day.
 - A. Total proprietary positions exceed 5,000 contracts (or, in the case of Platinum and Palladium, 500 contracts).
 - B. Total proprietary positions in one contract month exceed 100 contracts in the case of Gold and Silver and 20 contracts in the case of Platinum and Palladium.
 - C. Total customer positions in one contract month exceed 100 contracts in the case of Gold and Silver and 20 contracts in the case of Platinum and Palladium.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 report on any positions scheduled for delivery.

With respect to Platinum and Palladium transactions, the positions scheduled for delivery as of the first business day, 10th, and 20th of the current contract month (Expiry Month) (10th and 20th shall be moved up if they fall on a holiday), as well as at the close of the Day Session of the business day immediately preceding the Last Trading Day, shall be reported.

- (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, and Foreign Commodity Futures Brokers, to report on the 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 on April 27 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 3.3, 3.4, and 3.5 (Clearing Margins) shall be in effect as of October 1, 2009. However, before the Market Rules take effect on October 8, 2009, "Trade Members, Brokers Members, and Remote Trade Members" in Article 2.2 Item E must read as "Trade Members and Broker Members", and "Article 73.1 through 73.3" in Article 2.2 Item F must read as "Article 74.2 of the Market Rules".

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) and 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 Margin) shall be in effect as of January 1, 2011.

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.