

## Dispute Resolution Regulations

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## **CHAPTER 1 General Provisions**

### **Article 1 (Purpose)**

1. The purpose of these Regulations is, pursuant to the provisions of Article 55.2 of the Articles of Incorporation, to prescribe necessary matters for the mediation of disputes and contribute to resolution thereof, arising between Members or between a Member who obtained a license prescribed in Article 190.1 of the Commodity Derivatives Act (Law No. 239, 1950, hereinafter referred to as the "Act") and accept consignment of transactions in the commodity markets ("Broker Member") and its customer, in relation to transactions on commodity markets of TOCOM; provided that with respect to disputes arising between a Broker Member and its customer, these Regulations shall apply only to disputes other than those pertaining to the resolution of disputes arising from transactions, etc. on a commodity market (excluding commodity clearing transactions) arbitrated by the Commodity Futures Association of Japan pursuant to Article 241 of the Act.

### **Article 2 (Dispute Mediation Committee)**

1. The Dispute Mediation Committee ("Committee") shall be comprised of at least five and up to ten Committee Members appointed by the President & CEO from among Directors, Members and experts. In such case, Committee Members appointed from among experts shall be a majority of the members of the Committee.
2. The Committee Chairman shall be appointed by the President & CEO from among the experts within the Committee Members.
3. The term of office of a Committee Member shall be two years; provided, however, that this does not prevent the Committee Member from reappointment.
4. The Committee shall be administered in accordance with the Detailed Rules prescribed by the Committee.

### **Article 3 (Committee Member Who is a Party to the Dispute)**

1. Any Committee Member who is a party to the dispute or involved in a conflict of interest may not participate in the mediation of the dispute.

### **Article 4 (Nondisclosure of Mediation Procedure)**

1. The mediation procedure shall not be disclosed; provided, however, that the Committee may permit passive attendance of a person or persons deemed appropriate by the Committee.

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## **CHAPTER 2 Appeal for Dispute Mediation**

### **Article 5 (Appeal)**

1. When a dispute arises between Members, or between a Broker Member and its customer, in relation to transactions on commodity markets of the Exchange, the parties thereto may appeal to the Exchange for dispute mediation; provided, however, that with respect to a dispute between a Broker Member and its customer, the Broker Member may not appeal for dispute mediation unless the customer agrees to accept mediation by the Exchange.
2. Any Member who becomes a counterparty to an appeal that has been made pursuant to the preceding Paragraph shall accept the mediation.
3. Any party to a dispute intending to appeal for dispute mediation, pursuant to the provisions of Paragraph 1 shall, in principle, submit a document describing the following matters to the

Exchange.

- (1) Date of appeal.
  - (2) Personal or company name, occupation, and address of the party making the appeal (hereinafter referred to as the “appellant”).
  - (3) Personal or company name, occupation, and address of the counterparty in the dispute.
  - (4) Intent of the appeal.
  - (5) The progress of the dispute and the current situation.
  - (6) Specification of reference materials, if any.
4. If there are evidential documents pertaining to the appeal, made under the provision of Paragraph 1, the appellant shall submit the originals or duplicate copies of the documents at the time of appeal, to the Exchange, for dispute mediation.

#### **Article 6 (Rejection of Appeal)**

1. The Exchange may refuse to effect a reconciliation as prescribed in the following Article 7, if the appeal for dispute mediation falls under any of the following cases.
  - (1) When the appeal pertains to a dispute which has already been resolved through reconciliation and mediation conducted by the Exchange, reconciliation and arbitration conducted by the Reconciliation and Arbitration Committee as prescribed in Article 260 of the Act, or through amicable settlement between the parties thereto.
  - (2) When the appeal pertains to a dispute where an appeal for reconciliation and arbitration has been made to the Reconciliation and Arbitration Committee, as prescribed in Article 260 of the Act, or a dispute under such reconciliation and arbitration.
  - (3) When the appeal pertains to a dispute where mediation has been discontinued pursuant to the provisions of Article 11, the appeal has been rejected by the Reconciliation and Arbitration Committee prescribed in the preceding Item, or reconciliation thereof has been unsuccessful and arbitration thereof has been discontinued.
  - (4) When the appeal pertains to a dispute where the settlement of the trade that caused the dispute completed more than three years ago.
  - (5) When the appeal pertains to a dispute under litigation (including cases where one of the parties to the dispute brought an action against the other party, or appealed to the court or a bar association for arbitration, during reconciliation to resolve the dispute prescribed in the following Article (hereinafter referred to as “reconciliation”).
  - (6) When the dispute is considered inappropriate to effect a reconciliation, taking into consideration the nature of the dispute, or identifies any facts that make it inappropriate to effect a reconciliation.
  - (7) When the appeal is considered to be made for unjustifiable purposes or without a proper reason.
  - (8) When the appellant refuses to appear at a hearing related to reconciliation without a reasonable excuse.

#### **Article 7 (Reconciliation of Dispute)**

1. When an appeal is made pursuant to the provisions of Article 5.1, the Exchange shall have the staff of the Exchange make a request to the parties to appear at a hearing for interviews, and investigate the actual situation. Based on the results of such activities, the Exchange shall try to reconcile both parties to reach an agreement for resolving the dispute.
2. When the dispute is resolved through the reconciliation prescribed in Paragraph 1 above, the result shall be reported to the Committee.
3. The Exchange shall take the mediation procedures without delay if the reconciliation prescribed in Paragraph 1 above has failed.

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### **CHAPTER 3 Dispute Mediation**

#### **Article 8 (Hearing)**

1. The Committee shall request the parties related to the dispute to appear at a hearing, on a date determined by the Committee, and shall conduct such hearing.
2. If a party to a dispute requests a change of the hearing date prescribed in Item 1 above, the party shall make such request no later than two business days prior to the hearing date.
3. A party requested to appear at a hearing in accordance with the provisions of Paragraph 1 above shall appear in person; provided, however, that if the Committee recognizes that the party is caught in unavoidable circumstances, such party may allow its agent to appear at a hearing, or may appear at a hearing with its assistant subject to the approval of the Committee.
4. The Committee may revoke the approval prescribed in the preceding Paragraph at any time.

#### **Article 9 (Participation of an Interested Party)**

1. A party who has an interest in the dispute may participate in the mediation procedures if the Committee determines that such participation is appropriate.

#### **Article 10 (Measures Taken to Facilitate Investigations, etc. Necessary for Mediation)**

1. The Committee may take any of the measures set forth in each of the following Items, if it determines that such measures are necessary for mediation.
  - (1) To request a witness to appear at a hearing and have an interview with a witness, or request a witness to submit a report stating his/her opinion.
  - (2) To appoint an appraiser to perform an appraisal, if deemed necessary by the Committee.
  - (3) To request the parties to submit books, documents or other materials and to make a report, or to conduct on-site inspection thereof, to the extent necessary for conducting mediation.
  - (4) To require the staff of the Exchange to conduct necessary investigations.

#### **Article 11 (Discontinuation of Mediation)**

1. The Committee may discontinue mediation if it confirms any events or reasons described in the following Items with respect to the dispute under mediation.
  - (1) When there is a false statement with respect to the appeal for mediation.
  - (2) When the appellant refuses to appear at a hearing prescribed in Article 8 without reasonable cause.
  - (3) When a party to the dispute takes an action against the other party, or appeals to the court or a bar association for arbitration, with respect to the dispute under mediation.
  - (4) When the Committee recognizes that it is inappropriate to conduct mediation, taking into consideration the nature of the dispute, or identifies any facts that make it inappropriate for the Committee to conduct mediation.
  - (5) When there is no prospect to reach an agreement between the parties.
  - (6) When either of the parties refuses to accept the arbitration proposal; provided, however, that the Committee is not precluded from issuing instructions as prescribed in Article 14 before it discontinues the mediation.
2. When the Committee decides to discontinue mediation, pursuant to the provisions of the preceding Item, the Exchange shall notify each party to the dispute of the decision.

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**Article 12 (Withdrawal of Appeal for Dispute Mediation)**

1. If the appellant intends to withdraw an appeal for dispute mediation, it shall do so in writing.
2. If the appellant intends to take action against the other party to the dispute, or appeal to the court or a bar association for arbitration with respect to the dispute under mediation, it shall withdraw the appeal for dispute mediation prior to taking such action.

**Article 13 (Presentation of Arbitration Proposal)**

1. The Committee shall, if deemed appropriate, prepare an arbitration proposal in writing, present it to the parties to the dispute, and encourage the parties to accept it.

**Article 14 (Instructions on Acceptance of Arbitration Proposal)**

1. With respect to disputes arising between a Broker Member and its customer, if the Broker Member refuses to accept the arbitration proposal prepared, pursuant to the provisions of the preceding Article, without reasonable cause, while the customer accepts such proposal, the Exchange shall issue the necessary instructions to the Broker Member regarding the acceptance of the arbitration proposal, pursuant to Article 16.

**Article 15 (Preparation of Amicable Settlement Agreement)**

1. When the parties reach an amicable settlement through reconciliation, as prescribed in Article 7, or reach an agreement through mediation by the Exchange, or accept the arbitration proposal, an amicable settlement agreement shall be prepared in duplicate, in a form designated by the Exchange, with each party retaining one original thereof.
2. The appellant shall submit a copy of the amicable settlement agreement prescribed in the preceding Paragraph to the Exchange.

**Article 16 (Measures to be Taken in Relation to Dispute Mediation)**

1. The Exchange may take such measures against Members, including issuing instructions, punishments, etc. as deemed necessary to conduct the dispute mediation appropriately.

**Article 17 (Punishment)**

1. In the event that a Broker Member does not comply with the instructions prescribed in Article 14, or a party who is a Member of the Exchange violates any provisions prescribed in the amicable settlement agreement prescribed in Article 15.1, the Exchange shall impose punishment on said Broker Member or Member in accordance with the provisions of Article 130.1.7 or 130.1.9 of the Market Rules.

**Article 18 (Interpretation)**

1. Any question concerning interpretation of the provisions of these Regulations or any matter not expressed herein that requires prompt action, shall be determined by the Exchange.

### **Supplementary Provisions**

These Regulations shall take effect on and after December 1, 2008 or the date (November 28, 2008) on which the approval of the Competent Minister was obtained pursuant to Article 132.1 of the Commodity Exchange Act (Law No. 239, 1950), whichever comes later.

### **Supplementary Provisions**

Revisions to the provisions of Article 6 (Rejection of Appeal) and Article 17 (Punishment) adopted by resolution at the meeting of the Board of Directors held on January 19, 2010 shall become effective on the later date when the Commodity Act (Act No. 239 of 1950) Article 156.1 approved by the Minister of Economy, Trade and Industry (February 4, 2010) or April 1, 2010.

### **Supplementary Provisions**

Revisions to the provisions of Article 18 (Interpretation) adopted by resolution at the meeting of the Board of Directors held on May 27, 2010 shall become effective on the later date when the Commodity Exchange Act (Act No. 239 of 1950) Article 156.1 approved by the Minister of Economy, Trade and Industry (June 29, 2010) or July 1, 2010.

### **Supplementary Provisions**

Revisions to the provisions of Article 1 (Objective), Article 5 (Appeal), Article 6 (Rejection of Appeal), Article 7 (Reconciliation of Dispute), Article 10 (Measures Taken to Facilitate Investigations, etc. Necessary for Mediation), Article 11 (Discontinuation of Mediation), Article 14 (Instructions on Acceptance of Arbitration Proposal), Article 15 (Preparation of Amicable Settlement Agreement), Article 16 (Measures to be Taken in Relation to Dispute Mediation), Article 17 (Punishment) and Article 18 (Interpretation) shall become effective on the later date when the Commodity Exchange Act (Act No. 239 of 1950) Article 156.1 approved by the Minister of Economy, Trade and Industry (December 3, 2010) or January 1, 2011.

### **Supplementary Provisions**

Revisions to the provisions of Article 1 (Objective) shall become effective on the date when the revisions of Trade Name in Article of Incorporation took effect (February 12, 2013).