

Content

Title : Guidelines for Futures Trading by Foreign Institutional Investors and Overseas Chinese and Foreign Nationals Within and Outside ROC Territory [Ch](#)

Date : 1999.10.30

Legislative : 1.Promulgated by Ministry of Finance per Letter Ref. No. (87)-Taiwan-Finance-Securities (VIII)-66419 Dated July 20, 1998
2.Abolished on October 30,1999

Content : Article 1

These Matters to be Noted are prescribed in accordance with the public announcement of Ministry of Finance, Ref. No. (87)-Taiwan-Finance-Securities (VIII)-66419 dated July 20, 1998.

Article 2

According to the Regulations Governing Securities Investment by Overseas Chinese and Foreign Nationals and Procedures for Foreign Exchange Settlement, the foreign institutional investors, overseas Chinese and foreign nationals within and outside of Taiwan approved to invest in local securities may engage in futures trading for relevant securities in connection with the position of securities held by them, and they shall follow the relevant regulations set forth by the Securities and Futures Commission of the Ministry of Finance ("SFC") and Taiwan Futures Exchange (TAIFEX) .

Article 3

The foreign institutional investors, overseas Chinese and foreign nationals within and outside of Taiwan engaging in futures trading shall appoint a local agent or representative to open accounts for domestic futures trading and sign risk disclosure statement and consignment agreement. The custodian agreement entered with the appointed custodian shall provide confirmation of transactions by the custodian, payment of initial margin and maintenance margin, clearance/settlement, and report of information, etc.

Article 4

Those who engage in futures trading shall provide the approval letter issued by the SFC or TAIFEX together with relevant documents to open an account with a futures commission merchant, and such futures commission merchant shall report to the TAIFEX in writing for recordation.

Article 5

The total market value of the open position in each delivery month held at any time by a person engaging in futures trading shall not be more than the total market value of the securities specified in the futures contract held by him/her after close of the previous trading day. The aggregate amount of the total contract price of the open position of each delivery month held by a foreign institutional investor, offshore overseas Chinese and foreign national plus the investment in the instruments of money market shall not be more than 30% of the balance of the remitted funds.

Article 6

A foreign institutional investor, offshore overseas Chinese or foreign national who engages in futures trading shall cause its custodian to report to the SFC the balance of the remitted fund on the preceding business day and the total balance of the investment in government bonds, certificates of deposit, money market instruments, etc. before 4:00 p.m. of the trading day.

Article 7

A foreign institutional investor, offshore overseas Chinese and foreign national shall consign the custodian to establish account to record the daily net open position held by him/her and the market value in each delivery month on daily basis. A list of stock index futures transactions shall be prepared on monthly basis and reported/submitted along with the list of use of foreign fund reported/submitted on monthly basis (See Attachment).

Article 8

Those who violate these Matters to be Noted may be restricted from securities investment or futures trading in part or in whole by the SFC.