

(As of January 1st, 2018)

Precious Metals 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 Precious Metals 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) Physically Delivered Futures Transactions

a. Gold and Silver:

	Current contract month	Total
Gold	10,000 contracts	30,000 contracts
Silver	3,000 contracts	30,000 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)

b. Platinum and Palladium

	First Contract Month		Second Contract Month	Total
	Expiry Month	Month preceding the Expiry Month		
Platinum	600 contracts	700 contracts	1,200 contracts	10,000 contracts
Palladium	450 contracts	600 contracts	1,200 contracts	9,000 contracts

- (2) Cash-settled Futures Transactions (meaning both Cash-settled Monthly Futures Transaction and Cash-settled Rolling-spot Futures Transactions; the same shall apply hereinafter):

Not applicable. However, in cases where the Exchange deem necessary, the Exchange may impose necessary restrictions on number of positions.

- (3) Options Transactions:

Not applicable. However, in cases where the Exchange deem necessary, the Exchange may impose necessary restrictions on number of positions.

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. 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 of Physically Delivered Futures Transactions for Gold and Silver 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), "Associate Members", "Market Makers" (who recognized by

the Exchange; the same shall apply hereinafter), and “Others” (or for Physically Delivered Futures Transactions of Gold, “Commercials”, “Investment Trusts, etc.”, “Associate Members”, “Market Makers”, “Eligible Consignor” (meaning the Eligible Consignor prescribed in Article 2.25 of the Commodity Derivatives Act (“Act”; same shall apply hereinafter) (include the customer deemed to be a Eligible Consignor prescribed in Article 197-5 and 197-6 of the Act), and “Others”);

(1) Physically Delivered Futures Transactions;

a. Gold

	Current contract month	Total
Commercials, Investment Trusts, etc., Associate Members or Market Makers	10,000 contracts	30,000 contracts
Eligible Consignor	N/A	10,000 contracts
Others	N/A	5,000 contracts

b. Silver

	Current contract month	Total
Commercials, Investment Trusts, etc., Associate Members or Market Makers	3,000 contracts	30,000 contracts
Others	1,500 contracts	6,000 contracts

c. Platinum

	First Contract Month		Second Contract Month	Total
	Expiry Month	Month preceding the Expiry Month		
Commercials, Investment Trusts, etc., Associate Members or Market Makers	600 contracts	700 contracts	1,200 contracts	10,000 contracts
Others	100 contracts	150 contracts	200 contracts	3,500 contracts

d. Palladium

	First Contract Month		Second Contract Month	Total
	Expiry Month	Month preceding the Expiry Month		
Commercials, Investment Trusts, etc., Associate Members or Market Makers	450 contracts	600 contracts	1,200 contracts	9,000 contracts
Others	60 contracts	120 contracts	240 contracts	2,500 contracts

(2) Cash-settled Futures Transactions:

Not applicable. However, in cases where the Exchange deem necessary, the Exchange may impose necessary restrictions on number of positions.

(3) Options Transactions:

Not applicable. However, in cases where the Exchange deem necessary, the Exchange may impose necessary restrictions on number of positions.

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 the limits on proprietary positions, prescribed in Article 2, have been exceeded as a result of transactions 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 reduce any excessive positions until their positions are within the said limits.

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 third business day of the relevant month. Customers may not trade for a new position in any contract month until their remaining positions are within such limits.

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 ("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.

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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. Members (meaning Members prescribed in Article 6.1 of the Market Rules) shall maintain the position of proprietary trade or of the trade consigned from other Member or a 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) may maintain position 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 Member 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 Precious Metals 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 Precious Metals 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 Precious Metals Market Hedge Positions Handling Procedure.

Article 8 (Delivery Clearing Margins)

1. With respect to Declared Delivery, the Member (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) shall deposit ten hundredth (10/100) of the amount that is calculated by multiplying Delivery Price and the delivery units as a Delivery Clearing Margin by noon on the business day immediately following the day of such determination
2. The Delivery Clearing Margin prescribed in Paragraph 1 is no longer required to deposit on or after the following day.
 - (1) For seller, the delivery day.
 - (2) For buyer, the day when the buyer pays the delivery payment, etc. prescribed in the Precious Metals Market Declared Delivery Procedure to the Exchange.

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 (or

contract days in the case of Daily Futures Transactions, and option series in the case of Options Transactions; the same shall apply hereinafter) 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) Total proprietary positions exceed 5,000 contracts.
 - (2) Total proprietary positions in one contract month exceed 100 contracts in the case of Gold and Silver and 20 contracts in the case of Platinum and Palladium.
 - (3) Total customer, etc. positions (total of the positions in separate accounts established by the same person) in one contract month exceed 100 contracts in the case of Gold and Silver and 20 contracts in the case of Platinum and Palladium.
 - (4) When the Exchange indicate different conditions.
2. With respect to Platinum and Palladium transactions, the positions scheduled for delivery as of the first business day, 10th, and 20th of the current contract month (Expiry Month) (10th and 20th shall be moved up if they fall on a holiday), as well as at the close of the Day Session of the business day immediately preceding the Last Trading Day, shall be reported by the Members.
 3. 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.
 4. 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-residents customers in the form provided by the Exchange.
 5. When the Exchange deems it necessary, the Exchange shall require the Members to report on any positions (including concurrent positions) scheduled for delivery.
 6. When the Exchange deems it particularly necessary, the Exchange may give a separate instruction to require Members and Intermediary, etc., to report on the positions of each customer or customer of Intermediary etc., and other matters deemed necessary by the Exchange.

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 Precious Metals Market Management Detailed Rules shall be abolished in the effective date of these Detailed Rules.

Article 3

Measures taken based on previous Precious Metals Market Management Detailed Rules shall be deemed as the measures taken based on these Detailed Rules.

Article 4

The rules in the previous Precious Metals Market Management Detailed Rules shall still be applicable to the carryover proprietary positions and to the limits on the proprietary positions of a Broker Member for Physically delivered Futures Gold and Silver transactions, and Cash settled Gold transaction (the greater of 10% of the total positions or the numbers prescribed in the rules) at and before February 2015 contract month.

Supplementary Provisions

Revisions to Article 3 (Position Limits of Customers) shall be in effect as of March 19, 2015.

Supplementary Provisions

Revisions to Article 2 (Position Limits of Members), Article 3 (Position Limits of Customers) and Article 9 (Reporting of Positions) shall be in effect as of May 7, 2015.

Supplementary Provisions

Article 1

Revisions to Article 2 (Position Limits of Members), Article 3 (Position Limits of Customers), Article 4 (Measures to be Taken When the position of Trade Members, etc. Exceeds the Limits), Article 5 (Measures to be Taken When the Customer Position Exceeds the Limits) and 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.

Supplementary Provisions

The revision to Article 2 (Position Limits of Members), Article 3 (Position Limits of Customers), Article 4 (Measures to be Taken When the Position of Members Exceeds the Limits), Article 7 (Hedge Positions) and Article 9 (Reporting of Positions) shall be in effect as of October 31, 2016.

Supplementary Provisions

The revision to Article 3 (Position Limits of Customers) shall be in effect as of July 26, 2017.

Supplementary Provisions

The revision to Article 3 (Position Limits of Customers) shall be in effect as of January 1, 2018.