


## Content

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| Title :       | Guidelines for Account Opening and Futures Trading by Insiders of Futures Introducing Brokers Opening Accounts to Engage in Futures Trading    |
| Date :        | 2013.02.22  |
| Legislative : | <p>2. Title and full text of 11 points amended and issued per 1 February 2008 Order No. Financial-Supervisory-Securities-VII-0960070166 of Financial Supervisory Commission, Executive Yuan; for immediate effect (Original title: Guidelines for Insiders of Futures Introducing Brokers Opening Accounts at Mandating Futures Commission Merchants to Engage in Futures Trading)</p> <p>3. Full text of 11 points amended and issued per 6 March 2009 Order No. Financial-Supervisory-Securities-VII-0980007923 of Financial Supervisory Commission, Executive Yuan; for immediate effect</p> <p>4. Articles 7 and 11 amended and issued per 22 February 2013 Order No. Financial-Supervisory-Securities-Futures-1010056492 of the Financial Supervisory Commission; for immediate effect</p>   |
| Content :     | <p>Article 1</p> <p>1. These Guidelines are adopted pursuant to Article 30 of the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms.</p> <p>Article 2</p> <p>2. "Insiders" of a futures introducing broker means any of the following:</p> <p>1. Responsible persons, directors, and supervisors of a futures introducing broker. In the case of a director or supervisor that is a juristic person, the "insiders" shall be limited to the juristic person itself and its representatives.</p> <p>2. The personnel of the department dedicated to futures introducing broker business, and any authorized supervisor or supervisors responsible for supervision of that department.</p> <p>Article 3</p> <p>3. Insiders of a futures introducing broker may open an account for futures trading only at the mandating futures commission merchant, and may not use the name of another to do so. If the future commission merchant engages a futures introducing broker to open an account for an insider, it shall be done by the futures introducing broker to which the insider belongs.</p> <p>An insider referred to in the preceding paragraph shall be free from the restriction of opening an account only at the mandating futures commission merchant, however, for purposes of futures trading under a mandate contract for discretionary trading by a managed futures enterprise, if the insider has signed such a contract.</p> <p>Article 4</p> <p>4. If an insider of a futures introducing broker loses eligibility or status as an insider, the futures introducing broker shall immediately notify the mandating futures commission merchant. The mandating futures commission merchant and the futures introducing broker shall then handle trading by that [former] insider using the same control methods that it uses for trading by ordinary principals.</p> |

#### Article 5

5.The procedures through which a mandating futures commission merchant handles any trading orders of insiders of its futures introducing broker, whether the order is placed directly with the mandating futures commission merchant or placed with it through an associated person of the futures introducing broker that accepted the order, may not be more favorable than the procedures for other customers engaged in the trading of the same type of futures.

#### Article 6

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

#### Article 7

7.A mandating futures commission merchant or a futures introducing broker shall distinguish the account numbers of insiders of a futures introducing broker from those of other principals.

#### Article 8

8.Insiders of a futures introducing broker shall not take advantage of the information gained during the performance of duties or other business operations to engage in a trading that profits themselves or a third party.

A futures introducing broker shall prescribe in its internal control system its control mechanisms and audit procedures in connection with any circumstances in which trading conducted by insiders involves undisclosed information or in which there is a need for management of conflict of interest with the futures introducing broker or futures traders.

#### Article 9

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

#### Article 10

10.An internal auditor of a mandating futures commission merchant shall conduct a weekly audit on documentation related to trades by insiders of a futures introducing broker, how the orders are input into the computer system, and the subject matter being traded, and keep records of the audits, and send a copy of the records to the futures introducing broker.

A futures introducing broker shall conduct a weekly audit on documentation related to trades by insiders, how the orders are input into the computer system, and the subject matter being traded, and keep records of the audits in order to avoid prejudicing the rights and interests of other traders and the futures commission merchant, and to ensure the implementation of these Guidelines and relevant internal control systems.

#### Article 11

11.A mandating futures commission merchant or a futures introducing broker shall store the documentation related to brokerage trading orders placed by

insiders of a futures introducing broker separately from the documentation for other principals in order to facilitate inspection by the Financial Supervisory Commission (FSC) or an institution designated by it.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System