

Content

Title :	Guidelines for Futures Trading by Overseas Chinese and Foreign Nationals <b>Ch</b>
Date :	2006.03.27
Legislative :	<ol style="list-style-type: none"><li>1. Eight articles promulgated on 30 October 1999 per Announcement No. (88) Taiwan-Finance-Securities-(VIII)-92338 of the Securities &amp; Futures Commission, Ministry of Finance; effective upon announcement</li><li>2. Articles 3, 5, and 7 amended and promulgated on 14 December 2001 per Order No. (90) Taiwan-Finance-Securities-(VIII)-006499 of the Securities &amp; Futures Commission, Ministry of Finance</li><li>3. Article 5 amended and promulgated on 7 January 2003 per Order No. Taiwan-Finance-Securities-(VIII)- 09200000069 of the Securities &amp; Futures Commission, Ministry of Finance</li><li>4. Name and eight articles amended and promulgated in full on 1 October 2003 by Order No. Taiwan-Finance-Securities-VIII-0920004045 of the Securities and Futures Commission, Ministry of Finance (Original name: Guidelines for Futures Trading by Qualified Foreign Institutional Investors and Onshore and Offshore Overseas Chinese and Foreign Nationals)</li><li>5. Article 2 amended and promulgated on 21 May 2004 per Order No. Taiwan-Finance-Securities-VIII-0930002189 of the Securities &amp; Futures Commission, Ministry of Finance</li><li>6. Abolished on March 27, 2006</li></ol>
Content :	<p><b>Article 1</b> These Guidelines are adopted pursuant to the provisions of Paragraphs 3 and 5 of Article 4 of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals (the "Regulations")</p> <p><b>Article 2</b> Overseas Chinese and foreign nationals approved or registered to invest in the domestic securities market may, as necessary for hedging purposes, engage in domestic securities related futures trading in the domestic futures market in relation to positions they hold or anticipate holding in domestic securities and shall abide by the relevant regulations of the Securities &amp; Futures Commission, Ministry of Finance (the "SFC") and the Taiwan Futures Exchange Corporation (the "Exchange").</p> <p><b>Article 3</b> Offshore overseas Chinese and foreign nationals who engage in futures trading shall designate a domestic agent or representative to open a futures trading account and execute a risk disclosure statement and a consignment agreement. The custodial agreement with the designated custodian institution shall clearly indicate the responsibility of the custodian institution to pay initial margins and settle margin calls on futures contracts, pay initial margins and settle margin calls on put option contracts, pay premium on call option contracts, and conduct required information reporting.</p> <p><b>Article 4</b> Those engaging in futures trading shall open an account with a futures commission merchant by submitting a securities investment registration document from the Taiwan Stock Exchange Corporation. The futures commission merchant that opens the account shall report the account opening in writing to the Exchange.</p> <p><b>Article 5</b> The aggregate amount of the initial margins required for open futures</p>

contract positions of all delivery months, the initial margins required for writing of option contracts, and the premiums required for buying of option contracts, by an overseas Chinese or foreign national, combined with their investment in money market instruments, shall not be more than 30% of the balance of the funds inwardly remitted by that investor.

**Article 6**

If an offshore overseas Chinese or foreign national engages in futures trading, the custodian institution shall report the balance of remitted funds for the preceding business day and the total amount of the investor's investments in government bonds, certificates of deposit, and money market instruments to the Exchange by 5 p.m. each trading day.

**Article 7**

An offshore overseas Chinese, or foreign national who engages in futures trading shall open an account with a custodian institution. An itemized statement of futures transactions shall be prepared monthly and reported along with the monthly statement of funds allocation by foreign investors.

**Article 8**

The SFC may restrict securities investments or futures trading in part or in whole by those who violate these Guidelines.