

Operational Procedures Related to the Handling of Commodity Futures Positions

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Tokyo Commodity Exchange, Inc.

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Ver. 1.0	August 2021		First Release
Ver. 1.1	March 2022		LNG (Platts JKM) Futures Added
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Attachments*

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Attachment 9: Rules for Creating the CSV File for Position Report Data (For Eligible Intermediaries)

*If you would like to receive Attachments 2 through 11, please contact us (see contact information in V. (2)).

Details	Remarks																
<p>I. Introduction</p> <p>This booklet summarizes the operational procedures to be taken by the following relevant parties in relation to the handling of positions of commodity futures that are traded on Tokyo Commodity Exchange, Inc. (TOCOM).</p> <ol style="list-style-type: none"> 1. A trading participant (hereinafter referred to as a "participant") 2. A broker or foreign commodity derivatives business operator (hereinafter referred to as an "intermediary") who is eligible for the special measures on position limits (hereinafter referred to as an "eligible intermediary"). <p>II. Outline of Large Position Report</p> <p>Participants and eligible intermediaries must report to TOCOM on a trading day basis the details of any long or short positions in applicable commodity futures contracts that are held by the same customer when said positions meet the reporting criteria that is given in II. (3).</p> <p>(1) Reporting Entities and Methods</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Reporting Entity</th> <th style="text-align: center;">Reporting Method</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Participant</td> <td style="text-align: center;">Target</td> </tr> <tr> <td style="text-align: center;">Eligible Intermediary</td> <td style="text-align: center;">E-mail</td> </tr> </tbody> </table> <p>(2) Reporting Base Date and Positions That Are Subject to Reporting The amount of each customer's positions as of the end of the day session on each business day shall be reported.</p> <p>(3) Applicable Reporting Criteria for Reporting Entities Participants and eligible intermediaries must report any positions that are held by a customer when said positions meet the following reporting criteria. Please report the customer's positions in all contract months of the commodity futures product in question even when only the positions in some of the contract months meet the reporting criteria.</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Reporting Entity</th> <th style="text-align: center;">Applicable Reporting Criteria</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Participant</td> <td> <ul style="list-style-type: none"> ● Positions in the accounts of other participants or eligible intermediaries ✓ Criteria (A) ● Positions in the accounts of customers other than above ✓ Criteria (B) </td> </tr> <tr> <td style="text-align: center;">Eligible Intermediary</td> <td> <ul style="list-style-type: none"> ● Positions in the accounts of other participants or eligible intermediaries ✓ Criteria (A) ● Positions in the accounts of customers other than above ✓ Criteria (B) </td> </tr> </tbody> </table> <p style="margin-left: 40px;">✓ Criteria (A): Positions in the accounts of other participants or eligible intermediaries</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Applicable Product</th> <th style="text-align: center;">Positions per Contract Month(Week)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Gasoline Futures</td> <td style="text-align: center;">1 contract or more</td> </tr> </tbody> </table>	Reporting Entity	Reporting Method	Participant	Target	Eligible Intermediary	E-mail	Reporting Entity	Applicable Reporting Criteria	Participant	<ul style="list-style-type: none"> ● Positions in the accounts of other participants or eligible intermediaries ✓ Criteria (A) ● Positions in the accounts of customers other than above ✓ Criteria (B) 	Eligible Intermediary	<ul style="list-style-type: none"> ● Positions in the accounts of other participants or eligible intermediaries ✓ Criteria (A) ● Positions in the accounts of customers other than above ✓ Criteria (B) 	Applicable Product	Positions per Contract Month(Week)	Gasoline Futures	1 contract or more	<p>For details, please refer to V. Special Measures on Position Limits.</p> <p>Reporting is required for both long and short positions in all contract months of the commodity futures product in question even when only the long or the short positions meet the reporting criteria.</p>
Reporting Entity	Reporting Method																
Participant	Target																
Eligible Intermediary	E-mail																
Reporting Entity	Applicable Reporting Criteria																
Participant	<ul style="list-style-type: none"> ● Positions in the accounts of other participants or eligible intermediaries ✓ Criteria (A) ● Positions in the accounts of customers other than above ✓ Criteria (B) 																
Eligible Intermediary	<ul style="list-style-type: none"> ● Positions in the accounts of other participants or eligible intermediaries ✓ Criteria (A) ● Positions in the accounts of customers other than above ✓ Criteria (B) 																
Applicable Product	Positions per Contract Month(Week)																
Gasoline Futures	1 contract or more																

Kerosene Futures	1 contract or more	While the positions in the participant's own account are subject to the same reportable amounts that are listed in criteria (B), reporting is not required since TOCOM is able to monitor those amounts.
Gas Oil Futures	1 contract or more	
Platts Dubai Crude Oil Futures	1 contract or more	
East Area Baseload Electricity Futures	1 contract or more	
East Area Peakload Electricity Futures	1 contract or more	
West Area Baseload Electricity Futures	1 contract or more	
West Area Peakload Electricity Futures	1 contract or more	
East Area Weekly Baseload Electricity Futures	1 contract or more	
East Area Weekly Peakload Electricity Futures	1 contract or more	
West Area Weekly Baseload Electricity Futures	1 contract or more	
West Area Weekly Peakload Electricity Futures	1 contract or more	
LNG (Platts JKM) Futures	1 contract or more	
Chukyo-Gasoline Futures	1 contract or more	
Chukyo-Kerosene Futures	1 contract or more	
Note to Eligible Intermediaries: Please report the positions in your own account and those in other entities' accounts (final customers) separately.		
✓ Criteria (B): Positions in the accounts of customers other than above		
Applicable Product	Positions per Contract Month(Week)	
Gasoline Futures	More than 50 contracts	
Kerosene Futures	More than 50 contracts	
Gas Oil Futures	More than 50 contracts	
Platts Dubai Crude Oil Futures	More than 50 contracts	
East Area Baseload Electricity Futures	1 contract or more	
East Area Peakload Electricity Futures	1 contract or more	
West Area Baseload Electricity Futures	1 contract or more	
West Area Peakload Electricity Futures	1 contract or more	
East Area Weekly Baseload Electricity Futures	1 contract or more	
East Area Weekly Peakload Electricity Futures	1 contract or more	
West Area Weekly Baseload Electricity Futures	1 contract or more	
West Area Weekly Peakload Electricity Futures	1 contract or more	
LNG (Platts JKM) Futures	More than 50 contracts	
Chukyo-Gasoline Futures	More than 50 contracts	
Chukyo-Kerosene Futures	More than 50 contracts	
III. Method of Position Reporting		
(1) Reporting by Participants (Target)		
As a general rule, participants must submit their large position reports via Target.		
(a) Click on the "Submit Document" tab on the main menu bar.		
(b) Select "Commodity Futures/Options Trading Large Position Report" under "Commodity Futures/Options Trading (Position Report)".		
(c) Click the "Submit" button, and after entering the required information, click the "Confirm" button.		
(d) After confirming the contents of the Confirm/Preview screen, click the "Register" button. When the pop-up window appears, click the "OK" button.		
(e) When the words "Process complete" appear on the Complete screen, the submission is complete.		
(1-1) Reporting Deadline		
As a general rule, by 1:00 p.m. on the business day following the trading day		

<p>TOCOM will check on the reporting status. TOCOM may contact you in the following cases:</p> <ul style="list-style-type: none"> (a) If you fail to submit your reporting file to TOCOM by the reporting deadline (b) If you submit your reporting file to TOCOM in a format that differs from the one specified in the rules for creating the CSV file (c) Other cases when necessary <p>(2) Reporting by Eligible Intermediaries (E-mail)</p> <p>As a general rule, eligible intermediaries must submit their large position reports to TOCOM directly via e-mail.</p> <ul style="list-style-type: none"> (a) E- mail to: <ul style="list-style-type: none"> Eligible intermediaries must create a CSV file in accordance with "Rules for Creating the CSV File for Position Report Data" and e-mail it to ose_report@jpx.co.jp. (b) Reporting Deadline <ul style="list-style-type: none"> As a general rule, by 1:00 p.m. of the second business day following the trading day <p>(3) Position Reporting for OSE Products</p> <p>Participants and eligible intermediaries must report positions in OSE products along with TOCOM products together in a single CSV file and submit it to TOCOM as specified above.</p> <p>Business Operations (Market Operations), Tokyo Commodity Exchange E-mail: ose_report@jpx.co.jp Tel: +81-50-3361-1660</p> <p>IV. Position Limits</p> <p>The following limits shall be applied to the long and the short positions (or, in the case of electricity futures, the difference between the amount of long and short positions) in the participant's own account and in its customer accounts.</p> <ul style="list-style-type: none"> (1) Position Limits for the Participant's Own Account <ul style="list-style-type: none"> Please refer to Table 1 of Attachment 1. (2) Position Limits for Customer Accounts <ul style="list-style-type: none"> Please refer to Table 2 of Attachment 1. <p>TOCOM shall apply the position limits for commercial entities, investment trusts (including similar investment vehicles), and market makers to a separately specified subset of investors that are not eligible intermediaries.</p> <p>Participants must reduce the positions of their customers to within the position limit that is specified by TOCOM as soon as possible when said customers' positions have exceeded or come to exceed said position limit (including cases where TOCOM deems that said positions have exceeded said position limit).</p>	<p>Please report the positions in both OSE and TOCOM products at the same time.</p> <p>As a general rule, there shall be no position limits on Gasoline Futures and LNG (Platts JKM) Futures.</p>
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V. Special Measures on Position Limits

(1) Outline of Special Measures on Position Limits

Intermediaries who have applied to and been approved by TOCOM (i.e., eligible intermediaries) may impose position limits, as specified in "IV. (2) Position Limits for Customer Accounts," on customers who use said intermediary to place their orders to a participant.

In such cases, the eligible intermediaries must report said positions to TOCOM in the manner prescribed in "III. Method of Position Reporting" of these Operational Procedures.

(2) Application for Special Measures on Position Limits

Intermediaries who would like to apply for the special measures must ask the participant through which they place their orders to submit the pledge document (i.e., Attachment 3, 4, or 5) that corresponds to the way that they place their orders.

The Way That the Applicant Intermediary Places Its Orders	Pledge Document
The applicant intermediary places its orders directly to a participant	Attachment 3: Pledge of Compliance Regarding Special Measures on Position Limits (Intermediary⇒Participant)
The applicant intermediary uses a second intermediary to place its orders to a participant	Attachment 4: Pledge of Compliance Regarding Special Measures on Position Limits (Intermediary⇒Intermediary⇒Participant)
The applicant intermediary uses a second intermediary to place its orders to a participant via a third intermediary	Attachment 5: Pledge of Compliance Regarding Special Measures on Position Limits (Intermediary⇒Intermediary⇒Intermediary⇒Participant)

The participant must submit Attachment 6 to TOCOM along with the pledge document from the intermediary that is applying for the special measures.

Please notify TOCOM immediately if the information that is given on or the products that are covered by the pledge document change, or if the special measures are no longer required.

Business Operations (Market Operations) Tokyo Commodity Exchange

E-mail: ose_report@jpx.co.jp

Tel: +81-50-3361-1660

VI. Handling of Hedge Positions

(1) Outline of Handling of Hedge Positions

When the entities in the following tables hold positions on the TOCOM market for the purpose of avoiding or mitigating the price fluctuation risks that are associated with the trading and/or holding (including other similar acts) of physical commodities and/or processed products (hereinafter simply referred to as the "trading of physical commodities") (said positions are hereinafter referred to as "hedge positions"), said positions may exceed the position limits specified in IV. (2) if said entities obtain TOCOM's approval.

(2) Entities Who May Hold Hedge Positions and the Types of Trading of Physical Commodities That May Be Hedged

<p>The entities who may hold hedge positions and the types of trading of physical commodities that may be hedged shall be as follows.</p> <p>Gasoline, Kerosene, Gas Oil, Chukyo-Gasoline, and Chukyo-Kerosene</p>		<p>A commercial entity means an entity who engages in one of the following businesses as its regular business: (1) trading physical commodities whose futures are traded on TOCOM; (2) providing intermediary, brokerage, or agency services for the trading of said physical commodities ; or (3) producing, processing, or using said physical commodities .</p> <p>When the trading of physical commodities that is being hedged has been completed or canceled (including cases where the holdings of physical commodities have been sold or otherwise disposed of), the hedge</p>
<p>Entities Who Are Eligible to Hold Hedge Positions</p>	<ul style="list-style-type: none"> - Commercial entities - Other TOCOM-approved entities 	
<p>Types of Trading of Physical Commodities That May Be Hedged</p>	<ul style="list-style-type: none"> - The holding of the same physical commodity as the one that underlies the commodity futures product in question - The trading of the same physical commodity as the one that underlies the commodity futures product in question - The forward trading of the same physical commodity as the one that underlies the commodity futures product in question - The swap trading of the same physical commodity as the one that underlies the commodity futures product in question - The holding or trading (including other similar acts) of a commodity whose price fluctuates in a manner that is essentially related to the futures price for said commodity - Other trading or acts that TOCOM deems appropriate 	
<p>(3) Hedging Limits</p> <p>The hedging limits shall be as specified in the following table. However, this shall not apply in cases where TOCOM deems it necessary.</p>		
<p>Applicable Product</p>	<p>Hedging Limit</p>	
	<p>Nearest Contract</p>	<p>Contracts Other than the Nearest Contract</p>
<p>Gasoline Futures</p>	<p>Up to the position limit</p>	<p>Up to two times the position limit</p>
<p>Kerosene Futures</p>	<p>Up to the position limit</p>	<p>Up to two times the position limit</p>
<p>Gas Oil Futures</p>	<p>Up to the position limit</p>	<p>Up to two times the position limit</p>
<p>Platts Dubai Crude Oil Futures</p>	<p>None</p>	<p>None</p>
<p>LNG (Platts JKM) Futures</p>	<p>None</p>	<p>None</p>
<p>East Area Baseload Electricity Futures</p>	<p>None</p>	<p>None</p>
<p>East Area Peakload Electricity Futures</p>	<p>None</p>	<p>None</p>
<p>West Area Baseload Electricity Futures</p>	<p>None</p>	<p>None</p>
<p>West Area Peakload Electricity</p>	<p>None</p>	<p>None</p>

Futures			positions on TOCOM must be reduced promptly.
East Area Weekly Baseload Electricity Futures	None	None	
East Area Weekly Peakload Electricity Futures	None	None	
West Area Weekly Baseload Electricity Futures	None	None	
West Area Weekly Peakload Electricity Futures	None	None	
Chukyo-Gasoline Futures	Up to the position limit	Up to two times the position limit	
Chukyo-Kerosene Futures	Up to the position limit	Up to two times the position limit	
<p>If the hedge positions in a contract have come to exceed the hedging limits specified in the table due to a change in the applicable hedging limit (e.g., because the nearest contract expired and said contract became the new nearest contract or one contract closer to the new nearest contract and thus became subject to the hedging limits thereof), the holder shall liquidate the excess hedge positions as soon as possible.</p> <p>(4) Application for Hedge Positions</p> <p>To apply for approval to hold hedge positions, please submit the following documents to TOCOM via Target or e-mail:</p> <p>Application for the Approval of Hedge Positions (Attachment 7) and a copy of the storage certificate for, the sales contract for, and/or other documents related to the physical commodities.</p> <p>When the trading of physical commodities that is being hedged has been completed or canceled (including cases where the holdings of physical commodities have been sold or otherwise disposed of) before the end of the hedging period that is stated on the Application for the Approval of Hedge Positions (Attachment 7), the holder must reduce said hedge positions promptly and notify TOCOM to that effect.</p> <p>Business Operations (Market Operations), Tokyo Commodity Exchange E-mail: ose_report@jpx.co.jp Tel: +81-50-3361-1660</p> <p>(5) Delivery of Hedge Positions</p> <p>The holder of hedge positions may deliver said hedge positions. However, hedge positions for Gasoline, Kerosene, Chukyo-Gasoline, and Chukyo-Kerosene Futures may not be delivered in excess of their respective position limits. In the case of Gas Oil Futures, hedge positions may not be delivered in excess of the amount that is prescribed in Attachment 2. In addition, the delivery of said hedge positions may be restricted in whole or in part when TOCOM deems it appropriate in light of market conditions and other factors.</p> <p>(6) Inquiry into and Request for Materials Related to the Application for the Approval of Hedge Positions</p>			Please

<p>When it deems necessary, TOCOM may request a participant who has submitted the Application for the Approval of Hedge Positions to provide an explanation of the details of said application and to submit documents and other materials related to said hedge positions.</p> <p>VII. Reporting of Positions That Are to Be Settled by Delivery</p> <p>(1) Products That Are Subject to the Reporting of Positions That Are to Be Settled by Delivery</p> <p>Every month, TOCOM notifies participants via Target of the reporting base dates and reporting deadlines for commodity futures products that are subject to the reporting of positions that are to be settled by delivery. Participants must report the positions that are to be settled by delivery by the reporting deadline for each product that is provided in the notification.</p> <p><u>Please note that reporting is required even if the participant holds no (zero) positions.</u></p> <p>(2) Method of Reporting Positions That Are to Be Settled by Delivery (Reporting via TOCOM-CUBE)</p> <p>Please refer to "TOCOM-CUBE Operational Manual" (available only in Japanese).</p> <p>TOCOM will check on the reporting status via TOCOM-CUBE. TOCOM may contact you in the following cases:</p> <p>(a) If you fail to submit your reporting file to TOCOM by the reporting deadline</p> <p>(b) If you submit your reporting file to TOCOM in a format that differs from the one specified by TOCOM</p> <p>(c) Other cases when necessary</p> <p>VIII. Other Handling</p> <p>(1) Aggregation of Reported Positions That Are Held by Multiple Customer Accounts</p> <p>When TOCOM receives large position reports pursuant to II. above, it shall aggregate the positions that are held by multiple customer accounts and treat them as positions held by the same customer under the following cases:</p> <p>(a) Positions that are held by the same customer in multiple accounts under the same or different names shall be aggregated and treated as being held in a single account.</p> <p>(b) Positions that are held in the accounts of customers that are under the direct or indirect control of a controlling customer shall be aggregated and treated as being held in the account of the controlling customer.</p> <p>(c) Positions that are held in the accounts of two or more customers with their explicit or implicit consent shall be aggregated and treated as being held in a single account.</p> <p>(2) When a Customer's Positions (After Aggregation) Exceed the Position Limit</p> <p>TOCOM shall notify a participant when the positions of one of said participant's customers exceed the position limit (including cases where TOCOM deems that said positions have exceeded said position limit). Said participant shall liquidate the excess positions in said customer's account by offsetting sales or purchases.</p> <p>(3) When Positions Exceed the Position Limit Due to a Change in the Applicable Position Limit</p>	<p>consult with us if you would like to make your submission by mail.</p> <p>Participants may apply for exemption from the reporting requirements if they hold no positions in and shall make no physical delivery of the nearest contract.</p>
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<p>If a customer's positions in a contract have come to exceed the position limit due to a change in the applicable position limit (e.g., because the nearest contract expired and said contract became the new nearest contract or one contract closer to the new nearest contract and thus became subject to the position limits thereof), the participant shall liquidate said customer's excess positions by the closing of the day session on the third business day of the month in the case that said contract became the new nearest contract. In such cases, said customer cannot take new positions in any futures contracts for the same product until the excess positions in said contract have been liquidated.</p> <p>Note: TOCOM shall determine whether a customer's positions have come to exceed the position limit due to a change in the applicable position limit on the first business day of each month.</p> <p>(4) When TOCOM-CUBE Is Unavailable for the Reporting of Positions That Are to Be Settled by Delivery</p> <p>When TOCOM-CUBE is unavailable for the reporting of positions that are to be settled by delivery due to system failure or other similar causes, participants must call the following telephone number after sending the reporting file as a CSV file to the e-mail address below:</p> <p>Business Operations (Market Operations), Tokyo Commodity Exchange E-mail: m.market@jpx.co.jp Tel: +81-50-3361-1660 Please include "Report of Positions That Are to Be Settled by Delivery" in the subject line.</p>	<p>When the customer is an eligible intermediary, TOCOM may notify the eligible intermediary either directly or via the participant.</p> <p>The name of the reporting file must be the same as the subject line of the e-mail.</p>
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