

Rubber 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 Rubber 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 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) Limits on customer positions

- A. Separately for short positions and long positions, 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), and “customers other than Commercials or Investment Trusts, etc.”) shall be as follows.

	Current Contract Month	Second Contract Month	Total
Customers other than Commercials or Investment Trusts, etc	200 contracts	600 contracts	10,000 contracts
Commercials or Investment Trusts, etc.	300 contracts	600 contracts	10,000 contracts

- B. For the purpose of calculation under Sub-item A, 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 who is 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. When the Exchange deems it necessary, the number of physically delivered positions still kept by the customer may be aggregated with the long position in the current contract month, second contract month or the total of all contract months.
- D. 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.
- E. For a Rubber Division Member, whose position limit prescribed in Item 2 exceeds the position limit prescribed in Sub-item A, the position limit prescribed in Item 2 shall apply.
- F. In cases where a customer position has exceeded, or will exceed the position limit

prescribed in Sub-items A, the 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 position 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 customers may not trade for a new position in any contract month until their remaining positions are within the limits prescribed in Sub-item A.

- G. 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 hedge position (provided, however, that with respect to the current contract month, the customer shall reduce the positions including any hedge positions already approved by the Exchange until the remaining position are within the limit prescribed in Sub-item A by the fifth business day before the Last Trading Day of said contract month, unless otherwise approved by the Exchange). 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 object to such administrative measures enforced by the Exchange.
- H. In accepting the 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.
- I. In accepting the 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.
- J. 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.
- K. When a Pledge is submitted by an Intermediary, or a Foreign Commodity Futures Broker, pursuant to the provisions of Sub-items H and I, or an application form and an agreement are submitted by the Broker Member of an Intermediary pursuant to the provisions of Sub-item J, 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 and Foreign Commodity Futures Broker. In this case, the terms "customer" prescribed in Sub-item A, "Broker Member" prescribed in Sub-item D, "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.
- L. In cases where an Intermediary or Foreign Commodity Futures Broker that was granted special measures pursuant to the provisions of Sub-item K, 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 the measures granted under Sub-item K.

(2) Limits on proprietary positions of a Member (including those positions pertaining to

transactions 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 shall be as follows.

Current Contract Month	Second Contract Month	Total
300 contracts	600 contracts	10,000 contracts

- B. Separately for short positions and long positions, proprietary position limits for Broker Members shall be the greater of 10% of the total position, or the figure described in the previous item A. In this case, "10% of the total positions" means 10% of the sum of all long and short positions with respect to each contract month and all contract months combined.
- C. When the Exchange deems it necessary, the number of physically delivered positions still kept by the Member may be aggregated with the long position in the current contract month, second contract month or the total of all contract months.
- D. In cases when a Member's proprietary position has exceeded, or will exceed the position limit set forth in Sub-items A or B, the Member shall offset the excess position immediately (or by the close of the Day Session of the third business day of the relevant month if the position exceeds such limit as a result of carry-forward from 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 and B.
- E. A Member may maintain a position exceeding the position limit, prescribed in Sub-items A or B, within a limit separately determined by the Exchange, provided that the Exchange has approved such excess position as a hedge position (however, with respect to the current contract month, the Member shall reduce the positions including any hedge positions already approved by the Exchange until the remaining positions are within the limit prescribed in Sub-items A or B by the fifth business day before the Last Trading Day of said contract month, unless otherwise approved by the Exchange). However, the Exchange may enforce limitations of such an approval, in whole or in part, in consideration of prevailing market conditions. In such case, the Member shall reduce any excess position promptly until the remaining positions are within the limits approved by the Exchange. Such Member may not object to such administrative measures enforced by the Exchange.
- F. When the limit on proprietary positions prescribed above exceeds as a result of trades executed in the course of a default procedure pursuant to the provisions of Article 73.2 and 73.3 of the Market Rules, Trade Members, etc. (meaning Trade Members, Broker Members, and Remote Trade Members; the same shall apply hereinafter) shall reduce the positions promptly, until their remaining positions are within such limit.

Article 3 (Applicability of Special Case of Delivery)

1. The circumstances to be determined separately, as prescribed in Article 49.2 of the Market Rules, shall be any of the following circumstances.
 - (1) When the price of the current contract month or the second contract month resulted in a backwardation of 10 yen or more for two (2) consecutive business days as compared with the price of the respective next contract month, based on the settlement price of each business day.
 - (2) When the Exchange determined that the price of the current contract month or the second contract month based on the Settlement Price of each business day maintained prices that are higher by 5% or more for five (5) consecutive business days as compared with the price of rubbers imported from the spot markets in rubber producing countries.
 - (3) When the open interest of the current contract month was equal to or greater than 15,000

contracts, or the second contract month was equal to or greater than 25,000 contracts, respectively.

- (4) In addition to each Item above, a case where the Exchange specifically determines that the application of special delivery is necessary in view of such factors as the status of open interest and transaction in the market, etc.

Article 4 (Reporting of Positions)

1. (1) If the position at the close of the Day Session falls 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. 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 Trade Members, etc. pertaining to the positions (including concurrent positions) regarding delivery, and require them to submit a report on the position 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 Member, etc., Intermediary, or Foreign Commodity Futures Broker to submit a report on the position 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 Detailed Rules shall be in effect as of December 1, 2008.

Supplementary Provisions

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

Supplementary Provisions

Revisions to Article 1 (Purpose) and Article 2 (Position Limits) through Article 5 (Reporting of Positions), and deletion of Article 3 (Limits 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), and Newly established Article 3.4 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 Article 5 (Reporting of Positions) shall be in effect as of July 1, 2010.

Supplementary Provisions

Revisions to Article 2 (Position Limits) and Article 5 (Reporting of Positions) shall be in effect as of August 9, 2010.

Supplementary Provisions

Revisions to Article 2 (Position Limits) through Article 5 (Revision or Abolition) and deletion of Article 3 (Clearing Margins) shall be in effect as of January 1, 2011.

Supplementary Provisions

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