

Content

Title :	Guidelines for Account Opening and Futures Trading by Insiders of Futures Commission Merchants <b>Ch</b>
Date :	2015.12.03
Legislative :	<p>2. Title and full text of 12 Articles amended and issued 1 February 2008 per Order No. Financial-Supervisory-Securities-VII-0960070166 of the Financial Supervisory Commission, Executive Yuan; for immediate effect (Original title: Guidelines for Insiders of Futures Commission Merchants Opening Accounts at Their Own Futures Commission Merchants to Engage in Futures Trading)</p> <p>3. Articles 2 and 7 amended and issued per 6 March 1009 Order No. Financial-Supervisory-Securities-VII-0980007923 of the Financial Supervisory Commission, Executive Yuan; for immediate effect</p> <p>4. Articles 3 and 9 amended and issued per 22 February 2013 Order No. Financial-Supervisory-Securities-Futures-1010056492 of the Financial Supervisory Commission; for immediate effect</p> <p>5. Article 7 amended and issued per 3 December 2015 Order No. Financial-Supervisory-Securities-Futures-1040043643 of the Financial Supervisory Commission; for immediate effect</p>
Content :	<p>Point 1 These Guidelines are adopted pursuant to Article 27, paragraph 2 of the Regulations Governing Futures Commission Merchants.</p> <p>Point 2 "Insiders" of a futures commission merchant in these Guidelines means any of the following:</p> <ol style="list-style-type: none"><li>1. Responsible persons, directors, and supervisors of any futures commission merchant, regardless of whether the futures commission merchant is operated on an exclusive or concurrent basis. In the case of a director or supervisor that is a juristic person, the "insiders" shall be limited to the juristic person itself and its representative.&lt;/li&gt;</li><li>2. The associated persons and other personnel of an exclusively operated futures commission merchant.&lt;/li&gt;</li><li>3. The personnel of the futures department of a concurrently operated futures commission merchant and any authorized supervisor or supervisors responsible for supervision of that department.&lt;/li&gt;</li></ol> <p>Point 3 Insiders of a futures commission merchant may not use the name of another to engage in futures trading and, except in the circumstances listed below, may open an account for futures trading only with the futures commission merchant to which the insider belongs:</p> <ol style="list-style-type: none"><li>1. That futures commission merchant has its business suspended by a sanctioned imposed by the competent authority, or has its trading suspended or terminated by a disposition of the Taiwan Futures Exchange (TAIFEX).&lt;/li&gt;</li><li>2. That futures commission merchant voluntarily applies for suspension of business.&lt;/li&gt;</li><li>3. That futures commission merchant operates only proprietary futures trading business and does not operate futures brokerage business.&lt;/li&gt;</li></ol>

4. That futures commission merchant has not yet actually begun to engage in the brokering of foreign futures trading business.</li>
5. The futures trading is conducted by a managed futures enterprise under a mandate contract for discretionary futures trading.</li>
6. Other circumstances approved by the Financial Supervisory Commission (FSC).</li>

Point 4

In the circumstances described in subparagraphs 1 and 2 of Point 3, insiders of a futures commission merchant shall, during the suspension of business or the suspension or termination of trading by that futures commission merchant, be limited to opening a futures trading account at the successor futures commission merchant that assumes the operations of that futures commission merchant, and shall be governed by these Guidelines.

In the circumstances described in subparagraphs 3 and 4 of Point 3, insiders of a futures commission merchant shall be limited to opening a futures trading account at another futures commission merchant (not more than one) designated by that futures commission merchant, and shall be governed by these Guidelines.

A futures commission merchant shall enter into a written contract with the successor or designated futures commission merchant, and the contract shall at least include the following matters:

1. The procedures for the preparation and delivery of the list of accounts opened by insiders, transaction documents, relevant reports and statements, and other matters in connection with the control and supervision of futures account opening and futures trading by insiders.</li>
2. Reporting operations for irregular circumstances.</li>
3. Other matters in connection with material rights and obligations.</li>

Point 5

After the cause for insiders to open an account for futures trading at the successor or designated futures commission merchant has expired, the successor or designated futures commission merchant is allowed only to handle remaining open futures positions (closing out, liquidating, or transferring positions or margin equity) in the account of such insiders. Once all debts and claims have been settled, the account shall immediately be cancelled.

Point 6

If an insider of a futures commission merchant loses eligibility or status as an insider, the futures commission merchant shall immediately proceed to cancel the insider account. If the insider has opened an account at a successor or designated futures commission merchant pursuant to Point 3 of these Guidelines, the futures commission merchant to which the insider belongs shall notify that successor or designated futures commission merchant to cancel the insider account. If the person wishes to open another futures trading account, he/she can do so by the method through which an ordinary principal opens an account.

Point 7

The execution procedures for trading orders of an insider of a futures commission merchant may not be more favorable than those for other customers engaged in trading of the same type of futures.

After a trade by an insider is executed, the futures commission merchant

shall audit whether the trade involves undisclosed information, or a conflict of interest with the futures commission merchant or futures traders requiring avoidance, and shall prescribe in its internal control system its control mechanisms and audit procedures.

Point 8

If an associated person of a futures commission merchant taking a trading order from an insider of the futures commission merchant is aware that the insider is using the name of another to engage in futures trading, the associated person shall refuse to accept the order, and shall notify the supervisor in charge of brokerage trading for further handling.

Point 9

The account numbers of insiders of a futures commission merchant shall be distinguished from those of other principals. The documentation related to trading orders placed by insiders shall be kept separately from that for other principals to facilitate inspection by the FSC or an institution designated by it.

Point 10

Insiders of a futures commission merchant may not utilize information obtained or learned by them during the performance of their duties or other business operations to engage in any trading to profit themselves or a third party.

Point 11

A futures commission merchant accepting orders for the trading of any same type of futures from its insiders and other different customers shall allocate the trading results among them based on the principle of good faith, and shall not make any preferential allocation favoring its insiders over other customers.

Point 12

Internal auditing at a futures commission merchant shall include a weekly audit of the evidentiary documents related to trades by insiders, how the orders are input into the computer system, and the subject matter being traded, and keep records of the audits in order to avoid prejudicing the rights and interests of other traders and the futures commission merchant, and to ensure the implementation of these Guidelines and relevant internal control systems.