

Rubber 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 Rubber 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:

Current Contract Month	Second Contract Month	Total
300 contracts	600 contracts	10,000 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 (prescribed in Article 30.2.3 of the Market Rules; same shall apply hereinafter), or Foreign Commodities Futures Broker (prescribed in Article 30.2.4 of the Market Rules; same shall apply hereinafter).

Article 3 (Position Limits of Customers)

1. Exchange shall Limits on customer positions (includes positions of foreign customers), 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";.

	Current Contract Month	Second Contract Month	Total
Commercials, Investment Trusts, etc., Associate Members or Market Makers.	300 contracts	600 contracts	10,000 contracts
Others	200 contracts	600 contracts	10,000 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 (Applicability of Special Case of Delivery)

1. When the Exchange deems it necessary based on prevailing market conditions, the number of physically delivered positions still kept by the customer may be aggregated with the long position in the current contract month, second contract month or the total of all contact months.

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

1. In cases where a Member's positions have exceeded the position limits prescribed in Article 2, said Member shall reduce its positions promptly, until their positions are within such limits. Such Member may not trade for a new position in any contract month until the positions are within the position limits.
2. 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 shall promptly reduce any excessive positions until their positions are within the said limits.

Article 6 (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.
3. In cases where a customer's positions have exceeded the position limits, prescribed in Article 3, as a result of aggregation prescribed in Article 4, the Broker Member or Remote Broker Member shall require said customer to reduce its positions as promptly as possible until the positions are within such limits. Such customer may not trade for a new position in any contract month until its positions are within the position limits.

Article 7 (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.
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 8 (Hedge Positions)

1. Members (meaning Members prescribed in Article 6.1 of the Market Rules) shall maintain the

- positions of proprietary trade or the trade consigned by other Member 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) that have exceeded 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 Rubber 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 Rubber 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 Rubber Market Hedge Positions Handling Procedure.

Article 8-2 (Delivery Clearing Margins)

1. With respect to Declared Delivery for Physically Delivered Rubber Futures Transactions of the Members, said Member (or Designated Clearing Participant of the Member in cases where such Member is a non-clearing participants) 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 day prescribed in each of the following items.
 - (1) The Delivery day for a Seller.
 - (2) The day a buyer delivered the Delivery Payment to the Exchange as prescribed in the Rubber Declared Delivery Procedure for a Buyer.

Article 9 (Applicability of Special Case of Delivery)

1. The circumstances to be determined in this Detailed Rules, as prescribed in Article 49.2 of the Market Rules, shall be any of the following circumstances.
 - (1) When the settlement price of the current contract month or the second contract month resulted in a backwardation of 10 yen or more for two (2) consecutive business days as compared with the settlement price of the respective next contract month.
 - (2) When the Exchange determined that the settlement price of the current contract month or the second contract month maintained prices that are higher by 5% or more for five (5) consecutive business days as compared with the price of rubbers imported from the spot markets in rubber producing countries.
 - (3) When the open interest of the current contract month was equal to or greater than 15,000 contracts, or the second contract month was equal to or greater than 25,000 contracts, respectively.
 - (4) When the Exchange deemed necessary.

Article 10 (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) Total proprietary positions exceed 600 contracts.
 - (2) Total proprietary positions in one contract month exceed 50 contracts.
 - (3) Total customer, etc. positions (total of the positions in separate accounts established by the same person) in one contract month exceed 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. When the Exchange deems it necessary, the Exchange shall require the Members to report on any positions (including concurrent positions) scheduled for delivery.
5. 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 11 (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 12 (Revision or Abolition)

1. Revision or abolition to these 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 Rubber 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 Rubber 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 Rubber Market Management Detailed Rules shall be applicable to the carryover proprietary positions and 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 September 2014 contract month.

Supplementary Provisions

Article 1

Revisions to Article 10 (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

Revision to Article 2 (Position Limits of Members), Article 3 (Position Limits of Customers), Article 5 (Measures to be Taken When the Position of Trade Members, etc. Exceeds the Limits), Article 8 (Hedge Positions) and Article 10 (Reporting of Positions) shall be in effect as of October 31, 2016.

Supplementary Provisions

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

Supplementary Provisions

Newly established Article 8-2 (Delivery Clearing Margins) shall be in effect as of January 1, 2018.