

## Content

Title :	Futures Trading Act Enforcement Rules <b>Ch</b>
Date :	2013.08.20
Legislative :	<p>1. Promulgated on November 11, 1997 by the Ministry of Finance per Ruling Ref. No. (86)-Taiwan-Finance-Securities-(5)-78734</p> <p>2. Article 6 amended and issued per 20 August 2013 Order No. Financial-Supervisory-Securities-Futures-1020031540 of the Financial Supervisory Commission</p>
Content :	<p>Article 1</p> <p>These Rules are prescribed in accordance with Article 124 of the Futures Trading Act (hereinafter referred to as "the Act").</p> <p>Article 2</p> <p>"Unnecessary transactions" referred to in paragraph 2 of Article 73 of the Act shall be determined by the Competent Authority taking into consideration the following elements:</p> <p>1.the ratio of commission to futures customer's equity;</p> <p>2.the ratio of day trading;</p> <p>3.whether the amount in the futures customer's account is sufficient to pay the margins or premiums for futures trading.</p> <p>Article 3</p> <p>The term "responsible person(s)" in paragraph 1 of Article 78 of the Act means the following person(s):</p> <p>1.For domestic futures commission merchants in the form of a company, those defined under Article 8 of the Company Law; for those not in the form of a company, those defined under the relevant laws.</p> <p>2.For foreign futures firms, the responsible person(s) shall be their designated litigious and non-litigious representative(s) in the ROC.</p> <p>Article 4</p> <p>The term "leverage transaction merchant" in Article 80 of the Act means an enterprise dealing with leveraged margin contract trading.</p> <p>Article 5</p> <p>The term "other related institutions" in subparagraph 1 of paragraph 1 of Article 107 of the Act means relevant institutions of spot commodities that are related to futures trading.</p> <p>The term "other competent authorities of other related business" in subparagraph 2 of paragraph 1 of Article 107 of the Act means the competent authorities in charge of finances or spot commodities that are related to futures trading.</p> <p>Article 6</p> <p>The term "off-market offsetting" in subparagraph 1 of paragraph 2 of Article 108 of the Act means the trading activities of a futures commission merchant which, after receiving an order from its futures customer, fails to execute the trade on a futures exchange, but directly or indirectly takes the other side of the trade of its futures customers or brokers the trade with other futures customers.</p>

The term "cross-trading" in subparagraph 2 of paragraph 2 of Article 108 of the Act refers to the trading activities of a futures commission merchant which, intending to make a specific futures customer the counterparty to the futures trading of another futures customer, fails to follow the rules of open competitive bidding, but directly or indirectly privately brokers the futures trading.

The term "taking the other side of a customer's order" in subparagraph 3 of paragraph 2 of Article 108 of the Act means a futures commission merchant which, without the prior written consent of a futures customer and without following the rules of the futures exchange, becomes the buyer of a sell order, or the seller of a buy order of such futures customer.

The term "accommodation trading" in subparagraph 4 of paragraph 2 of Article 108 of the Act refers to the futures trading activity of futures firms or any other persons, who, without following the rules of open competitive bidding or the method for making block trades prescribed by the futures exchange, directly or indirectly coordinate with each other for the trading.

The provisions referred to in the preceding four paragraphs shall not include off-exchange futures trading that is allowed according to law.

#### Article 7

These Rules shall become effective as of the date of promulgation.