

## Customer Direct Access Detailed Rules

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**Article 1 (Purpose)**

1. These Detailed Rules shall, based on the provisions of Article 3.15 of the Market Rules, prescribe matters necessary for trading through Customer Direct Access.

**Article 2 (Establishment of Implementation Standards for the Provision of Customer Direct Access Services)**

1. A Broker Member intending to provide Customer Direct Access services to his/her customers (hereinafter referred to as "Customer Direct Access Customers") shall establish the matters prescribed in each of the following items and have them complied with and implemented by the customers to whom he/she provides Customer Direct Access services:
  - (1) Standard for the implementation of the training of transaction terminal operations for Customer Direct Access Customers;
  - (2) Standard for the prevention of excessive trading through Customer Direct Access in view of the assets and creditworthiness of each Customer Direct Access Customer; and
  - (3) Standard for the prevention of abnormal trading due to a breakdown of transaction terminals of Customer Direct Access Customers and other causes.

**Article 3 (Conclusion of Customer Direct Access Contract)**

1. A Broker Member intending to provide Customer Direct Access services to his/her customers shall submit an application for the conclusion of a Customer Direct Access contract to the Exchange by attaching documents prescribing the matters prescribed in the preceding article and conclude said contract with the Exchange by the day on which the provision of Customer Direct Access services commences.
2. Upon receipt of an application for the conclusion of a Customer Direct Access contract prescribed in the preceding paragraph, the Exchange shall make an examination on the contents of the application. If, as a result of the examination, the Exchange determines the proposed contract appropriate, the Exchange shall conclude a Customer Direct Access contract with the Broker Member who made said application.
3. If, subsequent to the conclusion of a Customer Direct Access contract with the Exchange, the Broker Member made a change in the documents prescribing the matters prescribed in each item of the preceding article or prescribed additional matters for Customer Direct Access Customers, the Broker Member shall promptly notify the Exchange of the change or the addition.

**Article 4 (Internal Systems, etc. of Customer Direct Access Customers)**

1. Internal systems, etc. prescribed in Article 75.2 of the Brokerage Rules shall be the matters prescribed in each of the following items:
  - (1) The customer's transaction terminals used for trading through Customer Direct Access are appropriate;
  - (2) The customer has appointed and stationed a manager who is responsible for and has authority to conduct the management of trading through Customer Direct Access;
  - (3) The customer has established appropriate internal rules and regulations for the management of trading through Customer Direct Access; and
  - (4) In addition to the above, matters determined to be necessary by the Exchange.
2. A Broker Member shall confirm that appropriate systems, etc. have been put in place to ensure the matters prescribed in each item of the preceding paragraph and monitor any

changes in said matters. If the Broker Member finds any deficiency in said matters, he/she shall instruct the customer to promptly correct the deficiency. Customer Direct Access Customers may not object to such instruction.

#### **Article 5 (Registration of Customer Direct Access Customers)**

1. The Broker Member shall submit a registration application for his/her Customer Direct Access Customers to the Exchange and obtain approval for them from the Exchange before the commencement of trading through Customer Direct Access by attaching the following documents:
  - (1) A copy of the contract prescribed in Article 74 of the Brokerage Rules;
  - (2) A copy of a written pledge by the Customer Direct Access Customer that he/she will comply with the Market Rules, the Brokerage Rules, these Detailed Rules, and other rules and regulations of the Exchange; and
  - (3) A document confirming the matters prescribed in each item of Article 4.1.
2. Upon receipt of a registration application prescribed in the preceding article, the Exchange shall make an examination on the contents of the application. If, as a result of the examination, the Exchange determines the proposed registration appropriate, the Exchange shall give the Broker Member who made the application a written notice that the person specified in said registration application has been registered as a Customer Direct Access Customer and make a registration entry in the register maintained at the Exchange with the following matters:
  - (1) The name of the Customer Direct Access Customer (if the Customer Direct Access Customer is a juridical person, the name of the Customer Direct Access Customer and the name of its representative);
  - (2) The nationality and address of the Customer Direct Access Customer (if the Customer Direct Access Customer is a juridical person, the location of its head office and the location of the office where transaction terminals of the Customer Direct Access Customer are installed);
  - (3) The name of the Broker Member (consignee) who submitted the registration application; and
  - (4) Date of registration and registration approval number.

#### **Article 6 (Monitoring, etc. of Customer Direct Access Trading Activities)**

1. A Broker Member who provides Customer Direct Access services to his/her customers shall put in place an internal system that enables the Broker Member to monitor, on an ongoing basis, the status of orders of the customers placed through Customer Direct Access;
2. For the purpose of facilitating the monitoring by Broker Members prescribed in the preceding paragraph, the Exchange will immediately transmit the information on the acceptance and execution of orders of Customer Direct Access Customers that are registered in the central processing unit of the Exchange to Member Terminals installed in the office of said Broker Members.
3. With respect to orders placed by Customer Direct Access Customers that are inappropriate in view of the Market Rules, the Brokerage Rules, these Detailed Rules, and other rules and regulations of the Exchange as well as the standards prescribed in Article 2.1.2 and Article 2.1.3, the Broker Member shall immediately take appropriate measures, such as cancellation, against them. Customer Direct Access Customers may not object to such measures.

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**Article 7 (Obligations of the Broker Member)**

1. A Broker Member who provides Customer Direct Access services to his/her customers shall be obliged to have Customer Direct Access Customers to fully understand and comply with the Market Rules, the Brokerage Rules, these Detailed Rules, and other rules and regulations of the Exchange as well as the related internal rules of said Broker Member.
2. A Broker Member who provides Customer Direct Access services to his/her customers shall be obliged to have Customer Direct Access Customers to fully understand the contents of the trading system usage contract and the Customer Direct Access contract that have been concluded between the Exchange and the Broker Member, and to comply with the same conditions in these contracts.
3. A Broker Member who provides Customer Direct Access services to his/her customers shall be liable for all acts including but not limited to juristic acts, nonfeasance, and negligence carried out by his/her Customer Direct Access Customers in relation to trading through Customer Direct Access.

**Article 8 (Revision or Abolition)**

1. Revisions or Abolition to these Detailed Rules shall be approved by the President & CEO.

**Supplementary Provisions**

These Detailed Rules shall be in effect as of September 27, 2010.

**Supplementary Provisions**

The revision to Article 2 (Establishment of Implementation Standards for the Provision of Customer Direct Access Services) shall be in effect as of March 31, 2014.

**Supplementary Provisions**

The revision to Article 2 (Establishment of Implementation Standards for the Provision of Customer Direct Access Services) shall be in effect as of October 31, 2016.