

## Chukyo-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 Chukyo-oil Market.

**Article 2 (Position Limits of Members)**

1. Exchange shall pursuant to the provisions of Article 30.1 of the Market Rules, limits on proprietary positions of Members as follows, applicable separately for short positions and long positions:

(1) Gasoline and Kerosene:

	Current Contract Month	Second Contract Month	Other Contract Month (each)
Commercials or Market Makers	1,500 contracts	3,000 contracts	6,000 contracts
Others	600 contracts	1,200 contracts	6,000 contracts

(limits shall be applicable to the relevant contract months from the first business day to the last business day of such month; same shall apply hereinafter)

2. Position Limits of Members prescribed in previous paragraph shall include the positions consigned to other Broker Members, Remote Members, Intermediaries, or Foreign Commodities Futures Broker.
3. A Member who desires to apply the position limits as Commercial Members prescribed in Paragraph 1 shall submit the Application Form for the approval to the Exchange beforehand.
4. In cases where a Member that was granted pursuant to Paragraph 3 has fallen under any of the disqualifying conditions, such Member shall notify the Exchange in writing without delay.
5. Notwithstanding of Paragraph 3, a Member who obtains the membership as a Commercial Member shall apply the position limits as Commercial Members prescribed in Paragraph 1.
6. Trade Member or Broker Member who is a Clearing Participant 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 Paragraph 1.

**Article 3 (Position Limits of Customers)**

1. Exchange shall Limits on customer positions, pursuant to the provisions of Article 30.2 of the Market Rules, as follows, applicable separately for short positions and long positions. Broker Members and Remote Broker Member shall further categorized its' customers to into "Commercials", "Investment Trusts, etc." (who fulfill the requirement stated by the Exchange; the same shall apply hereinafter), "Market Makers" (who recognized by the Exchange; the same shall apply hereinafter), and "Others";

(1) Gasoline and Kerosene:

	Current Contract Month	Second Contract Month	Other Contract Month (each)
Commercials, Investment Trusts, etc. or Market Makers.	1,500 contracts	3,000 contracts	6,000 contracts
Others	300 contracts	600 contracts	3,600 contracts

2. Position Limits of customers prescribed in previous paragraph shall apply to the total of the positions consigned to Broker Members, Remote Members, Intermediaries, or Foreign Commodities Futures Broker
3. When calculating the positions of customers, positions set forth below shall be deemed to be established by a same person and treated as the positions held by one customer:
  - (1) Positions judged to be established by the same customer using separate accounts, pseudonyms, etc.;
  - (2) Positions established by a person directly or indirectly controlled by the customer; and
  - (3) Positions established by two or more persons under an explicit or implicit agreement among those persons.

**Article 4 (Measures to be Taken When the position of Members Exceeds the Limits)**

1. 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, Members (meaning Members prescribed in Article 6.1 of the Market Rules; the same shall apply in Article 8 and Article 9) shall promptly close any excess position until their positions no longer exceed said limit.

**Article 5 (Measures to be Taken When the Customer Position Exceeds the Limits)**

1. When the Exchange deems the limits on customer position, prescribed in Article 3, have been exceeded, the Exchange shall notify the Broker Members or the Remote Broker Members thereof. In such case, the Broker Members or the Remote Broker members shall require said Customer to reduce its positions promptly, until any remaining positions are within such limits.
2. In cases where a customer's positions will exceed the position limits prescribed in Article 3 as a result of carryover of existing contract months, a Broker Member or Remote Broker Member shall offset any excessive positions by the close of the Day Session of the business day set forth below. Customers may not trade for a new position in any contract month until their remaining positions are within such limits.
  - (1) the third business day for current contract month
  - (2) the fifth business day for the second contract month

**Article 6 (Special Measures for Position Limits)**

1. The Exchange shall take special measures to permit to apply the position limit prescribed in Article 2 for each Members and Article 3 for each customers who consigned intermediation of consignment of transaction to an Intermediary or a Foreign Commodity Futures Broker

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- (“Intermediary, etc.”) if a Pledge is submitted by Intermediary, etc. through Broker Member or Remote Broker Member and is approved by the Exchange as appropriate (“Special Measures”).
2. Intermediary, etc. that was granted Special Measures shall submit the position report prescribed in Article 9.
  3. In cases set forth below, the Exchange may terminate such special measures. In such case, said Intermediary, etc. shall reduce its position within the limits specified by the Exchange:
    - (1) Intermediary, etc. fails to submit the position report;
    - (2) Intermediary, etc. fails to comply with the Rules Governing Special Measures for Position Limits;
    - (3) Intermediary, etc. fails to comply with the pledge; and
    - (4) deemed necessary by the Exchange based on prevailing market conditions.
  4. Intermediary, etc. may not raise an objection to the administrative measures prescribed in previous paragraph enforced by the Exchange.
  5. In addition to the provisions of these Detailed Rules, matters necessary for the special measures shall be prescribed by the Rules Governing Special Measures for Position Limits.

#### **Article 7 (Hedge Positions)**

1. The Member (meaning the Members prescribed in Article 6.1 of the Market Rules) shall maintain position of the proprietary trade or the trade consigned by other Members or the customer, etc. (meaning customer of Members or a customer of Intermediary, etc. who granted special measures prescribed in Article 6; the same shall apply hereinafter) for exceeding the position limit prescribed in Article 2 for Members and Article 3 for customers, within the limits separately determined by the Exchange if an application prescribed separately by the Exchange is submitted by the Members and is approved by the Exchange as hedge positions (meaning the position established in the futures market for the purpose of offsetting or reduce the price fluctuation risk arising from transactions in spot market, etc. as prescribed in the Chukyo-oil Market Hedge Positions Handling Procedure).
2. The Member or the customer, etc. who has Hedge Positions prescribed in previous paragraph and has completed the spot transaction that applied for the hedge, such Member or customer, etc. shall off-set the hedge positions promptly.
3. In cases set forth below, the Exchange may enforce limitation of approval prescribed in Paragraph 1, in whole or in part. In such case, the Member or the customer, etc. shall reduce any excessive positions promptly until the remaining positions are within the limits approved by the Exchange:
  - (1) the Member or the customer, etc. fails to comply with the Chukyo-oil Market Hedge Positions Handling Procedure; and
  - (2) deemed necessary by the Exchange based on prevailing market conditions.
4. The Member or the customer, etc. may not raise an objection to such administrative measures enforced by the Exchange.
5. In addition to the provisions of these Detailed Rules, matters necessary for the hedge positions shall be prescribed by the Chukyo-oil Market Hedge Positions Handling Procedure.

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### **Article 8 (Delivery Clearing Margins)**

1. With respect to Delivery, Members (or Designated Clearing Participant of Members in cases where such Member is a non-clearing participants prescribed in Article 35-3.3 of Market Rules; only apply in this Articles) shall deposit 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) as a Delivery Clearing Margin by noon on the business day immediately following the Last Trading Day of the current contract month (or, in the case of Declared Delivery prescribed in Article 57 of Market Rules, the day the terms of such Declared Delivery determined).
2. The Delivery Clearing Margin prescribed in Paragraph 1 is no longer required to deposit on or after the following day.
  - (1) For seller, when the buyer submit to the Exchange the Delivery Completion Notice prescribed in Chukyo-oil Delivery Detailed Rules, Chukyo-oil Declared Delivery Procedure or Chukyo-oil Customized Delivery Procedure.
  - (2) For buyer, when the buyer pays to the Exchange the delivery payment, etc. prescribed in the Chukyo-oil Delivery Detailed Rules, Chukyo-oil Declared Delivery Procedure, and Chukyo-oil Customized Delivery Procedure.
  - (3) For the delivery in ADP, when the Exchange approve the application.

### **Article 9 (Reporting of Positions)**

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, Members or Intermediary, etc. who has applied the special measure shall report such positions for all contract months to the Exchange, using the form separately prescribed by the Exchange, by the following business day (two business day following for the Remote Trade Members, Remote Broker Members and the Foreign Commodity Futures Broker who applied special measure by the Exchange) .
    - (1) The total proprietary position exceeds 600 contracts.
    - (2) The total proprietary position in one contract month exceeds 50 contracts.
    - (3) 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.
    - (4) When the Exchange indicates different conditions.
  2. The trading volume of 1 Clearing Period and the positions at the close of Clearing Period shall be reported by the Members in the form provided by the Exchange.
  3. The trading volume from Night Session at last business day of two (2) previous month to Day Session at last business day of previous month and the position at the close of said Day Session shall be reported every month by the Members who have non- resident customers in the form provided by the Exchange.
  4. 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.
  5. 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 Members, 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.
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**Article 10 (Emergency Measures)**

1. 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.

**Article 11 (Revision or Abolition)**

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

## **Supplementary Provisions**

### **Article 1**

These Detailed Rules shall be in effect as of March 31, 2014.

### **Article 2**

The previous version of the Chukyo-oil Market Management Detailed Rules shall be abolished in the effective date of these Detailed Rules.

### **Article 3**

Measures taken based on previous version of the Chukyo-oil Market Management Detailed Rules shall be deemed as the measures taken based on these Detailed Rules.

### **Article 4**

The rules in the previous version of the Chukyo-oil Market Management Detailed Rules shall be applicable to the limits on the proprietary positions of a Broker Member (the greater of 10% of the total positions or the numbers prescribed in the rules) on and before October 2014 contract month.

## **Supplementary Provisions**

The revisions to the provisions of Article 8 (Delivery Clearing Margins) shall be in effect as of September 26, 2014 and applied to October 2014 contract month and subsequent contract months.

## **Supplementary Provisions**

### **Article 1**

Revisions to Article 9 (Reporting of Positions) shall be in effect as of September 20, 2016.

### **Article 2**

Notwithstanding the provisions of Article 1, in the event that there is operational trouble of the electronic trading system or other unavoidable reasons that it is deemed necessary by the Exchange, the effective date of preceding Article will be separately provided by the Exchange.