

Chukyo-Oil Delivery Detailed Rules

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Article 1 (Purpose)

1. These Detailed Rules shall, based on the provisions of Article 3.8 of the Market Rules, prescribe matters necessary for delivery in the Chukyo-oil Market.

Article 2 (Definition of Terms)

1. In Article 49.1.4 of the Market Rules and in these Detailed Rules, the meaning of the terms set forth in each of the following items shall be as, prescribed in each of the respective items.
 - (1) "Onshore shipment" means shipment by means of a mobile storage tanker ("tanker lorry"), prescribed in Article 2.10 and Article 2.11 of Hazardous Materials Control Order (Order No 306 of 1959).
 - (2) "Storage facility" means a dangerous goods storage facility, prescribed in Article 2 of Fire Service Act (Act No 186 of 1948), that is used to store 1st Class and 2nd Class Petroleum, set forth in the Schedule attached thereto, under the license granted by the head of municipalities, etc., pursuant to the provisions of Article 11 thereof.

Article 3 (Good Delivery Material)

1. Good Delivery Material shall be as follows.
 - (1) Gasoline
Either domestically refined gasoline satisfying the quality standard for commodities with standard grade, prescribed in Article 11.1.4.A of the Market Rules, or imported gasoline for which the customs formalities for import have been completed that is delivered from the tank through the loading arm, or through the hose ("tank delivery"), in a normal state, without any accidents; provided, however, that exclude E3-gasoline (gasoline with 3% of ethanol content).
 - (2) Kerosene
Either domestically refined kerosene satisfying the quality standard for commodities with standard grade, prescribed in Article 11.1.4.B of the Market Rules, or imported kerosene for which the customs formalities for import have been completed, that is delivered by way of tank delivery, in a normal state, without any accidents.

Article 4 (Calculation of Weight of Delivery Goods)

1. The weight of delivery goods shall be measured using a meter ("flow meter") installed at delivery points, prescribed in Article 49.1.4 of the Market Rules ("delivery points").
2. The minimum measuring unit for delivery goods shall be 1 liter. Any resulting fraction that is less than 1 liter shall be rounded off.

Article 5 (Weight Tolerance of Delivery Goods)

1. As long as the weight of the delivery goods is within plus or minus two-percents (2%) of the delivery amount stated in the General Delivery Notice, prescribed in Article 6.1.6 ("stated delivery amount"), the buyer shall accept the delivery goods and the settlement shall be completed at the delivery price for said weight of the delivery goods.
2. If the weight of the delivery goods exceeds or falls short of the weight limit of the proposed delivery amount by plus or minus two-percents (2%) of the stated delivery amount, the following procedures shall be followed.
 - (1) If the weight of the delivery goods exceeded the upper limit of the proposed delivery amount plus two-percents (2%) of the proposed delivery amount, the excess amount shall be disposed of by the seller under its own responsibility and excluded from the delivery goods for the purpose of said delivery.

- (2) If the weight of the delivery goods fell short of the lower limit of the proposed delivery amount minus two-percents (2%) of the proposed delivery amount, the shortage shall be handled in accordance with the provisions of Article 16.

Article 6 (Method for Determining the Counterparty for Delivery Goods)

1. The counterparty for delivery goods shall be determined in a manner prescribed below.
 - (1) The seller shall submit the Delivery Tender Notice and the Delivery report stipulated by the Exchange, and the buyer shall submit the Delivery Acceptance Notice and the delivery report stipulated by the Exchange, to the Exchange by noon on the business day immediately following the Last Trading Day of the current contract month.
 - (2) Upon receipt of the Delivery Tender Notice and the Delivery Acceptance Notice prescribed in previous Item, the Exchange shall notify the Members (meaning the members provided for in Article 6.1 of the Market Rules; the same shall apply hereinafter) the contents of such Notice without delay.
 - (3) With respect to delivery goods other than those for which the counterparty is determined, in accordance with the provisions of Article 21.1.1 and Article 22.1.1, if there are two (2) or more buyers, the delivery goods to be received by each buyer shall be determined based on an allotment or lottery conducted in accordance with the following method. Such an allotment or lottery shall be conducted, after the Notices prescribed in Item 1 are received by the Exchange, at the time indicated by the Exchange on the business day immediately preceding the last business day of the month containing the relevant Last Trading Day (or, if said business day falls on the Last Trading Day, the last business day of the month containing the relevant Last Trading Day) in the presence of the buyers pertaining to said delivery (including their agents). If any of the buyers fails to appear by the time indicated by the Exchange, an employee of the Exchange shall act on behalf of the absent buyer:
 - a. Where there are certain delivery goods preferred by a buyer, the Exchange may allot such delivery goods to that buyer on a priority basis. Where there are competing buyers, delivery goods to be received by each buyer shall be determined by lottery; and
 - b. With respect to the delivery goods other than those for which the counterparty is determined in accordance with the provisions of Sub-item A, the delivery goods to be received by each buyer shall be determined by a lottery.
 - (4) The lottery, prescribed in the preceding item shall be conducted in a manner, prescribed below:
 - a. The Exchange will conduct a lottery for determining the order of drawing lots by buyers ("preliminary lottery") by drawing lots; and
 - b. Upon determination of the order of drawing lots as a result of the preliminary lottery, the Exchange will conduct the final lottery by drawing lots in accordance with said order. Finally, the Exchange will determine the delivery goods to be received by each buyer by having, in accordance with the order determined as a result of the final lottery, each buyer select from the Delivery Tender Notice delivery goods they are to receive.
 - (5) Upon determination of the delivery goods to be received by each buyer, the Exchange shall notify the seller and the buyer pertaining to said delivery thereof without delay.
 - (6) The seller and the buyer shall submit to the Exchange a General Delivery Notice, signed jointly by the seller and the buyer specifying the delivery day, delivery points, delivery amount, delivery method, whether a document certifying that the delivery goods qualify as Good Delivery Material ("Quality Certification") is attached (limited to cases where the provisions of Article 8 apply), and other relevant matters, by 3:30 p.m. of the last business day of the month containing said Last Trading Day.
 - (7) Upon receipt of the General Delivery Notice prescribed in the preceding item, the Exchange shall, without delay, notify said Members of the delivery payment (in the case of delivery of gasoline, any amount of gasoline tax and local gasoline tax charged in proportion to the delivery amount; the same shall apply hereinafter) and the amount of consumption tax applicable thereto (including local consumption tax; the same shall

apply hereinafter) (the sum of the delivery payment and the amount of consumption tax applicable thereto shall be "Delivery Payment").

- (8) If the seller and the buyer intend to change any of the details specified in the General Delivery Notice, as prescribed in Item 6, they shall submit a new General Delivery Notice to the Exchange by 3:30 p.m. of the delivery day (if the delivery day falls on a holiday, by 3:30 p.m. of the business day immediately preceding the delivery day). In this circumstance, the Exchange shall notify said Members of the Delivery Payment again without delay.

Article 7 (Delivery Method)

1. The delivery method shall be as follows.

- (1) The seller shall submit a Shipping Request and other documents, prescribed in Article 54.2 of the Market Rules, and the Quality Certification (limited to cases where the buyer requests such document to be included, pursuant to the provisions of Article 8), by noon of the business day immediately preceding the delivery day.
- (2) The buyer shall, by noon of the business day immediately preceding the delivery day, pay the Delivery Payment to the Exchange and receive the Shipping Request and other documents and Quality Certification, as prescribed in the preceding item.
- (3) The delivery method to be used by the seller shall be tank delivery at the delivery points; the delivery method to be used by the buyer shall be by tanker lorry.
- (4) Notwithstanding the delivery unit prescribed in Article 17 of the Market Rules, if the buyer requests that delivery be made in more than one installment, the seller shall adhere to the request.
- (5) The buyer shall submit to the Exchange the Delivery Completion Notice, prescribed by the Exchange, by 3:30 p.m. of the business day that is two (2) business days after the delivery day. The Delivery Completion Notice shall be made based on a document, such as a copy of the Cargo handling Agreement or the statement of delivery, certifying that the delivery has been definitively completed (hereinafter referred to as "Delivery Statements").
- (6) The Exchange shall pay the Delivery Payment to the seller by noon of the business day immediately following the day on which the Delivery Completion Notice is submitted to the Exchange (limited to those received by the Exchange by 3:30 p.m. on each business day).
- (7) The buyer shall keep the Agreements and shall submit to the Exchange when the Exchange deemed it necessary.
- (8) If there is an excess or deficiency in the weight of the delivery goods as compared with the stated delivery amount (provided that such excess or deficiency is within the limit permitted under Article 5), the buyer shall report the weight of such excess or deficiency of the delivery goods to the Exchange by 3:30pm on the two business days after the last delivery day of the current contract month. The Exchange shall adjust the Delivery Payment for such excess or deficiency as follows.
 - a. For an excess in the weight of the delivery goods:
 - (i) The Exchange shall, on the day on which the Delivery Completion Notice is submitted or the excess in the weight of the delivery goods is reported, calculate the Delivery Payment with respect to the excess using the delivery price and notify both the seller and the buyer thereof; and
 - (ii) The buyer shall deliver to the Exchange said amount by noon of the business day that is four (4) business days after the last delivery day of the current contract month and the Exchange shall pay said amount to the seller by noon of the business day immediately following the day on which said amount is delivered by the buyer.
 - b. For a deficiency in the weight of the delivery goods:
 - (i) The Exchange shall, on the day on which the Delivery Completion Notice is submitted or the deficiency in the weight of the delivery goods is reported, calculate the Delivery Payment with respect to the deficiency using the delivery price and notify both the seller and the buyer thereof; and

- (ii) The seller shall deliver to the Exchange said amount by noon of the business day that is four (4) business days after the last delivery day of the current contract month and the Exchange shall pay said amount to the buyer by noon of the business day immediately following the day on which said amount is delivered by the seller.

Article 8 (Quality Certification)

1. In cases where the delivery is made at a delivery point prescribed in Article 49.1.4 of Market Rules, if the buyer requests that a Quality Certification be attached, the seller shall do so as requested; provided, however, that this requirement shall not apply if the delivery is made at a delivery point approved by the Exchange for such exception.
2. The Quality Certification, prescribed in the preceding paragraph, shall be based on the analysis conducted in accordance with the method prescribed in either of the following items by any of the registered analysis centers, prescribed in Article 16-2 of the Act on the Quality Control of Gasoline and Other Fuels (Act no 88 of 1976) or those analysis centers approved by the Exchange as being equivalent to such registered analysis centers, provided that the analysis result satisfies the standard, prescribed in Article 5.
 - (1) Method in which, with respect to the tank in which said delivery goods are or were stored, samples are extracted and analyzed for each rotation of the tank.
 - (2) Method in which, with respect to the tank in which said delivery goods are or were stored, samples are extracted and analyzed once every month.

Article 9 (Arrangement of Inland Water Vessel)

1. The tanker lorry, prescribed in Article 7.1.3, shall be arranged by the buyer, unless it is arranged by the seller. In this case, the buyer shall arrange an inland water vessel satisfying the standard for permission to enter port, prescribed by the delivery point.
2. When the arrangement of the tanker lorry is completed, the buyer shall promptly notify the seller of that fact.
3. Upon notification, as prescribed in the preceding paragraph, the seller shall cooperate with the buyer so that the buyer can complete all the procedures by the delivery day required to be followed in accordance with the provisions prescribed by the delivery point.

Article 10 (Specification of the Delivery Day)

1. In principle, the buyer may specify the delivery day. However, if the number of contracts to be delivered based on an own account of Member or Customer, etc. exceeds 30 contracts per customer or Trade Member, etc, the delivery day shall be determined based on negotiation between the seller and the buyer.
2. When the specified delivery day, pursuant to the provisions of the preceding paragraph, falls under any of the following items, the delivery day shall be determined based on negotiation between the seller and the buyer.
 - (1) Where the tanker lorry is unable to obtain permission to enter from the delivery point.
 - (2) Where permission for delivery cannot be obtained from the delivery point due to factors such as the operating status of the facilities.
 - (3) Where there occurs an event, prescribed in Article 14, that is not attributable to the delivery parties.

Article 11 (Scope of Responsibilities of the Seller)

1. The scope of responsibilities of the seller in connection with delivery shall be until all the

delivery goods pass the leading end of the loading arm of delivery facility for tank lorry at the delivery point.

Article 12 (Delivery Costs)

1. Delivery costs shall be shared between the delivery parties as follows.
 - (1) Costs incurred for inspection, measuring, and shipping or loading required at the time of delivery shall be borne by the seller.
 - (2) Costs incurred for the arrangement and the registration of the tanker lorry shall be borne by the buyer.
 - (3) Costs incurred for the issuance of the Quality Certification, prescribed in Article 8, shall be borne by the seller.
 - (4) Sharing of other costs not prescribed in the Market Rules, or this Detailed Rules, shall be determined by the delivery parties based on mutual consultation.

Article 13 (Handling of Inability to Deliver)

1. In cases where delivery was not completed on the delivery day due to an event, prescribed in Article 14, that is not attributable to the delivery parties, the seller and the buyer shall, based on mutual consultation, separately determine the delivery date, which shall fall within a period for the delivery day of said contract month or a period approved by the Exchange, and complete the delivery for any amount that has not been completed. However, if the Exchange determines that it is impossible or inefficient to complete such delivery within said period, delivery shall be deemed to have been completed by settling the outstanding position pertaining to said amount at the delivery price of the relevant contract month.
2. Delivery parties may not lodge any objection to the handling prescribed in the preceding paragraph.
3. The handling under Paragraph 1, however, shall be limited to such cases where a notice that delivery will be made with said delivery goods under such terms and conditions had been submitted to the Exchange prior to the occurrence of events, prescribed in Article 16, that are not attributable to the respective delivery parties.

Article 14 (Reasons for Inability to Deliver)

1. If any of the following events give rise to an inability to deliver the Exchange shall classify the event as not being attributable to the delivery parties.
 - (1) Where shipping at the delivery point cannot be carried out due to natural disasters, wars, riots, etc.
 - (2) In the event of an accident to the tanker lorry.
 - (3) Where performance of delivery becomes impossible due to laws, administrative sanctions, etc.
 - (4) Other events approved by the Exchange as being inevitable.

Article 15 (Filing of Deficiency)

1. In cases where the buyer acknowledges that there is a deficiency in delivery goods such as a deficiency in weight, existence of impurities or water, or is of a quality not satisfying the standard for Good Delivery Material, prescribed in Article 3, the buyer may file a claim of deficiency against the Exchange and the seller by 5:00 p.m. of the business day immediately following the delivery day using a form prescribed by the Exchange.

Article 16 (Handling of Deficient Delivery Goods)

1. Upon a filing of deficiency, made pursuant to the provisions of the preceding article, the

Exchange shall conduct research necessary for verifying the matters stated in the filing. The Exchange may request a registered analysis center, prescribed in Article 8.2, to conduct an inspection.

2. If, as a result of the research conducted, pursuant to the provisions of the preceding paragraph, the Exchange determines that there is no deficiency, the Exchange will reject the filing. Otherwise, the Exchange shall handle the deficiency in the following manner.
 - (1) In the case of a deficiency in the weight of the delivery goods exceeding the limit permitted under the provisions of Article 5, the Exchange shall cause the delivery to be completed by requiring the seller to accept a price discount by the amount calculated with respect to the entire deficiency based on the delivery price.
 - (2) Where the Exchange determines that completing delivery based on a price discount would not be detrimental due to an immaterial deficiency, the Exchange shall require the delivery to be completed based on a price discount determined by the Exchange.
 - (3) Where the Exchange determines that delivery goods are not suitable for delivery due to a significant deficiency, the Exchange shall cause the delivery to be completed by requiring the seller to supply substitute delivery goods within five business days from the business day immediately following the day on which such determination is made.
 - (4) In the event that the seller fails to supply substitute delivery goods, as required under the preceding item, or that there is a deficiency in the substitute delivery goods that is so significant that they are deemed unsuitable for delivery, it shall be deemed that the seller never supplied any delivery goods.
3. Upon determination of the handling procedure for deficient delivery goods, pursuant to the provisions of the preceding paragraph, the Exchange shall notify the parties concerned thereof without delay. The parties concerned are required to follow the determination.

Article 17 (Costs Incurred for the Handling of Deficiency)

1. Costs incurred for the handling of a deficiency, prescribed in the preceding article, shall be shared between the delivery parties as follows.
 - (1) Inspection fees and other actual costs incurred for research for a deficiency filing, shall be borne by the buyer if the filing is rejected due to the results of this research.
 - (2) Inspection fees and other actual costs incurred for research of a deficiency that results in a delivery based on a price discount, prescribed in Articles 18.2.1 and 18.2.2, or delivery based on substitute delivery goods, prescribed in Article 18.2.3, shall be borne by the seller.

Article 18 (Penalty for Late Delivery)

1. The seller who has completed delivery by supplying substitute delivery goods, pursuant to the provisions of Article 16.2.3, shall pay to the Exchange an amount equal to the Delivery Payment (excluding gasoline tax and local road tax in the case of gasoline) for such substitute delivery goods, multiplied by one-percent (1%), as a penalty for late delivery.
2. Upon receipt of the penalty payment for late delivery prescribed in the preceding paragraph the Exchange shall deliver it to the buyer without delay.

Article 19 (Withdrawal of Filing of Deficiency)

1. In cases where an agreement is reached between the delivery parties to withdraw a filing of a deficiency, made by the buyer pursuant to the provisions of Article 15, the buyer may withdraw the filing by notifying the Exchange to that effect in writing. If an inspection has already been conducted, pursuant to the provisions of Article 16.1, costs incurred for conducting such test shall be borne by the buyer.

Article 20 (Declared Delivery)

1. Members intending to carry out a Declared Delivery, prescribed in Article 57 of the Market Rules, shall make an application using the application form prescribed by the Exchange, within the period from the next business day of the last trading day of the contract month immediately preceding the current contract month, to 2:30 p.m. of the business day that is two (2) days prior to the Last Trading Day of the current contract month.
2. In addition to those prescribed in the preceding paragraph, other matters necessary for the handling of Declared Delivery shall be prescribed by the Chukyo-oil Declared Delivery Procedure.

Article 21 (Customized Delivery)

1. "Within the period prescribed by the Chukyo-oil Delivery Detailed Rules" referred to in Article 58 of the Market Rules shall be as follows.
 - (1) Within the period from the time a notification is made by the Exchange to Members concerning the contents of the Delivery Tender Notice and Delivery Acceptance Notice, prescribed in Article 6.1.2, until the noon of the day on which the counterparty to receive the delivery goods is determined pursuant to the provisions of Article 6.1.3 or Article 6.1.4.
 - (2) Within the period from the time the counterparty to receive the delivery goods is determined until 3:30 p.m. of the business day immediately following the day on which said counterparty is determined.
2. In addition to those items prescribed in the preceding paragraph, other matters necessary for the handling of Customized Delivery shall be prescribed by the Chukyo-oil Customized Delivery Procedure.

Article 22 (ADP)

1. "Within period prescribed by the Delivery Detailed Rules" referred to in Article 58-2 of the Market Rules shall be as follows.
 - (1) Within the period from the time a notification is made by the Exchange to Members concerning the contents of the Delivery Tender Notice and Delivery Acceptance Notice, prescribed in Article 6.1.2, until the noon of the day on which the counterparty to receive the delivery goods is determined pursuant to the provisions of Article 6.1.3 or Article 6.1.4.
 - (2) Within the period from the time the counterparty to receive the delivery goods is determined until 3:30 p.m. of the business day immediately following the day on which said counterparty is determined.

Article 23 (Methods Relevant to Delivery)

1. The methods provided in Article 6, Article 7, Article 20, Article 21 and Article 22 shall be made through the electronic computer system set by the Exchange ("Delivery System"; the same shall apply hereinafter), which procedures are prescribed in the Delivery system Procedure. In such case, the approval of the seller and the buyer through the Delivery System shall be treated as "signed jointly by the seller and the buyer" prescribed in Article 3.1.6, in Article 4.1.1 of the ADP Detailed Rules, in the Chukyo-oil Declared Delivery Procedure and in the Chukyo-oil Customized Delivery Procedure.

Article 24 (Emergency Measures)

1. In cases where there arises a situation that is not prescribed in the Market Rules, or in these Detailed Rules, or an unforeseen situation occurs with respect to delivery, the delivery shall

be handled by the seller and the buyer based on mutual consultation between the delivery parties.

Article 25 (Amendment to the Rules)

1. These Detailed Rules shall be amended as necessary in consideration of actual delivery practices, and such amendments may be applied to existing contract months.

Article 26 (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 October 12, 2010.

Supplementary Provisions

Revisions to the provisions of Article 4 (Calculation of Weight of Delivery Goods) shall be in effect as of May 15, 2012.

Supplementary Provisions

Revisions to the provisions of Article 3 (Good Delivery Materials) shall be in effect as of June 5, 2013 and applied to the delivery of January 2014 contract month and subsequent contract months.

Supplementary Provisions

Revisions to the provisions of Article 6 (Method for Determining the Counterparty for Delivery Goods) and Article 10 (Specification of the Delivery Day) shall be in effect as of March 31, 2014.

Supplementary Provisions

Newly settled Article 22 (ADP) and the revisions to the provisions of Article 22 (Emergency Measures), Article 23 (Amendment to the Rules) and Article 24 (Revision or Abolition) shall be in effect as of September 26, 2014 and applied to the delivery of October 2014 contract month and subsequent contract months.

Supplementary Provisions

Revisions to the provisions of Article 7 (Delivery Method) shall be in effect as of October 1, 2014.

Supplementary Provisions

Article 1

Newly established Article 23 (Methods Relevant to Delivery) and the revisions to the provisions of Article 6 (Method for Determining the Counterparty for Delivery Goods), Article 7 (Delivery Method), Article 23 (Emergency Measures), Article 24 (Amendment to the Rules) and Article 25 (Revision or Abolition) shall be in effect as of March 22, 2016.

Article 2

Notwithstanding to the previous Article, newly established Article 23 (Methods Relevant to Delivery) may not applied to the delivery of June 2016 contract month or before.

Supplementary Provisions

Revisions to the provisions of Article 20 (Declared Delivery) shall be in effect as of October 20, 2016 and shall applied to the December 2016 contract month and subsequent contract months.

Supplementary Provisions

Revisions to the provisions of Article 6 (Method for Determining the Counterparty for Delivery Goods), Article 10 (Specification of the Delivery Day), Article 21 (Customized Delivery) and Article 22 (ADP) shall be in effect as of October 31, 2016.

Supplementary Provisions

Revisions to the provisions of Article 6 (Method for Determining the Counterparty for Delivery Goods) and Article 7 (Delivery Method) shall be in effect as of May 8, 2017.