Content

Title：	Standards Governing the Establishment of Futures Exchanges Ch
Date：	2000.09.11
Legislative：	Articles 5, 11, and 17 were amended by the Securities and Futures Commission, Ministry of Finance on September 11, 2000 per letter Ref. No. (89) Taiwan-Finance-Securities (7) 03268
Content：	Chapter I General Provisions Article 1 These Criteria are prescribed pursuant to Paragraph 2 of Article 8, Article 14 and Article 24 of the Futures Trading Law (hereinafter "this Law"). Article 2 A futures exchange may be organized in form of either membership or company. A futures exchange shall be established with an approval granted by the Securities and Futures Commission, Ministry of Finance (hereinafter referred to as "this Commission"). Article 3 An application for establishment of the futures exchange may be rejected by this Commission if any one of the following events exists: 1. The application forms and materials are not complete or the items are not fully specified as required and, upon the notice for correction, the applicant does not submit to this Commission the required information and/or materials before the expiration of the correction period. 2. The contents of the application materials are found to be false or inaccurate. 3. The possibility of violating the public interest or affecting the sound development of the futures market Criteria. 4. Other violations of the restrictive or prohibitive provisions of this Law or these Criteria. Article 4 If one of the following events exists, an application for permission license may be rejected by the this Commission: 1. The application forms and materials are not complete or the items are not fully specified as required and, upon the notice for correction, the applicant does not submit to this Commission the required information and/or materials before the expiration of the correction period. 2. The contents of the application materials are found to be false or inaccurate. 3. The applicant does not have enough space and facility required to commence its business operation. 4. The applicant does not have enough qualified personnel to commence its business operation. 5. The possibility of violating the public interest or affecting the sound development of the futures market. 6. Other violations of the restrictive or prohibitive provisions of this Law and these Criteria.

This Commission may order the applicant futures exchange to submit the examination reports prepared by professionals or other unbiased persons for Commission's evaluation of the event specified in the Item 3 of the above Paragraph.

Chapter II The Establishment Permit

Section I Membership Type Futures Exchange

Article 5

A promoter of a membership type futures exchange shall deposit NT$200,000,000 (" the Deposit") with the financial institution designated by this Commission upon the submission of its application for the permission of establishment. The Deposit may be substituted by government bond or other financial bonds.

The financial institution referred to in the preceding paragraph must be a bank approved by the Commission to engage in custodian business.

In case where the permission for establishment is granted, the Deposit may not be used until the completion of the registration as a juristic person. This Commission will inform those applicants who withdraw the application themselves, whose application have been rejected or where permits were revoked to withdraw the Deposit, and there may not be separate custody, reporting of losses, or cancellation of contract. No encumbrance may be created on the objects deposited or certificate of deposit, and without the approval of the Commission, no withdrawals or replacemnets may be made.

Article 6

The application for a membership type futures exchange shall be submitted to this Commission by all of the promoters by enclosing the following documents:

1. application form (format as per Attachment I);
2. articles of association;
3. category and list of the members;
4. introduction of its space, personnel, software and hardware of its facility;
5. documents evidencing the undertaking of the clearance and settlement issued by a futures clearing house. Such documents can be waived in case where the applicant futures exchange concurrently operates the clearing business;
6. documents evidencing the money has been deposited in accordance with the preceding Article;
7. business plan specifying the principles of its business operation, the division of labor, the personnel recruitment and training, the financial forecast of the year in which it commences its business and the subsequent year;
8. name list of the promoters (format as per Attachment II) and a statement undertaking that none of the events as prescribed in Article 28 of this Law exists;
9. types of the futures contracts which are scheduled to be traded on the market in the coming three years, and the analysis of its economic impact and public interests;
10. minutes of promoters' meeting;
11. document evidencing the approval from the competent authority in charge of the industry, if any one of the promoters currently engages in the

futures business.
12. other documents as required by this Commission.
Article 7
For a member of a membership type futures exchange engaging in futures dealing business, its minimum shall be NT$25,000,000; for a member of a membership type futures exchange engaging in futures brokerage business, its minimum equity investment in the exchange shall be NT$15,000,000.
All the paid-in contribution from all of the members of a membership type futures exchange shall be no less than NT$1,000,000,000. For a membership type futures exchange which concurrently engages in the futures clearing business, the aggregate amount of the paid-in contribution from all of the members shall not be less than NT$2,000,000,000.
For a member in a membership type futures exchange who concurrently conducts the futures dealing business with the brokerage business, the above minimum contribution shall be the aggregate of the amount specified for each business.
This Commission may, depending on the domestic and overseas economic and financial situation, and the status of the business, articles of association, and the financial situation of the futures exchange, adjust the minimum contribution requirement of Paragraph 1.
Article 8
For the establishment of membership type futures exchange, the applicant shall complete the juristic person registration within six (6) months upon receipt of the approval from this Commission, and shall submit the following documents to this Commission for the issuance of a license:
1. application form (format per Attachment III);
2. a copy of the juristic person registration;
3. articles of association and operation rules;
4. balance sheet which was audited and certified by a certified public accountant within one month before the application date.
5. list and category of members;
6. list of directors, supervisors, and managers and copies of their qualification and identification;
7. registration form of its directors, supervisors, and managers (Format per attachment IV) and a written statement undertaking that none of the events as prescribed in Article 28 of this Law exists;
8. minutes of board of directors' meeting
9. documents evidencing it has deposited the operation bond;
10. documents evidencing the facility and equipment have been tested and are in good and workable condition;
11. internal control and auditing system; and
12. other documents as prescribed by this Commission.
If a membership type futures exchange does not apply for the above license within the period prescribed in the preceding Paragraph, its permission shall be revoked. With proper reasons, the applicant may apply for extension before the period expires. Such extension may not be longer than six (6) months, and may only be granted for once.

Section II Company Type Futures Exchange

Article 9
A company type futures exchange shall be incorporated as a company limited

by shares.
Article 10
The minimum paid-in capital of a company type futures exchange is NT$1,000,000,000.
The minimum paid-in capital of a company type futures exchange concurrently engaging in futures clearing business is NT$2,000,000,000.
Article 11
The incorporators (promoters) of a company type futures exchange shall deposit NT$200,000,000 (" the Deposit") with the financial institution designated by this Commission upon the submission of an application for the permission of establishment. The Deposit may be substituted by government bond or other financial bonds.
The financial institution referred to in the preceding paragraph must be a bank approved by the Commission to engage in custodian business.
In case where the permission for establishment is granted, the Deposit may not be used until the completion of the registration as a juristic person. This Commission will inform those applicants who withdraw the application themselves, whose application have been rejected or whose permits were revoked to withdraw the Deposit, and there may not be separate custody, reporting of losses, or cancellation of contract. No encumbrance may be created on the objects deposited or certificate of deposit, and without the approval of the Commission, no withdrawals or replacemnets may be made.
Article 12
The application for a company type futures exchange shall be submitted to this Commission by all of the incorporators by enclosing the following documents:
1. application form (format per attachment V);
2. articles of incorporation;
3. list of incorporators and minutes of incorporators' meeting;
4. description of its space, personnel, software and hardware of its facility;
5. documents evidencing the undertaking of the clearance and settlement issued by a futures clearing house. Such documents can be waived in case where the applicant futures exchange concurrently operates the clearing business.
6. documents evidencing the money has been deposited in accordance with Paragraph 1 of the preceding Article.
7. business plan specifying the principles of its business operation, the division of labor, the personnel recruit and training, the financial forecast of the year of commencing its business and the subsequent year;
8. statement issued by incorporators undertaking there none of the events as prescribed in Article 28 of this Law exists;
9. the types of the futures contracts which are scheduled to be traded on the market in the next three years, and the analysis of its economic impact and public interests;
10. in case where any incorporators concurrently engage in the futures trading business, document evidencing the approval from the competent authority in charge of the industry;
11. other documents as required by this Commission.
Article 13

For the establishment of a company type futures exchange, the applicant shall complete the juristic person registration within six (6) months upon receipt of the approval from this Commission, and shall submit the following documents to this Commission for the issuance of a license:
1. application form (format per Attachment VI);
2. a copy of the company license;
3. articles of incorporation and operation rules;
4. balance sheet which was audited and certified by a certified public accountant within one month before the application date.
5. list of shareholders;
6. list of directors, supervisors, and managers and copies of their qualification and identification;
7. registration form of its directors, supervisors, and managers (Format per attachment IV) and a written statement undertaking that none of the events as prescribed in Article 28 of this Law exists;
8. minutes of board of directors' meeting
9. documents evidencing it has deposited the operation bond;
10. documents evidencing the facility and equipment have been tested and are in good and workable condition;
11. internal control and auditing system; and
12. other documents as prescribed by this Commission.
If a company type futures exchange does not apply for the above license within the period prescribed in the preceding Paragraph, its permission shall be revoked. With proper reasons, the applicant may apply for extension before the period expires. Such extension may not be longer than six (6) months, and may only be granted for once.

Chapter III Supplementary Provisions

Article 14
In case where there is any change to the matters submitted for permission in the application, the applicant shall submit related documents to this Commission for correction.

Article 15
For a futures exchange which applies for permission to concurrently engage in the business of a futures clearing house, it shall follow the requirements set forth in Chapter III of The Establishment Criteria Of Futures Clearing House.

Article 16
A futures exchange shall pay license fee when apply for the above business license. The standard of the license fee shall be one four thousandth of the aggregate amount of the contribution made by all members or the paid-in capital.

Article 17
These Criteria shall come into effect on June 1, 1997.
The amendments to these Criteria shall come into effect on the date of promulgation.

Data Source：Financial Supervisory Commission Laws and Regulations Retrieving System