Management Goals

1. Recovery of Business Results by Increasing Turnover

- Quickly and steadily implement measures to increase turnover to establish a stable management infrastructure with increased profits.
- In particular, continue to work on measures to urge participation of individual domestic investors, and keep focusing on encouraging overseas proprietary firms, etc. to join, and on engaging in marketing activities in the Chinese market.

2. Fundamental Cost Reductions

- Examining how to optimize the next trade/clearing system to secure a significant reduction in fixed costs is defined as the first priority, with a focus on achieving the reduction goal.
- In addition, reconsider how best to use human resources and functioning of the fee structure, etc. for further cost reductions.

3. Preparation for the Comprehensive Commodity Market

- Out of measures to prepare the comprehensive commodity market, there should be a special focus on the establishment and nurturing of electricity futures, because a role as an industry infrastructure that underpins the Japanese energy policy is expected.

For the purposes of strengthening our business foundations in order to contribute to the development of the Japanese commodity market, further enhancing corporate value and exploring new business opportunities, etc in response to changes in the business environment, aim for an IPO in the future.
1. Measures to Increase Turnover

(1) Measures for individual investors

1: Measures to increase awareness of commodities futures trading and to improve image
   - Real trade contest
   - Promoting trading methods using AI

2: Providing information for individual investors, investor education to promote financial literacy
   - Providing real and virtual information from TOCOM Square
   - Opening of TOCOM Investment School

3: Measures to improve expertise of sales representatives, sales support for Commodity Derivatives Business Operators
   - Convene TOCOM Salon to improve expertise and eligibility of registered sales representatives
   - Hold seminars at TOCOM Square, and enrich information provided

4: Promote commodities with strong appeal to individual investors
   - Gold Rolling Spot, Platinum Rolling Spot

5: Promote commodities that can be solicited to individual investors
   - Gold options, Gold Spot Transactions
### Business Strategy

#### 1. Measures to Increase Turnover

<table>
<thead>
<tr>
<th>(2) Measures to attract new market intermediaries and general clearing participants</th>
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<tbody>
<tr>
<td>1: Continue encouraging Financial Instruments Business Operators</td>
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<td>- Invite new investor categories to the commodities futures market through new participation of Financial Instruments Business Operators, such as domestic online brokers and FX business operators</td>
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<tr>
<td>2: Hold social gatherings with Commodity Derivatives Business Operators handling over-the-counter derivative transactions and foreign commodity market transactions</td>
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<tr>
<td>- Promote participation in our market by routinely providing opportunities to exchange opinions with 17 Commodity Derivatives Business Operators (3 companies for foreign commodity market transactions, 14 companies for over-the-counter commodity deliberative transactions) that do not handle domestic commodity futures transactions, although they are members of the JCFIA (Japan Commodity Futures Industry Association)</td>
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Business Strategy

1. Measures to Increase Turnover

(3) Strengthening international marketing

1: Promote participation of new prop traders, and promote transactions by existing prop traders, etc.

2: Promotion of marketing activities in China
   - Conclude MOU with Chinese FCMs, and strengthen cooperation, such as joint marketing

3: Improve international presence by participating in major industry events, etc.
   - Continued participation in the LBMA/LPPM Precious Metal Conference, and preparations for inviting the event to be held in Tokyo in 2019
   - Hold “TOCOM Breakfast” during LPPM Platinum Week
1. Measures to Increase Turnover

(4) Measures for hedgers

1: Establishment of electricity futures market meeting the needs of Commercials

2: Activate oil cash-settled futures markets whose underlying is oil spot markets
   - Promote use of the TOCOM link for oil spot prices as a price index for large-scale consumers, such as government agencies
   - Activate the futures market by nurturing a sound spot market

3: Promote physically delivery of rubber and precious metals, etc. from overseas, notably China and Taiwan
   - Expand the domestic designated warehouse and establish overseas designated warehouse for rubber, and enable FOB delivery of RSS by customized delivery, etc.
   - Ease restrictions on position limits that respond to the needs of Chinese participants who request large-lot transactions

4: Review of the delivery default rules
   - As a result of the rule change, Commodity Derivatives Business Operators are expected to enhance brokerage activities towards Commercials; leading to the enhancement of the convenience of Commercials.
### Business Strategy

#### 2 Fundamental Cost-cutting Efforts

1. Examination into optimizing the next trading/clearing system, and measures for system upgrade

2. Construction of a strategic fee structure
   - Review of incentive system, such as volume discounts

3. Cost-cutting efforts through effective use of human resources within the TOCOM Group
3. Efforts to Build the Comprehensive Commodity Market

(1) Efforts to launch electricity futures (establishment of comprehensive energy market)

(2) Efforts to launch TSR20 futures (addition to rubber market)

(3) Specific consideration in listing LNG and coal futures, and research into listing LPG, etc.

(4) Measures to activate the spot markets
   - Gold Spot transactions, oil spot markets

(5) Other measures to activate newly launched contracts
   - Gold options, oil cash-settled contracts

(6) Consideration of offering new options market
   - Crude oil options, rubber options
4. Others

(1) Research into the future of the optimal futures exchange with utilization of FinTech
- Connect between physical commodities and their related electronic information bearing in mind the current status that advances segmentation of transactions, increased specialization, and decentralization of power, and examine how to create the optimal future exchange using financial technology centered on blockchain, such as tokens that enable advanced traceability and accumulation of information

(2) Responses to tightening of risk management regulations
- Response to the strengthening of the global risk management regulations (notably strengthening of clearing regulations)

(3) Reinforcement of the cooperation with JPX
- Promote participation of financial and securities players taking advantages of shared use of the system

(4) Strengthening cooperation with exchanges, etc. in mainland China

(5) Promotion of information sharing with overseas exchanges/regulatory authorities
- Continue information sharing with CME, SGX, and CFTC, etc.

(6) Consider implementation of weekend/holiday sessions
### Most Priority Measures

1. **Promote Participation of Individual Investors**
   - Further strengthen efforts to improve image and increase awareness of the commodity futures trading industry while continuing both real/virtual information transmission originating from TOCOM Square.

2. **Strengthening Overseas Marketing Activities**
   - Continue encouraging participation of overseas props, etc. who are key players, and strengthen marketing activity for participation from China, which holds excellent future potential.

3. **Ensuring a Smooth Start of Electricity Futures Trading**
   - First, initiate smooth start to electricity futures trading prior to establishing a comprehensive energy market, urge participation of new Commercials and investors, etc., and provide a risk hedge infrastructure to the electricity industry.

4. **Initiate Study for Next Trading and Clearing System**
   - Initiate serious examination to significantly reduce fixed costs for renewal of next trading and clearing system scheduled for September 2021.
# Fiscal 2018 Business Plan

## 1. Promote Participation of Individual Investors

1. **Increase awareness of investment adviser service via AI**
   - Improve the industry image by supporting popularization of investment adviser service using artificial intelligence

2. **Upgrading and expanding Real Trade Contest**
   - Effective verification and increasing awareness of investment adviser services via AI, and holding international competition with participation of Chinese investors

3. **Both real/virtual information transmission originating from TOCOM Square**

4. **Opening TOCOM Investment School**

5. **Enrich contents of TOCOM Salons**

6. **Activate products/contracts suitable for individual investors**
   - Increase popularity of Gold/Platinum Rolling Spots for online individual investors
   - Study successful case in Taiwan to activate gold options
   - Increase popularity of crude oil transactions for individual investors

## 2. Attract New Market Intermediaries and General Clearing Participants

1. **Continue encouragement to Financial Instruments Business Operators**
   - Encouragement to Financial Instruments Business Operators, such as Internet securities companies, FX business operators, etc.

2. **Hold periodic social gatherings with Commodity Derivatives Business Operators that handle over-the-counter derivatives and foreign commodity market transactions**
   - Encourage members of the JCFIA (Japan Commodity Futures Industry Association) that mainly handles foreign commodity market transactions and over-the-counter commodity derivative.
(Reference) Fiscal 2018 Business Plan

3. Strengthening Overseas Marketing Activities

(1) Expand trading products and volume of existing prop firms, etc.

(2) Attract new prop firms, etc.

(3) Promote marketing activities for Chinese investors
   • Build relationship with Chinese FCM by concluding a MOU, and promote joint marketing

(4) Increase international presence through participation in and holding major deliberative conferences and industry events, etc.
   • Continued participation in the LBMA/LPPM Precious Metal Conference, and preparations for inviting the event to be held in Tokyo in 2019
   • Hold “TOCOM Breakfast” during Platinum Week.

4. Measures for Hedgers

(1) Promote measures to activate oil cash-settled contracts
   • Promote use of the TOCOM link for oil spot prices as a price index for large-scale consumers, such as government agencies
   • Promote use of oil cash-settled contracts by promoting commodities’ characteristics to TOCOM Window members again

(2) Review of delivery system, etc.
   • Promote delivery of rubber and precious metals, etc. from overseas due to changes in the delivery system, along with increase in liquidity of nearby contract months
   • Expand the designated domestic warehouse and establishment of designated overseas warehouse for rubber, and enable FOB delivery of RSS by customized delivery, etc. and ease restrictions on position limits that respond to needs of Chinese participants who request large-lot transactions

(3) Promotion of corporate sales support measures by Commodity Derivatives Business Operators
   • Change in the breach of contract delivery rules and sales support for Commodity Derivatives Business Operators triggered by it
5. Efforts to Build the Comprehensive Commodity Market

- Establish a comprehensive energy market, and launch electricity futures trading
- Add TSR20 (technically specified rubber) to the rubber market

6. Initiate Study for Next Trading and Clearing System

- Initiate serious examination to significantly reduce fixed costs for renewal of next trading and clearing system scheduled for September 2021

7. Consider How Weekend/Holiday Sessions Should Be

8. Smooth Introduction of Change in the Deposit Time Limit for Clearing Margin