

## Content

Title :	Criteria Governing Oversight of Futures Trading <b>Ch</b>
Date :	1997.12.24
Legislative :	Promulgated on December 24, 1997 per Ruling (86)-Taiwan-Finance-SFC-(5)-05336
Content :	<p>Article 1</p> <p>These Guidelines are prescribed in accordance with Article 95 of the Futures Trading Law (the "Law").</p> <p>Article 2</p> <p>The futures market is watched to detect any condition adverse to the market or illegal act in order to timely take proper measures to protect public interest and maintain the order of the market.</p> <p>Article 3</p> <p>The scope of surveillance of the futures market shall include:</p> <ol style="list-style-type: none"><li>1.contract price of futures trading and the price of relevant object of futures trading contract (including contracts in different delivery months, the price of the object of spot commodities under the same or relevant contract in different trading markets and futures trading contract) and the change thereof;</li><li>2.trade volume of futures trading contracts, the open position, and the change thereof;</li><li>3.trade volume of futures trading contract of futures traders, futures enterprises, and clearing members, the open position, condition of accumulation and the change thereof;</li><li>4.the supply and demand in connection with actual delivery of futures trading contract;</li><li>5.untrue information and rumors in futures market;</li><li>6.the financial and business conditions of futures enterprises and clearing members;</li><li>7.illegal activities directly or indirectly affecting futures trading or relevant spot transaction; and</li><li>8.other elements which may affect the order of the market or damage the public interest.</li></ol> <p>Article 4</p> <p>To watch different trading markets, the futures exchange and futures clearing institution may enter into cooperation contracts regarding exchange of market information, technical cooperation, assistance in investigation, etc. with domestic or foreign relevant exchanges and institutions.</p> <p>The signing or amendment of the contracts referred to in the preceding paragraph shall be reported to the Securities &amp; Futures Commission, Ministry of Finance ("SFC") for approval.</p> <p>Before exchanging market information with domestic or foreign exchanges or institutions or assisting in investigation referred to in the preceding</p>

paragraph, the futures exchange or futures clearing institution shall report to SFC for approval.

#### Article 5

The futures exchange and futures clearing institution shall prescribe rules for surveillance of market and report the same to SFC for approval. This provision applies when the said rules are amended.

#### Article 6

The futures exchange and futures clearing institution shall set up a unit to execute market surveillance. The personnel executing the surveillance operation shall be employed on full-time basis.

#### Article 7

When executing market surveillance operation, if the futures exchange and futures clearing institution discover any abnormal matters, in addition to taking necessary measures, they shall immediately collect relevant data for analysis, investigation, and preparation of surveillance report. The event shall be reported to SFC within five (5) days after occurrence.

Upon executing market surveillance operation, if the futures exchange and futures clearing institution discovers any illegality or offense, they shall directly inform the judicial agency and report to SFC for recordation.

The futures exchange and futures clearing institution shall periodically hold surveillance/supervision meetings and compile the analysis/review reports on the execution of market surveillance on monthly basis and report the same to SFC before the tenth day of each month.

#### Article 8

In the event that SFC discovers any situation described in Article 96 of the Law from the surveillance report referred to in the preceding article, it may order to adjust the amount of margin, restrict the trade volume or carrying position of futures traders, or take other necessary measures according to the Law. Under special circumstance, it may suspend part or the whole futures trading.

In the event that the futures exchange, futures clearing institution, futures enterprise, and their responsible persons or employees violate the measures referred to in the preceding paragraph, SFC may impose punishment according to Article 100 and Article 101 of the Law.

#### Article 9

Information related to the futures market surveillance shall be kept confidential. However, it is subject to necessary investigation of the judicial agency or relevant institutions according to law.

#### Article 10

These Guidelines shall become effective on the date of promulgation.