

Content

Title :	Regulations Governing Futures Trust Enterprises <b>Ch</b>
Date :	2022.02.18
Legislative :	<ol style="list-style-type: none"><li>1. Full text of 65 articles adopted and issued per 10 July 2007 Order No. Financial-Supervisory-Securities-VII-0960034884 of the Financial Supervisory Commission, Executive Yuan; for enforcement from the date of issuance</li><li>2. Articles 30, 48, 51, 54, and 64 amended and issued per 30 October 2008 Order No. Financial-Supervisory-Securities-VII-0970055757 of the Financial Supervisory Commission, Executive Yuan</li><li>3. Article 9 amended and issued per 2 August 2010 Order No. Financial-Supervisory-Securities-Futures-0990041012 of the Financial Supervisory Commission, Executive Yuan</li><li>4. Articles 43, 49, 50, and 62 amended and issued, and Article 64-1 newly added, per 11 October 2010 Order No. Financial-Supervisory-Securities-Firms-0990051567 of the Financial Supervisory Commission, Executive Yuan</li><li>5. Article 17 amended and issued per 29 May 2014 Order No. Financial-Supervisory-Securities-Futures-1030013322 of the Financial Supervisory Commission</li><li>6. Articles 30 and 48 amended per 18 February 2017 Order No. Financial-Supervisory-Securities-Futures-1060003587 of the Financial Supervisory Commission</li><li>7. Articles 44 and 45 amended and issued per 26 October 2020 Order No. Financial-Supervisory-Securities-Firms-1090364936 of the Financial Supervisory Commission</li><li>8. Articles 4, 44, 45, 47, 48 to 50, and 54 amended, and Article 47-1 added, per 18 February 2022 Order No. Financial-Supervisory-Securities-Futures-1110380537 of the Financial Supervisory Commission</li></ol>
Content :	<p>Chapter I General Principles</p> <p>Article 1 These Regulations are adopted pursuant to Article 82, paragraph 3, and to Article 61 applied mutatis mutandis under Article 88, of the Futures Trading Act ("the Act")</p> <p>Article 2 A futures trust enterprise may conduct the following business operations: <ol style="list-style-type: none"><li>1. Offering a futures trust fund to unspecified persons, or to persons meeting the qualification requirements fixed by the competent authority, and issuing beneficial certificates therefor, and using the assets of the futures trust fund to carry on trading or investment activities.</li><li>2. Such other relevant business operations as may be approved by the competent authority.</li></ol></p> <p>Article 3 The term "responsible person" as used in these Regulations means a person held responsible under Article 8 of the Company Act or under any other law.</p> <p>Article 4 The term "associated person" as used in these Regulations means a person performing any of the following business for or on behalf of a futures trust enterprise: <ol style="list-style-type: none"><li>1. Conducting the offering, issuance, and sale of beneficial certificates.</li><li>2. Conducting research and analysis on futures trading and related investments.</li><li>3. Operating and managing a fund.</li><li>4. Executing trading and investment activities of a fund.</li></ol></p>

5. Conducting internal audit.
6. Legal compliance.
7. Risk management.
8. Acting as in-charge accountant.
9. Conducting other approved business.

#### Article 5

The term "fund manager" as used in these Regulations means an associated person who performs the business operations set out in subparagraph 3 of the preceding article and who is registered as a fund manager with the Chinese National Futures Association (hereinafter the "Association").

#### Article 6

A futures trust enterprise shall adopt an internal control system pursuant to the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets as adopted by the competent authority, as well as the Rules Establishing Standards for the Internal Control Systems of Futures Trust Enterprises as adopted by the Association or any other futures-related institution designated by the competent authority.

The futures trust enterprise shall conduct business operations in accordance with laws and regulations, its articles of incorporation, as well as its internal control system referred to in the preceding paragraph. The internal control system referred to in paragraph 1, and any change thereto, shall be submitted for the approval of the board of directors prior to adoption and shall be retained on file for reference. When the competent authority or the futures-related institution designated by the competent authority gives a notice requiring any change thereto, such change shall be made within the specified time limit.

#### Article 7

A futures trust enterprise shall maintain an internal audit function to audit its finances and operations at regular intervals or from time to time, and to prepare audit reports and keep them on file for reference. The audit reports referred to in the preceding paragraph shall contain comments on whether or not the enterprise's financial, operational, and anti-money laundering practices are in compliance with applicable laws and regulations and the enterprise's internal control system.

#### Article 8

A futures trust enterprise shall report to the competent authority for prior approval under any of the following circumstances:

1. Change of company name.
2. Amendment of the articles of incorporation.
3. Suspension, resumption, or termination of business.
4. Dissolution or merger.
5. Transfer of all or any major portion of its business or property.
6. Receiving transfer of all or any major portion of the business or property of another entity.
7. Change in capitalization.
8. Change in the place of business of the enterprise or that of a branch unit.
9. Any other matters that the competent authority requires to be approved.

#### Article 9

Under any of the following circumstances, a futures trust enterprise shall act in accordance with applicable laws and regulations, and also submit a report by mail to the Association, which shall submit a consolidated report to the competent authority:

1. Commencement of business.
2. Change of director, supervisor, or managerial officer.
3. Where the futures trust enterprise or any of its responsible persons, associated persons, or other personnel becomes involved in litigation or arbitration, or becomes subject to compulsory execution as an obligor, arising in connection with any business operation, or the futures trust enterprise is a bankrupt or has a negotiable instrument dishonored or is

refused service by a bank.

4. Any of the circumstances stated in Article 5 of the Standards Governing the Establishment of Futures Trust Enterprises applies to a responsible person or associated person.

5. Any change in the shareholding of a director, supervisor, managerial officer, or a shareholder holding 5% or more of the total number of issued shares.

6. Any other matters that the competent authority requires to be reported in a regulatory filing.

The provisions of subparagraphs 2, 5, and 6 of the preceding paragraph do not apply to an enterprise in another line of business concurrently operating a futures trust enterprise.

For a matter under paragraph 1, subparagraph 1, the futures trust enterprise shall submit a report in advance. For a matter under subparagraphs 2 to 4, the enterprise shall submit a report within 5 business days starting from the date on which it first becomes aware of the fact or on which the fact occurs. For a matter under subparagraph 5, the director, supervisor, managerial officer, or the shareholder holding 5% or more of the total number of issued shares, as the case may be, shall submit a report to the enterprise by the 5th day of the following month, and the enterprise shall submit a consolidated report by the 15th day of the same month.

The term "business day" as used in these Regulations means a trading day on the domestic futures market.

#### Article 10

A futures trust enterprise shall make known to the public any matter that materially affects the interests of beneficial owners within 2 days starting from the date of its occurrence, and report the same to the competent authority, with a copy to the Association.

The term "any matter that materially affects the interests of beneficial owners" as used in the preceding paragraph refers to any of the following:

1. Dishonor of a negotiable instrument for insufficient funds, refusal of service, or any other loss of creditworthiness.
2. Any instance of a material adverse effect on the operations of the enterprise due to any litigation, non-litigious matter, administrative disposition, or administrative litigation.
3. Application to a court for reorganization.
4. A change in the chairperson, general manager or one-third or more of the directors.
5. A change in the certifying CPA of the enterprise or of a futures trust fund it manages, except for a change occurring as a result of an internal adjustment of the CPA firm.
6. Any of the circumstances under Article 8, subparagraphs 3 through 6.
7. Any purchase of real estate from a company having a relationship of affiliated enterprise with the futures trust enterprise, as set out in Chapter VI-I of the Company Act, or from a director, supervisor, managerial officer, or a shareholder holding 5% or more of the total issued shares, of the futures trust enterprise, or from a related party of such a person.
8. Suspension or resumption of calculation of the redemption price for a futures trust fund that is offered to unspecified persons.
9. Transfer of a futures trust fund it manages for succession by another futures trust enterprise.
10. Merger of a futures trust fund that is offered to unspecified persons.
11. Termination of contract for a futures trust fund that is offered to unspecified persons.
12. Application by a managed futures enterprise that concurrently operates a futures trust enterprise concurrently to be reorganized into a futures trust enterprise pursuant to Article 45 of the Standards Governing the Establishment of Futures Trust Enterprises.

"Related party" in subparagraph 7 of the preceding paragraph means any party or parties meeting any of the following circumstances:

1. In the case of a natural person, the person's spouse, blood relative within the second degree of kinship, or any enterprise of which the person or the person's spouse is a responsible person.
2. In the case of a juristic person, any juristic person having a

relationship of affiliated enterprise as set out in Chapter VI-I of the Company Act.

#### Article 11

Except as otherwise prescribed by the competent authority, no director, supervisor, or shareholder holding 5% or more of the total number of issued shares, of a futures trust enterprise may concurrently act as a shareholder holding 5% or more of the total number of issued shares of another futures trust enterprise.

Except as otherwise prescribed by the competent authority, no entity that has a relationship of affiliated enterprise, as set out in Chapter VI-I of the Company Act, with a director, supervisor, or a shareholder holding 5% or more of the total number of issued shares, of a futures trust enterprise may act as a director, supervisor, or a shareholder holding 5% or more of the total number of issued shares, of another futures trust enterprise. If a merger results in non-compliance with either of the preceding two paragraphs, compliance shall be effected within 1 year from the date of merger.

The calculation of the shareholding of a shareholder holding 5 percent or more of the total number of issued shares under paragraphs 1 and 2 shall include shares held by the shareholder's spouse and minor children and shares held through nominees.

The term "held through nominees" as used in these Regulations means that the following criteria are met:

1. Directly or indirectly providing the stock to another person or providing funds to another person for the purpose of purchasing the stock.
2. Having rights/interest in the management, use, or disposal of the stock held by such other person.
3. Being the principal to whom belong, in whole or in part, profits or losses of the stock held by such other person.

#### Article 12

A futures trust enterprise shall have one or more shareholders meeting the qualification requirements set out in Article 12 of the Standards Governing the Establishment of Futures Trust Enterprises, with shareholding or combined shareholding of no less than 20% of the total number of issued shares (excluding shareholding from distribution of new shares as employee bonuses, or from issuance of new shares that are reserved for subscription by employees, or shareholding meeting certain conditions).

Before any transfer of shares by any shareholder under the preceding paragraph, the futures trust enterprise shall file an advance report of such transfer with the competent authority for recordation.

#### Article 13

With the exception of shareholders meeting the qualification requirements set out in Article 12 of the Standards Governing the Establishment of Futures Trust Enterprises, the sum total of the shares held by any single shareholder of a futures trust enterprise and by that shareholder's related parties and by that shareholder through nominees may not exceed 25% of the total number of shares issued by the enterprise.

The term "related parties" in the preceding paragraph means any party or parties meeting any of the following circumstances:

1. If the shareholder is a natural person: the shareholder's spouse, blood relative within the second degree of kinship, or any enterprise of which the shareholder or the shareholder's spouse is a responsible person.
2. If the shareholder is a juristic person: any juristic person having a relationship of affiliated enterprise as set out in Chapter VI-I of the Company Act.

#### Article 14

A futures trust enterprise may not serve as a director or supervisor of an issuing company in which any of its futures trust funds holds shares of stock. The same shall not apply, however, where the competent authority prescribes otherwise.

#### Article 15

A futures trust enterprise shall have its business operations performed by registered and qualified associated persons.

#### Article 16

Any act performed by a responsible person, associated person, or other employee of a futures trust enterprise in the course of conducting futures trust business operations or any other relevant business operations as approved by the competent authority shall be deemed an act authorized by the enterprise.

#### Chapter II Finances

#### Article 17

Upon completion of company registration, a futures trust enterprise shall deposit an operating bond of NT\$25 million with a financial institution designated by the competent authority.

The financial institution referred to in the preceding paragraph shall be a bank that is approved by the competent authority to operate custodial business, and meets the conditions prescribed by the competent authority.

The operating bond referred to in paragraph 1 shall be deposited in the form of cash, government bonds, or securities with a credit rating at a specific level or higher from a credit rating agency approved or recognized by the competent authority.

The futures trust enterprise may not deposit in divided custody, report loss of, or otherwise cancel the deposited operating bond, nor may any security interest be created on any asset or underlying of the deposit or on the custody receipt therefor, nor, without the approval of the competent authority, may any asset or underlying of the deposit be withdrawn or replaced.

#### Article 18

A futures trust enterprise shall allocate a special reserve at a certain rate in accordance with the requirements set out by the competent authority.

#### Article 19

The funds of a futures trust enterprise may not be loaned to others, used to purchase real estate not intended for business use, or otherwise used for other non-designated purposes. If used for purposes other than those necessary for the operation of business, the funds may be used only in the following manner:

1. deposits in domestic banks;
2. to purchase domestic government bonds or securities with a credit rating at a specific level or higher from a credit rating agency approved or recognized by the competent authority.
3. to purchase domestic treasury bills, negotiable certificates of deposit, commercial paper, or other approved short-term bills;
4. to purchase beneficial certificates of futures trust funds or securities investment trust funds, where such purchase meets the conditions and specified ratios prescribed by the competent authority.
5. for such other purposes as may be approved by the competent authority.

Except as in compliance with Article 16, paragraph 1 of the Company Act and with approval by the competent authority, the futures trust enterprise may not provide guarantees, endorse negotiable instruments, or provide property for use as collateral by others.

#### Article 20

A futures trust enterprise shall prepare financial reports in accordance with regulatory requirements, and, within three months of the end of each fiscal year, make known to the public and file with the competent authority an annual financial report that has been audited and attested to by a CPA as approved by the competent authority pursuant to Article 37, paragraph 1 of the Securities and Exchange Act and has been approved by the board of directors and recognized by the supervisors.

The filing of the annual financial report referred to in the preceding paragraph shall be made by sending the financial report to the Association

for forwarding to the competent authority.

#### Article 21

A futures trust fund offered by a futures trust enterprise shall be separate and independent of the enterprise's and the fund custodian's own property.

#### Article 22

A futures trust enterprise shall maintain the assets of a futures trust fund in the custody of a fund custodian, and not in its own custody. A trust enterprise concurrently operating a futures trust enterprise may maintain the assets of a futures trust fund in its own custody under either of the following circumstances:

1. If the futures trust fund is offered to persons meeting the qualification requirements fixed by the competent authority, as provided in Article 2, subparagraph 1.

2. If there is a trust supervisor for each futures trust fund offered to unspecified persons, and the trust supervisor is capable of fulfilling the duties pertinent to a fund custodian as set out in the Regulations Governing Futures Trust Funds.

Before applying to offer a futures trust fund to which subparagraph 2 of the preceding paragraph applies, the futures trust enterprise shall prepare documentation specifying how the trust supervisor will be selected or appointed and a concrete plan of how the trust supervisor will fulfill the duties commensurate with those of a fund custodian, and shall submit the documentation to the competent authority and obtain its approval.

The provisions of Article 66 of the Regulations Governing Futures Trust Funds shall apply mutatis mutandis to the trust supervisor referred to in paragraph 2, subparagraph 2 above.

#### Article 23

In addition to complying with the provisions of these Regulations, a futures trust enterprise that increases its capital through an offer and issue of securities, or that reduces its capital, shall do so in compliance with the provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

The application documents to be submitted by, and the regulations applicable to, a futures trust enterprise that is not a public company and that intends to increase its capital through issue of securities or that intends to reduce its capital, shall be as announced by the competent authority.

#### Article 24

Except as otherwise prescribed by the competent authority, a futures trust enterprise applying to carry out a capital reduction through return of capital shall comply with the following requirements:

1. Its financial reports for both the most recent fiscal year and fiscal half-year have been audited and attested to by a CPA who has issued an unqualified opinion thereon, and the enterprise has good financial standing with neither losses nor accumulated deficit.

2. It has, during the most recent fiscal year or fiscal half-year, as the case may be, truly and faithfully implemented the improvements recommended in the written recommendations for improvements to internal controls issued by the CPA upon auditing and attestation.

3. It has not been sanctioned under Article 100, paragraph 1, subparagraphs 2 to 4 of the Act, Article 103, subparagraphs 2 to 5 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraphs 2 to 4 of the Securities and Exchange Act during the most recent 3 years. This restriction does not apply, however, if such a violation has already been specifically corrected, and the correction has been recognized by the competent authority.

The futures trust enterprise's amount of capitalization after the capital reduction through return of capital shall be no less than the minimum paid-in capital set out in Article 11 of the Standards Governing the Establishment of Futures Trust Enterprises, and, except as otherwise prescribed by the competent authority, its net worth after the capital

reduction shall be no less than NT\$900 million.

#### Article 25

As needed in response to any event under the proviso to paragraph 1 of Article 74 of the Regulations Governing Futures Trust Funds or stipulation concerning block redemption of beneficial certificates under the terms of the futures trust agreement, a futures trust enterprise may arrange for a loan from a financial institution using any assets of the futures trust fund as collateral, subject to a borrowing limit determined by the shortfall for payment of the redemption price.

The term "shortfall for payment of the redemption price" in the preceding paragraph refers to the balance of total current assets plus the issue amount for the current day's subscription of beneficial certificates, and minus the minimum liquidity reserve required to be maintained and the current day's total redemption price of beneficial units.

During the term of a loan taken out by the futures trust enterprise pursuant to paragraph 1, any beneficial owner applying for redemption shall pay 2% of the redemption price as the redemption fee, which shall be allocated into the assets of the futures trust fund.

The interest expense for a loan under paragraph 1 shall be borne by the futures trust enterprise, and the loan agreement shall expressly state that the borrowed amount shall be transferred directly to the designated account of the futures trust fund.

When arranging for a loan, the futures trust enterprise shall give public notice in the manner stipulated by the futures trust agreement, and shall also give public notice at the end of the loan term.

The futures trust enterprise arranging for a loan under paragraph 1 shall document in writing the processes in which relevant loan decisions are made, and keep the documents on file for a period of not less than 5 years.

### Chapter III Business Operations

#### Article 26

A futures trust enterprise shall perform business operations in accordance with the Act, with orders issued under the Act, and with contractual requirements and, in doing so, shall fulfill the duty of care and fiduciary duty of a good administrator, and shall act in good faith.

Except as otherwise provided by law or regulation, the enterprise under the preceding paragraph may not engage in any of the following conduct:

1. Divulging information obtained in the course of business to others or using such information for the purposes of engaging in activities involving futures trading or transactions in futures-related spot instruments.
2. When using assets of a futures trust fund to engage in futures trading or transactions in futures-related spot instruments, making purchases or sales for its own benefit or for the benefit of any other party, or, without legitimate reason, engaging in cross trading by taking the other side of an order placed with the investment capital of the trust fund.
3. Engaging in any conduct that is false, deceptive, or could be misleading.
4. When using assets of a futures trust fund to engage in futures trading or transactions in futures-related spot instruments, failing to allocate into the assets of the fund any handling fee returned, or other benefit paid, by a securities firm, futures commission merchant, or any other counterparty.
5. Promoting the sale of beneficial certificates by agreeing upon or providing any specific benefit or consideration or by agreeing to absorb loss.
6. Accepting money or other benefit in exchange for the transfer of a shareholder meeting proxy or for the exercise of voting rights attached to shares held by the futures trust fund.
7. When using assets of a futures trust fund to engage in trading or investment activities, attempting to inflate or deflate the trading price of a certain futures trading contract or futures-related spot instrument, or engaging in any other conduct that could prejudice the interests of investors of the futures trust fund.
8. When using assets of a futures trust fund to engage in futures trading

or transactions in futures-related spot instruments, changing an executed trading order from the account of the fund to an account of its own or of any other party, or from an account of its own or of any other party to the account of the fund.

9. Making any recommendation or providing advice on trading strategies for trading in a particular futures trading contract or a particular security, or providing analysis or forecast or advice services about the future trading price of a particular futures trading contract or a particular security, in a public setting or through mass media.

10. Using non-full-time personnel to solicit customers or providing unreasonable commissions.

11. Conducting business operations at a place not registered as its place of business.

12. Engaging in any other conduct that would adversely affect the interests of customers or the operation of its business.

Except as otherwise provided by law or regulation, the enterprise under paragraph 1 shall maintain the confidentiality of customers' personal information, trading histories, and other relevant information.

A futures trust enterprise shall adopt and implement rules governing the administration of internal personnel in accordance with requirements of the Association.

#### Article 27

After being issued a business license, a futures trust enterprise shall apply to offer a futures trust fund within 1 month, and shall comply with the Regulations Governing Futures Trust Funds.

If the futures trust enterprise fails to submit an application or to offer and establish a futures trust fund in accordance with the preceding paragraph, its business permission shall be revoked and it shall be notified to surrender its permission license for cancellation within a prescribed time limit, or, if the permission license is not surrendered within the time limit, it shall be cancelled by the competent authority through public notice.

Except as otherwise prescribed by the competent authority, if an enterprise in another line of business that has permission to concurrently operate a futures trust enterprise fails to apply to offer a futures trust fund within 2 years after receiving the permission from the competent authority and completing the registration procedure, the permission for such concurrent operation shall be revoked.

#### Article 28

A futures trust enterprise may not offer a futures trust fund without the approval of the competent authority; the documents required to be submitted when such an enterprise applies for approval, as well as the review procedure, approval conditions, and other compliance requirements shall be subject to the Regulations Governing Futures Trust Funds.

#### Article 29

A futures trust enterprise and its fund custodian shall make available for review at their places of business and at the places of business of any fund distributors the prospectus for any futures trust fund, the relevant offering documents, the futures trust agreement, and the most recent financial report.

The prospectus and most recent financial report under the preceding paragraph shall also be uploaded to an information reporting website designated by the competent authority. This provision does not apply to an enterprise in another line of business concurrently operating a futures trust enterprise if it has carried out public notice matters for the most recent financial report on a designated website in accordance with Article 39 of the Trust Enterprise Act or Article 21 of the Regulations Governing Securities Investment Trust Enterprises.

#### Article 30

Before accepting a customer's request to subscribe for beneficial certificates of a futures trust fund, a futures trust enterprise shall furnish a risk disclosure statement to inform the subscriber of the nature

and potential risks of the futures trust fund.

The risk disclosure statement referred to in the preceding paragraph shall be signed or sealed and dated by the subscriber, with one copy thereof to be retained by the futures trust enterprise and one copy to be delivered to and kept by the subscriber.

If a customer has previous experience of buying shares of another futures trust fund that is similar in nature and source of risk, a futures trust enterprise, if consented to by the customer, need not inform the customer of the nature and potential risks of its futures trust fund as required in paragraph 1, but shall still furnish a risk disclosure statement and retain a copy of the customer's consent letter agreeing to the non-receipt of such information, a risk disclosure statement bearing the signature of the customer, and other relevant evidentiary documentation.

#### Article 31

Rules governing the format, content, preparation, dissemination, regulatory filing, and other relevant aspects of any promotional and advertising materials of futures trust enterprises and their fund distributors, and any amendments thereto, shall be adopted by the Association and reported to the competent authority for recordation.

The promotional and advertising materials referred to in the preceding paragraph and related records shall be preserved for 2 years.

The competent authority or an institution designated thereby may from time to time sample and inspect the promotional and advertising materials and related records of a futures trust enterprise, and the futures trust enterprise may not refuse or interfere.

#### Article 32

A futures trust enterprise may not engage in any of the following conduct in the course of conducting any advertising campaign, public information meeting, or other sales promotion activity:

1. Using the fact that a futures trust fund has been approved by the competent authority as publicity as if to verify any subject matter of the application or guarantee the value of beneficial certificates.
2. Inducing mistaken belief that the security of the principal amount can be guaranteed or that profit can be guaranteed.
3. Offering gifts or other benefits as an inducement to purchase beneficial certificates, provided that this restriction shall not apply where otherwise provided by the competent authority.
4. Publicity that exaggerates past performance or advertising that attacks industry competitors.
5. Any conduct that is false, deceptive, or could be misleading.
6. Conducting any advance publicity, advertising or other promotional activity for a futures trust fund whose offering has not been approved by the competent authority.
7. Disseminating information that contravenes any law or regulation or the futures trust agreement, or that otherwise conflicts with any information contained in the prospectus.
8. Making forecasts about the performance of a futures trust fund.
9. Promoting the sales of a futures trust fund in a way that involves speculation about future trends in the exchange rate of the New Taiwan Dollar.
10. Any other conduct prejudicial to the operation of business or to the interests of beneficial owners.

If a fund distributor appointed by the futures trust enterprise violates any provision of the preceding paragraph in the course of conducting advertising, a public information meeting, or other sales promotion activity for or on behalf of the fund, the futures trust enterprise and its fund distributor shall bear liability for the violation in accordance with applicable laws and regulations.

#### Article 33

A futures trust enterprise shall fully understand and assess each customer's investment knowledge, investment experience, financial condition, and degree of risk tolerance.

The futures trust enterprise or its fund distributor shall require each and

all first-time subscription customers to furnish identification or incorporation documentation and to fill out their basic information. The futures trust enterprise or its fund distributor shall process any request for the subscription or redemption of a futures trust fund in accordance with the futures trust agreement, the prospectus, and the Association's Operating Procedures for the Offering, Issuance, and Sale of Futures Trust Funds and their Subscription and Redemption. For fund transactions that are above a specific amount or suspected of being money-laundering transactions, complete and accurate transaction records and documentation on subscription, redemption, or conversion shall be retained, and the provisions of the Money Laundering Control Act shall be complied with.

When the futures trust enterprise pays a redemption price to a beneficial owner whose redemption in that specific case constitutes a short-swing trade according to the standards for determining short-swing trades for the given fund, the futures trust enterprise shall deduct from the redemption price a redemption fee for short-swing trading in the fund, in accordance with the provisions of the fund prospectus, which redemption fee shall be allocated into the assets of the fund.

The futures trust enterprise's internal control system shall include operating principles regarding know-your-customer rules, sales conduct, prevention of short-swing trading, control of money laundering, and other operating principles required by applicable laws and regulations.

#### Article 34

Except as otherwise provided by law or regulation, a futures trust enterprise exercising the voting rights attached to shares held by a futures trust fund shall do so through an internal person appointed as representative by the futures trust enterprise.

A futures trust enterprise exercising the voting rights under the preceding paragraph shall do so for the greatest benefit of the beneficial owners and may not participate, directly or indirectly, in the operation of the issuing company or otherwise make any inappropriate arrangements.

Before attending a shareholders' meeting of an issuing company in which its fund holds shares, a futures trust enterprise shall prepare a written description of the assessment and analysis procedures it has performed as to the exercise of the voting rights.

A futures trust enterprise shall record and manage any notices of and admission tickets to the shareholders' meetings of issuer companies in which its futures trust fund holds shares, and shall document the details of its attendance and exercise of voting rights at each such shareholders' meeting, the assessment and analysis procedures for the exercise of voting rights, the decision-making process, and the voting results, to be numbered in sequential order and kept in separate files, and preserved for a period of not less than 5 years.

A futures trust enterprise attending a meeting of beneficial owners of another fund in which its futures trust fund holds shares or units, shall exercise the voting rights for the greatest benefit of all beneficial owners of the futures trust fund, and shall observe the provisions of the preceding two paragraphs that apply *mutatis mutandis*.

#### Article 35

A futures trust enterprises shall keep all business-related certificates, vouchers, account books, statements, reports, records, contracts, and other relevant documents at its place of business and make them available at all times for audit by the competent authority or by a institution designated by the competent authority.

The certificates, vouchers, account books, statements, reports, records, contracts, and other relevant documents as referred to in the preceding paragraph shall be preserved in a manner and for a period of years that comply with the provisions of the Business Accounting Act and other applicable laws and regulations, as well as the applicable requirements adopted by the Association.

The applicable requirements adopted by the Association as referred to in the preceding paragraph, and any amendments thereto, shall be filed with the competent authority for recordation.

#### Article 36

The competent authority or an institution designated by the competent authority may conduct audits of the business operations, finances, and other necessary aspects of a futures trust enterprise.

The futures trust enterprises shall provide such explanatory information and such relevant documents as may be required for audits under the preceding paragraph.

#### Article 37

By the tenth day of each month, a futures trust enterprise shall file with the Association any and all relevant operational statements covering its operation of futures trust business during the prior month.

The format of the relevant operational statements under the preceding paragraph, and any amendments thereto, shall be determined by the Association and filed with the competent authority for recordation.

#### Article 38

If a futures trust enterprise is unable to continue its business operations related to a futures trust fund because of bankruptcy, dissolution, suspension or closure of business, or voidance or revocation of its business permission, it shall arrange for another futures trust enterprise to succeed to its business operations related to the futures trust fund, subject to the approval of the competent authority.

If a futures trust enterprise fails to take the action under the preceding paragraph, the competent authority may designate another futures trust enterprise as successor; the designated futures trust enterprise may not refuse such designation unless it reports to and receives approval from the competent authority based on a legitimate reason.

If there is obvious mismanagement of a futures trust fund on the part of a futures trust enterprise, the competent authority may order the enterprise to transfer the fund to be managed by another futures trust enterprise designated by the competent authority.

In the event of any succession or transfer under any of the preceding three paragraphs, the successor futures trust enterprise shall make a public notice.

Before the competent authority makes a designation or order under paragraph 2 or 3 above, arrangements for another futures trust enterprise to be successor may be coordinated through the Association.

### Chapter IV Investment in Foreign Futures Enterprises

#### Article 39

Except as otherwise provided by law or regulation, a futures trust enterprise shall satisfy each of the following conditions if it intends to apply to invest in a foreign futures enterprise:

1. It has been in operation for at least a full 2 years.
2. It has not been sanctioned under Article 100, paragraph 1, subparagraph 1 of the Act, Article 103, subparagraph 1 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraph 1 of the Securities and Exchange Act during the preceding three months.
3. It has not been sanctioned under Article 100, paragraph 1, subparagraph 2 of the Act, Article 103, subparagraph 2 or 3 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraph 2 of the Securities and Exchange Act during the preceding six months.
4. It has not been sanctioned under Article 100, paragraph 1, subparagraph 3 of the Act, Article 103, subparagraph 4 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraph 3 of the Securities and Exchange Act during the preceding year.
5. It has not been sanctioned under Article 100, paragraph 1, subparagraph 4 of the Act, Article 103, subparagraph 5 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraph 4 of the Securities and Exchange Act during the preceding 2 years.
6. It has net worth per share of not less than par value, as shown in the latest CPA-audited and attested financial report.
7. The total amount of any and all investment by it in foreign futures

enterprises may not exceed 10% of its net worth. This restriction shall not apply, however, where there is a particular need and special approval has been granted.

If a futures trust enterprise does not conform to a provision or provisions in subparagraphs 2 to 5 of the preceding paragraph but has specifically corrected the violation, and the correction has been recognized by the competent authority, then it is exempted from the relevant provision or provisions of those subparagraphs.

The futures trust enterprise may invest in a foreign futures enterprise only within those lines of business in which the futures trust enterprise operates.

#### Article 40

A futures trust enterprise applying to invest in a foreign futures enterprise shall prepare and submit an application form, together with the following documents, to the competent authority for approval:

1. The minutes of the relevant directors' or shareholders' meeting.
2. The most recent CPA audited and attested financial report.
3. An investment plan report, containing the following:
  - A. An investment plan, specifying investment objectives and expected returns, sources and projected uses of funds, operations plan, plan for recovery of funds, and additionally, in the case of a holding company, an investment plan for any further equity investment(s).
  - B. Business operations planning, specifying the following information with respect to the investee enterprise: company profile, company organization, location, capitalization, profile of other major promoters or shareholders, business operations, lines of business, principles of business operations, and financial condition during the most recent 3 fiscal years.
  - C. Financial forecasts for the coming 2 years.
4. The articles of incorporation or similar document of the newly established or investee company, as the case may be.
5. Any applicable statutory, regulatory, or self-regulatory requirements of the place of investment.

Within 6 months starting from the date of approval for investment in the foreign futures enterprise, the futures trust enterprise shall file for recordation with the competent authority relevant documents evidencing its actual investment.

If a change is made to any item of investment approved by the competent authority, the futures trust enterprise shall file a report with the competent authority for recordation within 10 days starting from the date of the change.

#### Article 41

A futures trust enterprise approved to invest in a foreign futures enterprise shall file with the competent authority for recordation any evidentiary documents it receives for any outward remittance of funds or for the registration or amended registration, if any, of the investee foreign futures enterprise within 5 days after their receipt.

Any outward remittance of funds as referred to in the preceding paragraph shall have been approved by the competent authority and be made in accordance with the applicable provisions of the Foreign Exchange Control Act.

Within 6 months of the end of each business year of the investee foreign futures enterprise, the futures trust enterprise shall make a filing of the annual financial report of the investee enterprise.

### Chapter V Personnel

#### Article 42

The chairperson of the board of directors of a futures trust enterprise shall be of upstanding character, possess the ability to effectively lead a futures trust enterprise, and also possess one of the following qualifications:

1. Has obtained qualification as a futures trading analyst in accordance with the Regulations Governing Managed Futures Enterprises, and has 2 years or more of relevant work experience at a qualified institutional

investor(s).

2. Is a graduate of a domestic or foreign school at the level of junior college or higher recognized by the Ministry of Education or has an equivalent level of education, and also has 3 years or more of relevant work experience at a qualified institutional investor(s), having served there in the position of assistant general manager or in an equivalent position, with a good performance record.

3. There are other facts sufficient to demonstrate possession of professional knowledge of securities, futures or finance, operational experience, and leadership ability.

The futures trust enterprise's chairperson shall, within 10 days after election, submit relevant documentary proof of qualifications to the competent authority for recognition; where the competent authority does not recognize any of that person's qualifications, the competent authority may order the futures trust enterprise to make an adjustment within a designated time limit.

#### Article 43

A futures trust enterprise shall have one general manager, who shall be responsible for the overall administration of the business operations of the entire company, and it may not have any other person in an equivalent position.

The general manager of a futures trust enterprise shall be of upstanding character, possess the ability to effectively lead and manage a futures trust enterprise, and, unless otherwise provided by the Trust Enterprise Act or other law, also possess one of the following qualifications:

1. Has obtained qualification as a futures trading analyst in accordance the Regulations Governing Managed Futures Enterprises, and also has 3 years or more of relevant work experience at a qualified institutional investor(s), with a good performance record.

2. Is a graduate of a domestic or foreign school at the level of junior college or higher recognized by the Ministry of Education or has an equivalent level of education, and also has 5 years or more of relevant work experience at a qualified institutional investor(s), having served there in the position of assistant general manager or in an equivalent position for 1 year or more, or in the position of manager or in an equivalent position for 3 years or more, with a good performance record.

3. Has other academic or work qualifications sufficient to demonstrate possession of professional knowledge of futures, operational experience, and leadership ability that would enable sound and effective operation of futures trust enterprise business.

To hire a general manager, a futures trust enterprise shall submit documents verifying that the person it plans to hire meets the required qualifications to the competent authority for review; the person may not assume the position until found qualified.

#### Article 44

An assistant general manager, deputy assistant general manager, or manager in a business operations department of a futures trust enterprise shall possess leadership ability and the ability to effectively assist in the operation of a futures trust enterprise, and also possess one of the following qualifications:

1. Has obtained qualification as a futures trading analyst in accordance with the Regulations Governing Managed Futures Enterprises, and also has work experience meeting one of the following criteria:

A. 1 year or more of relevant work experience at a qualified institutional investor(s).

B. 2 years or more of work experience, with a good performance record, in a professional field such as information, technology, law, e-commerce, or digital economy.

2. Is a graduate of a domestic or foreign school at the level of junior college or higher recognized by the Ministry of Education or has an equivalent level of education, and also has 3 years or more of relevant work experience at a qualified institutional investor(s), with a good performance record.

3. Has other academic or work qualifications sufficient to demonstrate

possession of professional knowledge of futures, operational experience, and leadership ability.

The term "business operations department" in the preceding paragraph means a department conducting any type of business under Article 4, subparagraphs 1 to 7 and 9.

A director of a futures trust enterprise or any of its personnel referred to in paragraph 1, who serves or otherwise directly engages in a capacity set out in any subparagraph of Article 4, shall obtain or possess the qualifications set out in Article 46, 47, or 48, as the case may be.

The provisions of paragraph 1 shall apply mutatis mutandis with respect to a person serving in a position with duties equivalent to a position under paragraph 1, as determined according to any other law or to the articles of incorporation of the futures trust enterprise.

#### Article 45

A department head or branch unit manager of a business department of a futures trust enterprise shall possess leadership ability and the ability to effectively assist in the operation of a futures trust enterprise, and also possess one of the following qualifications:

1. Has obtained qualification as a futures trading analyst in accordance with the Regulations Governing Managed Futures Enterprises, and also has work experience meeting one of the following criteria:

A. 1 year or more of relevant work experience at a qualified institutional investor(s).

B. 2 years or more of work experience, with a good performance record, in a professional field such as information, technology, law, e-commerce, or digital economy.

2. Has obtained qualification as an associated person of a futures commission merchant in accordance with the provisions of Article 5, subparagraphs 1 to 3 of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants, and also has work experience meeting one of the following criteria:

A. 3 years or more of relevant work experience at a qualified institutional investor(s).

B. 6 years or more of work experience, with a good performance record, in a professional field such as information, technology, law, e-commerce, or digital economy.

3. Has 2 years or more of work experience serving as manager of any domestic or foreign funds.

4. Is a graduate of a domestic or foreign school at the level of university or higher recognized by the Ministry of Education or has an equivalent level of education, and has served for 4 years or more as an associated person of a securities or futures institution(s) or trust enterprise(s).

5. Has other academic or work qualifications sufficient to demonstrate possession of professional knowledge of futures, operational experience, and leadership ability.

The term "business department" in the preceding paragraph means a department conducting any of the types of business under Article 4, subparagraphs 1 to 7 and 9.

#### Article 46

A futures trust enterprise shall for each futures trust fund appoint a dedicated fund manager, possessing one of the following qualifications, to be in charge of the use of fund assets:

1. Has obtained qualification as a futures trading analyst in accordance with the Regulations Governing Managed Futures Enterprises.

2. Has obtained qualification as an associated person of a futures commission merchant in accordance with the provisions of Article 5, paragraph 1, subparagraphs 1 to 3 of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants, and also has 3 years or more of work experience in futures trading analysis or trading decision-making at a qualified institutional investor(s).

3. Has obtained qualification as an associated person of a futures commission merchant in accordance with the provisions of Article 5, paragraph 1, subparagraphs 1 to 3 of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants, and also

has 2 years or more of work experience serving in the capacity of securities investment trust fund manager or discretionary securities investment manager.

4. Has obtained qualification as an associated person of a futures commission merchant in accordance with the provisions of Article 5, paragraph 1, subparagraphs 1 to 3 of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants, and also has 1 year or more of experience serving in the capacity of making trading decisions for discretionary futures trading, with an unblemished record. The number and size of funds that a fund manager may be in charge of and the qualification requirements for a fund manager shall be as determined by the competent authority.

#### Article 47

An associated person who performs internal audit, legal compliance, or risk management functions at a futures trust enterprise shall possess one of the following qualifications:

1. Has obtained qualification as a futures trading analyst in accordance with the Regulations Governing Managed Futures Enterprises, and has 1 year or more of relevant work experience in the field of securities, futures, or trust at a qualified institutional investor(s).
2. Has obtained qualification as an associated person of a futures commission merchant in accordance with the provisions of Article 5, subparagraphs 1 to 3 of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants, and also has 3 years or more of relevant work experience in the field of securities, futures, or trust at a qualified institutional investor(s).

The definition of "qualified institutional investor" as referred to in Articles 42 up to paragraph 1 of this article, and the scope of work thereof, shall be as announced by the competent authority.

#### Article 47-1

A futures trust enterprise, by 31 December 2022, shall allocate a sufficient number of competent risk management personnel based on its business size and business conditions.

A risk management officer or associated person who fails to meet the qualification requirements set out in Article 44, Article 45, or Article 47 or to comply with the restrictions on concurrent holding of positions set out in Article 50, paragraph 3, shall correct the failure by 31 December 2022, failing which, such a person may not serve in that position and the Association shall void the registration of that person.

#### Article 48

With the exception of fund managers and of associated persons who sell shares of futures trust funds, any associated person of a futures trust enterprise who performs any business operations under Article 4, subparagraphs 2 to 4 and 9 shall possess one of the following qualifications:

1. Has obtained qualification as a futures trading analyst in accordance with the Regulations Governing Managed Futures Enterprises.
2. Has obtained qualification as an associated person of a futures commission merchant in accordance with the provisions of Article 5, subparagraphs 1 to 3 of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants.

An associated person of a futures trust enterprise who performs the business operations under Article 4 subparagraph 1 or an associated person of a fund distributor who sells shares of a futures trust fund shall possess one of the following qualifications, and be registered as such with the Association:

1. Satisfies the qualification requirement under the preceding paragraph.
2. Satisfies the qualification requirement under Article 6-1, paragraph 1 of the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Trust Enterprises, and passes an examination held by the Association on futures trust laws and regulations.
3. Satisfies the qualification requirement under Article 6-1, paragraph 1 of the Regulations Governing Responsible Persons and Associated Persons of

Securities Investment Trust Enterprises, and has three years or more of experience in selling shares of securities investment trust funds. A sales person of a fund distributor who sells shares of a futures trust fund shall possess sufficient professional knowledge on the futures trust fund he or she sells, and the Association shall adopt self-regulatory rules for the sales activities.

#### Article 49

Except as otherwise provided by law or regulation, the general manager of a futures trust enterprise and all assistant general managers, deputy assistant general managers, and managers, of its business departments, as well as its branch unit managers, department heads of business departments, and associated persons shall serve as full-time employees.

The futures trust enterprise shall register with the Association any person who will serve as a responsible person or will serve in any of the positions recited in the preceding paragraph and any personnel change in such a position; no person may conduct business operations in such a position unless registered.

The registration under the preceding paragraph may not be made with respect to a person to whom any of the following circumstances applies, and if already made, shall be voided:

1. Any circumstance set out in Article 5 of the Standards Governing the Establishment Futures Trust Enterprises.
2. Any non-compliance with the qualification requirements hereunder.
3. Violation of any provision of Article 50, paragraphs 3 to 6 hereof.
4. Failure to attend or to pass the pre-service service or in-service training required by Article 51 or 53.

The futures trust enterprise shall file any personnel change under paragraph 2, and carry out procedures for renewal or surrender of work permit, with the Association within 5 business days starting from the next day of such change, and shall remain liable for the conduct of any such person before the registration of the change.

The term "business department" in paragraph 1 means a department conducting any of the types of business under Article 4, subparagraphs 1 to 7 and 9.

#### Article 50

The chairperson of a futures trust enterprise may not concurrently serve as the general manager. This restriction, however, does not apply if any of the following circumstances exists and if approval is obtained from the competent authority:

1. The futures trust enterprise will cease to exist as a result of a merger or dissolution, and its chairperson or general manager has resigned, been removed from office, or otherwise been unable to continue the performance of duties.
2. The futures trust enterprise's business permission was voided by the competent authority, and its chairperson or general manager has resigned, been removed from office, or otherwise been unable to continue the performance of duties.
3. For any other special cause.

The general manager of a futures trust enterprise may not concurrently serve as a branch unit manager, fund manager, securities investment trust fund manager, discretionary futures trading business trading decision maker, or discretionary securities investment manager, of the futures trust enterprise.

No internal auditor or risk management personnel of a futures trust enterprise may engage in any operation for which the person is not registered, nor may any of their functions be performed by any other associated person on a concurrent basis. Notwithstanding the foregoing, in the case of an enterprise in another line of business that concurrently operates a futures trust enterprise, its internal auditors and risk management personnel registered as such may perform functions of the same nature for the futures trust enterprise provided that they possess the qualifications required by Article 47.

The functions of the legal compliance personnel of a futures trust enterprise may not be concurrently performed by any person carrying on any of the business activities under Article 4, subparagraphs 1 to 5, 7 and 9.

Notwithstanding the foregoing, in the case of an enterprise in another line of business that concurrently operates a futures trust enterprise, its registered legal compliance personnel may concurrently serve as legal compliance personnel for the futures trust enterprise.

An associated person who performs the function of research and analysis, or fund manager, of a futures trust enterprise may not concurrently serve as an associated person whose duty is to execute trades or investment.

Except as otherwise prescribed by the competent authority, the fund manager of a futures trust fund offered to unspecified persons pursuant to Article 2, subparagraph 1 may not concurrently serve as a fund manager, securities investment trust fund manager, trading decision maker for discretionary futures trading, or discretionary securities investment manager.

A department head of a futures trust enterprise concurrently operated by a trust enterprise may not concurrently serve as a branch unit manager, fund manager, securities investment trust fund manager, discretionary futures trading business trading decision maker, or discretionary securities investment manager, of the company.

In the case of a trust enterprise that concurrently operates a futures trust enterprise, none of its fund managers may concurrently perform a function empowered to make decisions for investing or trading for any mutual trust funds or with its proprietary funds.

#### Article 51

An associated person of a futures trust enterprise shall attend pre-service training and in-service training held by an institution designated by the competent authority.

Any person to be employed as an associated person for the first time, or to be re-employed as such after having left such employment for a full 2 years or more, shall attend pre-service training within the half-year period before starting to conduct such business operations, and any person incumbent in that position shall attend in-service training every 2 years.

In the case of a managed futures enterprise that concurrently operates a futures trust enterprise, its associated persons applying to be registered as such for the futures trust enterprise need not attend the pre-service training required by the preceding paragraph.

An associated person who has attended pre-service training with a passing score during the half-year period before obtaining the qualification as associated person under Articles 46 to 48, need not attend the pre-service training required by paragraph 2 for associated persons serving for the first time if that person has been registered as an associated person and commenced the performance of duties during the half-year period following the attainment of the qualification as associated person.

Any person having obtained the qualification as an associated person of a futures commission merchant under Article 5, paragraph 1, subparagraphs 1 to 3 of the Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants, shall attend pre-service training for a number of hours fixed by the Association when applying to be registered as an associated person under Article 4, subparagraph 1, 2, or 4 hereof.

#### Article 52

When an associated person of a futures trust enterprise completes pre-service or in-service training with a passing score, the training institution shall issue a course completion certificate and shall send the training score of that person to the employing futures trust enterprise, to be used for reference in performance evaluation, job promotion, or assignment of work with respect to that person. If the associated person achieves an outstanding score, the training institution shall confer an award.

#### Article 53

When an associated person of a futures trust enterprise fails to attend in-service training, or fails to pass retraining taken within 3 months after a previous failure to pass, that person's registration as an associated person shall be voided by the Association upon receiving notice from the training institution.

#### Article 54

A responsible person, department head, branch unit manager, or other associated person or employee of a futures trust enterprise shall fulfill the duty of care and the fiduciary duty of a good administrator, and shall act in good faith, in the conduct of business operations.

No person described in the preceding paragraph may do any act specified in Article 63, which applies mutatis mutandis under Article 88, of the Act, nor, except as otherwise provide by law or regulation, may any such person do any act prohibited by Article 26, paragraph 2, subparagraphs 1 to 10 and subparagraph 12 hereof, or act on behalf of any other person to engage in futures trading or transactions in futures-related spot instruments.

Except as otherwise provided by other laws, the persons specified in paragraph 1 shall maintain the confidentiality of customers' personal information, transaction information, and other relevant information.

In the course of conducting business operations, no person specified in paragraph 1 may do any act that the futures trust enterprise is prohibited from doing by any law or regulation governing such enterprises or by any binding contract.

An employee who is not an associated person may not do anything falling within the scope of paragraph 2, nor may such employee perform any duty of an associated person or act as a deputy of an associated person.

#### Article 55

Except as otherwise provided by law or regulation, from the time a futures trust enterprise decides to use assets of a futures trust fund to trade in a certain corporate stock or equity derivative or security until such time as the futures trust fund no longer holds that corporate stock or equity derivative or security, no responsible person, department head, branch unit manager, or fund manager of the futures trust enterprise, or any of such person's spouse, minor child, or other person in whose name that person transacts, may trade in such corporate stock or equity derivative or security.

A responsible person, department head, branch unit manager, or fund manager of a futures trust enterprise shall report to the employing futures trust enterprise the circumstances of any trade such person or any related party thereof executes in corporate stocks or equity derivatives or securities.

The scope of the information, and the transactions and objects of investment, required to be reported pursuant to the preceding paragraph shall be as prescribed by the competent authority.

The term "related party" in paragraph 2 means any party or parties meeting any of the following circumstances:

1. In the case of a natural person: the person's spouse, blood relative within the second degree of kinship, or any enterprise of which the person or the person's spouse is a responsible person.
2. In the case of a juristic person: any juristic person having a relationship as set out in Chapter VI-I of the Company Act.

#### Article 56

No responsible person, department head, branch unit manager, or fund manager of a futures trust enterprise, who or whose spouse serves as a director, supervisor, or managerial officer, or a shareholder holding 5% or more of the total number of issued shares, of a securities issuing company may participate in the decision making process when the futures trust enterprise uses assets of a futures trust fund to conduct trading in the securities of such issuing company or in any equity derivatives or securities of which securities of such issuing company are underlying securities.

Except as otherwise provided by law or regulation, no responsible person, department head, or branch unit manager of a futures trust enterprise, and no shareholder representative for shareholding of the futures trust enterprise in an issuing company, may serve as a director, supervisor, or managerial officer of a stock issuing company in which any of its futures trust funds holds shares.

Except as otherwise provided by law or regulation, no responsible person, department head, or branch unit manager of a futures trust enterprise may

invest in another futures trust enterprise or serve as a director, supervisor, or managerial officer of another enterprise which is a futures trust enterprise, managed futures enterprise, futures advisory enterprise, or futures commission merchant.

The calculation of the shareholding of a shareholder holding 5% or more of the total number of issued shares under paragraph 1 shall include shares held by the shareholder's spouse and minor children and shares held through nominees.

#### Article 57

If a director or supervisor of a futures trust enterprise is a juristic-person shareholder, the provisions of these Regulations related to directors and supervisors shall apply mutatis mutandis to the performance of duties by its representative or designated representative.

If a position of director or supervisor at a futures trust enterprise is held by a person in the capacity of a representative of a juristic-person shareholder, the provisions of these Regulations relating to directors and supervisors shall apply mutatis mutandis to the juristic-person shareholder.

#### Article 58

In the event of leave of absence or suspension of performance of business operations on the part of a managerial officer or associated person of a futures trust enterprise, or of a vacancy in such an office due to any other cause, the futures trust enterprise shall appoint a person with equivalent qualification to act as a deputy filling the vacancy, and the person so appointed may not violate any provision of Article 50.

The futures trust enterprise shall prepare a special registry to record information on any deputy appointments under the preceding paragraph, specifying the reasons why and the period in which a person is acting as deputy as well as the name and duties of the deputy, to be kept on file for future reference.

#### Article 59

If a responsible person, associated person, or other employee of a futures trust enterprise is suspected of violating any futures laws or regulations, or if there is any inquiry about such person's performance of duties, the person shall appear before the competent authority to give explanations or provide a written report within the period specified by the competent authority.

#### Article 60

A responsible person or associated person of a futures trust enterprise, or a spouse or minor child thereof, who subscribes to a futures trust fund issued by the futures trust enterprise, shall be subject to a minimum holding period before any request for redemption of fund units may be made. Except as otherwise provided by the competent authority or by contract, the minimum holding period referred to in the preceding paragraph is one month, counted from either of the following dates:

1. In the case of a newly offered fund, the date of establishment of the fund.
2. In the case of an existing fund, the date of the given subscription.

#### Article 61

If a responsible person or associated person of a futures trust enterprise has done any of the following, the competent authority shall give the person an award or commendation:

1. Has achieved significant accomplishments contributing to the sound administration and development of futures trust business, or promoted integrated management in the asset management services market.
2. Has done research or writing that contributed a creative idea regarding the development of the futures market or the operation of futures trust business, and the idea has been adopted and implemented.
3. Has reported illegality in the market, which is proved to be true.
4. Has made concrete achievements through zealous service of the public interest and the exercise of team spirit.

5. Has made other achievements that merit commendation.

#### Article 62

If a dedicated department is required to be established under acts and regulations, in the case of an enterprise in another line of business that concurrently operates a futures trust enterprise, none of the supervisory and associated persons of the duly established department dedicated to such business may conduct any business beyond the scope of business of the dedicated department, nor may their functions be performed on a concurrent basis by any person not registered as a department head or associated person of the dedicated department.

In the case of an enterprise in another line of business concurrently operating futures trust business, the provisions of Articles 42, 43, 49, and Article 50, paragraph 2 shall apply mutatis mutandis with respect to its chairperson and general manager, except in the case of a trust enterprise concurrently operating a futures trust enterprise.

In the case of an enterprise in another line of business concurrently operating a futures trust enterprise, the department heads and associated persons, except for the chief internal auditor, who engage in any of the business operations specified in Article 4, subparagraphs 1 to 5 shall possess the qualifications set out in these Regulations.

In the case of an enterprise in another line of business concurrently operating a futures trust enterprise, the provisions of Article 16, Articles 54 to 57, and Article 59 up to the preceding article, shall apply mutatis mutandis with respect to its responsible persons, except in the case of a trust enterprise concurrently operating a futures trust enterprise.

In the case of a trust enterprise concurrently operating a futures trust enterprise, the provisions of Articles 16, 54, 56, 57, and Article 59 up to the preceding article, shall apply mutatis mutandis with respect to its responsible persons.

In the case of an enterprise in another line of business concurrently operating a futures trust enterprise, the provisions of Articles 16, 49, Article 50, paragraphs 4 and 5, Articles 51 to 56, and Article 58 up to the preceding article, shall apply mutatis mutandis with respect to the department heads and associated persons who engage in any of the business operations specified in Article 4, subparagraphs 1 to 5.

The provisions of this Chapter do not apply with respect to the department heads and associated persons of a securities investment trust enterprise that concurrently operates a futures trust enterprise but that does not issue any futures trust fund; the department heads and associated persons of the enterprise that are required to be registered with the Association, and their qualification requirements, shall be governed by the Regulations Governing Responsible Persons and Associated Persons of Securities Investment Trust Enterprises.

#### Chapter VI Supplementary Provisions

#### Article 63

The format of relevant documents required under these Regulations shall be as determined by the competent authority.

#### Article 64

Except as otherwise provided by the Trust Enterprise Act or by another law, Articles 6, 7, 9, 10, 14 to 16, 22, 25, 26, and 28 to 38 hereof shall apply to a trust enterprise that concurrently operates a futures trust enterprise.

Articles 6, 7, 9 to 11, 14 to 18, 21, 22, 25, 26, and 28 to 38 hereof shall apply to a securities investment trust enterprise that concurrently operates a futures trust enterprise.

The provisions described in the preceding paragraph as well as Article 12 and Article 24, paragraph 1 shall apply to a managed futures enterprise that concurrently operates a futures trust enterprise.

#### Article 64-1

If before the 11 October 2010 amendment to these Regulations enters into

force, a futures trust enterprise does not meet the requirements under Article 43, paragraph 1, it shall make the adjustments within 6 months starting from the date the amendment enters into force.

Article 65

These Regulations shall enter into force from the date of issuance.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System