

Content

Title :	Standards Governing the Establishment of Managed Futures Enterprises <b>Ch</b>
Date :	2014.05.29
Legislative :	<p>1. Full text of 17 articles adopted and issued per 8 November 2002 Order No. Taiwan-Finance-Securities-VII-0910005647 of the Securities and Futures Commission, Ministry of Finance; for enforcement from the date of issuance</p> <p>2. Full text of 31 articles amended and issued, and titles of Chapters 1 to 5 newly added, per 31 December 2007 Order No. Financial-Supervisory-Securities-VII-0960073242 of the Financial Supervisory Commission, Executive Yuan; for enforcement from the date of issuance</p> <p>3. Article 11 amended and issued per 29 May 2014 Order No. Financial-Supervisory-Securities-Futures-1030013322 of the Financial Supervisory Commission</p>
Content :	<p>Chapter 1 General Principles</p> <p>Article 1</p> <p>These Standards are promulgated pursuant to Article 82, paragraph 3 of the Futures Trading Act.</p> <p>Article 2</p> <p>The term "managed futures enterprises" as used in these Standards refers to enterprises engaged in the business of accepting commissions from specified persons, performing analyses and making judgments with regard to trading or investments, and on the basis of such analyses and judgments, making trades or investments in futures, futures-related commodities, and other items approved by the competent authority on behalf of and with trading assets delegated by the principal.</p> <p>Article 3</p> <p>A managed futures enterprises may be operated only upon approval and issuance of a certificate of license by the competent authority.</p> <p>Without the approval referred to in the preceding paragraph, no person may use the name "managed futures enterprise" or any similar name.</p> <p>Article 4</p> <p>The name of a managed futures enterprise shall include the words "managed futures," provided that a managed futures enterprise operated concurrently by another enterprise pursuant to Chapter 3 is not subject to this restriction.</p> <p>Article 5</p> <p>Under any of the following circumstances, a person may not act as a promoter, director, supervisor, manager, or associated person of a managed futures enterprise, or if already acting in such capacity, shall be dismissed:</p> <p>1.The circumstances of any subparagraph of Article 30 of the Company Act.</p> <p>2.The person was the director, supervisor, managerial officer or other equivalent position of a foundation at the time of bankruptcy adjudication, where less than three years have elapsed since the finalization of the bankruptcy proceedings or where reconciliation has not been completed.</p> <p>3.The person has a record of having a check refused at a financial</p>

institution within the past three years.

4.The person has received a disposition ordering their dismissal or replacement pursuant to Article 100, paragraph 1, subparagraph 2 or Article 101, paragraph 1 of the Futures Trading Act, or Article 56, or Article 66, subparagraph 2 of the Securities and Exchange Act, or Article 103, subparagraph 2 or Article 104 of the Securities Investment Trust and Consulting Act within the past five years.

5.The person has been sentenced under the Futures Trading Act, the Foreign Futures Trading Act, the Company Act, the Securities and Exchange Act, the Securities Investment Trust and Consulting Act, the Banking Act, the Central Bank of China Act, the Statute for Regulation of Foreign Exchange, the Insurance Act, the Credit Union Act, the Trust Enterprise Act, or the Financial Holding Company Act to a punishment not less severe than a fine, and where less than five years has elapsed since full execution of the sentence, the expiration of probation, or the pardon of such punishment.

6.The person is proven to have been improperly used by others to fill a post of promoter, director, supervisor, manager, or associated person of a managed futures enterprise.

7.There is factual proof of the person's having been engaged or involved in other bad faith or improper activities, demonstrating his or her unsuitability to work in the futures industry.

Where a promoter, director, or supervisor is a juristic person, the provisions of the preceding paragraph shall apply mutatis mutandis when the juristic person's representatives or the persons designated by the juristic person carry out business on its behalf.

#### Article 6

Managed futures enterprises shall establish internal control systems pursuant to the competent authority's Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets and the standards for the internal control systems of managed futures enterprises prescribed by the Chinese National Futures Association ("the Futures Association").

#### Article 7

The site and facilities for operation of a managed futures enterprise shall conform to the standards for sites and facilities adopted by the Futures Association.

#### Article 8

A Chinese translation must be supplied for any document in a foreign language that is to be furnished in accordance with these Standards. Any documents furnished by foreign nationals, except for written declarations or photocopies of passports, shall first undergo legalization by the overseas ROC representative office, certification by the relevant court or government agency, or legalization by a statutory notary agency of the home country of the foreign national.

### Chapter 2 The Establishment of Managed Futures Enterprises

#### Article 9

Managed futures enterprises shall be organized as companies limited by shares, with paid-in capital of not less than NT\$100 million.

The minimum amount of paid-in capital referred to in the preceding paragraph shall be fully subscribed by the promoters at the time of

incorporation.

#### Article 10

Managed futures enterprises, as required according to their scope of business, operating conditions, and internal control systems, shall appoint an appropriate number of suitable managers and associated persons who meet the qualifications set forth in the Regulations Governing Managed Futures Enterprises.

#### Article 11

The promoters shall deposit a sum of NT\$25 million in a financial institution designated by the competent authority when an application for the establishment of a managed futures enterprise is approved.

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

The deposit referred to in the preceding paragraph may be in the form of domestic government bonds or securities with a credit rating of a certain grade or higher issued by a credit rating institution approved or recognized by the competent authority.

The amount deposited pursuant to Paragraph 1 may be utilized only upon receipt of the approval for establishment and after completion of incorporation and deposit of the operating bond; where the establishment approval is not granted or is revoked or voided, the competent authority will give notice that the deposit may be withdrawn.

#### Article 12

The promoters shall apply to the competent authority by filling out an application form, attaching the following documents, for approval for establishment of a managed futures enterprise:

- 1.The enterprise's articles of incorporation.
- 2.An operations plan, setting out the operating principles of the managed futures enterprise, a business development plan for its managed futures business covering the following two years, its internal organization and divisions, a personnel recruiting and training plan, a general description of the site and facilities, and an estimate of the enterprise's financial status for the year operations commence and the following year.
- 3.The minutes of the promoters meeting.
- 4.A roster of promoters.
- 5.A declaration stating that none of the circumstances under Article 6 apply to the promoters.
- 6.A declaration stating that none of the circumstances of Article 5 apply to the representative or designated representative of a juristic person promoter that exercises duties on behalf of the promoter.
- 7.Documentation showing that funds have been deposited pursuant to the provisions of the preceding article.
- 8.An application review checklist.
- 9.A declaration stating that the application form and attached documents contain no concealment or misrepresentation.

#### Article 13

A managed futures enterprise shall complete its establishment registration in accordance with the law within six months from the date upon which it receives approval from the competent authority, and shall apply to the

competent authority for issuance of a certificate of license by filling out an application form with the following documents attached:

- 1.Evidentiary documents showing incorporation registration.
- 2.The enterprise's articles of incorporation.
- 3.A description of the internal control system and a CPA-issued review opinion expressing an unqualified opinion.
- 4.A CPA-reviewed set of balance sheets and statement of major expenditures for the one-month period prior to application.
- 5.A roster of shareholders and minutes of the shareholders meeting.
- 6.A roster of directors and minutes of the directors meeting.
- 7.A roster of supervisors.
- 8.A register, issued by the Futures Association, of managers and associated persons who have passed the review of their qualifications, with documentation showing their qualifications.
- 9.A declaration stating that the managers and associated persons are in compliance with Article 56 of the Regulations Governing Managed Futures Enterprises.
- 10.A declaration stating that none of the circumstances in Article 5 applies with respect to the directors, supervisors, managers, or associated persons.
- 11.When there are juristic person directors and supervisors, a declaration stating that none of the circumstances of Article 5 apply to the juristic person's representative or designated representative when they execute duties on the juristic person's behalf.
- 12.A declaration stating that none of the directors, supervisors, or managers have violated Article 55 of the Regulations Governing Managed Futures Enterprises.
- 13.Documentation showing deposit of the operating bond pursuant to Article 17 of the Regulations Governing Managed Futures Enterprises.
- 14.Documentation showing compliance with the provisions of Article 9 herein.
- 15.An application checklist.
- 16.A declaration stating that the application form and attached documents contain no concealment or misrepresentation.

Approval will be revoked for any managed futures enterprise failing to apply for a certificate of license within the period prescribed in the preceding paragraph, provided that with legitimate reasons, the enterprise may apply to the competent authority prior to the lapse of the application period for an extension, which shall not exceed six months and shall be granted one time only.

#### Article 14

Under any of the following circumstances, the competent authority may refuse to issue approval for an application for operation of managed futures enterprise:

- 1.The operations plan or the description of the internal control system lacks specificity or cannot be effectively implemented.
- 2.The circumstances of Article 5 apply to the promoters, directors, supervisors, or managers.
- 3.The qualifications of a manager or associated person are not in conformance with Articles 49 or 51 of the Regulations Governing Managed

Futures Enterprises.

4.A director, supervisor, or manager is in violation of Article 55 of the Regulations Governing Managed Futures Enterprises.

5.A manager or associated person is in violation of Article 56 of the Regulations Governing Managed Futures Enterprises.

6.The content or matters in the application form are discovered to contain misrepresentations.

7.Other circumstances under which it is deemed necessary to refuse approval to protect the public interest.

### Chapter 3 Concurrent Operation of Managed Futures Business

#### Article 15

A futures broker, futures trust enterprise, securities investment trust enterprise, or securities investment consulting enterprise may apply to concurrently operate a managed futures enterprise, except when the former is already operated concurrently by another enterprise.

A futures broker or a securities investment consulting enterprise that concurrently operates a managed futures enterprise shall allocate operating capital earmarked for the business of that enterprise in an amount not less than that set out in Article 9, paragraph 1.

The operating capital allocated under the preceding paragraph shall be used exclusively for that purpose, and unless otherwise stated in law, may not be used for non- managed futures business or other business.

The paid-in capital of a futures broker or a securities investment consulting enterprise that concurrently operates a managed futures enterprise must conform with the following provisions; where its capital is insufficient, the enterprise shall increase its capital:

1.The paid-in capital of the futures broker may not be lower than the sum of the minimum amount of operating capital allocated for exclusive purposes pursuant to paragraph 2 and the minimum amount of paid-in capital under Articles 8 and 14 of the Standards Governing the Establishment of Futures Commission Merchants.

2.The paid-in capital of the securities investment consulting enterprise may not be lower than the sum of the minimum amount of operating capital allocated for exclusive purposes pursuant to paragraph 2 and the minimum amount of paid-in capital under Article 5 of the Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises.

A futures broker or a securities investment consulting enterprise that applies to concurrently operate a managed futures enterprise shall first obtain a business license for the operation of discretionary investment business, approved and issued or renewed by the competent authority.

#### Article 16

A futures broker, futures trust enterprise, securities investment trust enterprise, or securities investment consulting enterprise that concurrently operates a managed futures enterprise shall establish an independent department exclusively for that purpose. This provision shall not apply when the enterprise concurrently operating the managed futures enterprise has already established an independent department exclusively responsible for discretionary investment business.

When one of the enterprises first named in the preceding paragraph applies

to concurrently operate managed futures business, it shall appoint managers and associated persons in accordance with the provisions of Article 10.

#### Article 17

A futures broker, futures trust enterprise, securities investment trust enterprise, or securities investment consulting enterprise shall possess the following qualifications in order to apply to concurrently operate a managed futures enterprise:

1. Its CPA-audited and attested financial report for the most recent period must show a net worth per share not lower than par value.
2. It must not, within the preceding three months, have received from the Futures Association or the Securities Investment Trust and Consulting Association of the R.O.C. (SITCA), in accordance with their respective self-regulatory rules, any warning, penalty for default, or disposition suspending all or part of the rights and interests it enjoys as a member or voiding or temporarily suspending its membership qualification.
3. It must not have received any disposition issued pursuant to Article 100, paragraph 1, subparagraph 1 of the Futures Trading Act, Article 103, subparagraph 1 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraph 1 of the Securities and Exchange Act within the past six months.
4. It must not have received any disposition issued pursuant to Article 100, paragraph 1, subparagraphs 2 through 4 of the Futures Trading Act, Article 103, subparagraphs 2 through 5 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraphs 2 through 4 of the Securities and Exchange Act within the past two years.

The competent authority may refuse to grant approval to an entity that has applied to concurrently operate a managed futures enterprise when that entity has received a disposition or other penalty prescribed by subparagraph 2, subparagraph 3, or subparagraph 4 of the preceding paragraph, and following an order from the competent authority for improvement, has failed to make concrete improvements by the time of its application.

#### Article 18

A futures broker, futures trust enterprise, securities investment trust enterprise, or securities investment consulting enterprise that applies to concurrently operate a managed futures enterprise shall fill out an application form with the following documents attached to apply for approval from the competent authority:

1. An operations plan, setting out the operating principles for the managed futures enterprise, a business development plan for the business of the managed futures enterprise covering the following two years, its internal organization and divisions, a personnel recruiting and training plan, and a general description of the site and facilities.
  2. The minutes of the board of directors meeting at which it was resolved to concurrently operate a managed futures enterprise.
  3. A register of directors and supervisors.
  4. A CPA audited and attested financial report for the most recent period.
- When the application is submitted more than six months after the beginning of the fiscal year, a CPA audited and attested financial report for the first six months of the year shall also be submitted.

5. An application review checklist.

6. A declaration stating that the application form and attached documents contain no concealment or misrepresentation.

The enterprises submitting applications pursuant to the preceding paragraph may at the same time apply for promotion and solicitation of business by existing branch units in relation to the business activities allowed for enterprises concurrently operating managed futures business. The required documents and procedures for approval of their applications and issuance of certificates of license shall be as in Articles 21 and 22.

#### Article 19

Within six months after receiving approval from the competent authority, a futures broker, futures trust enterprise, securities investment trust enterprise, or securities investment consulting enterprise that applies to concurrently operate a managed futures enterprise shall amend its articles of incorporation and carry out the required amendments to company registration for concurrent operation of a managed futures enterprise. It shall also fill out an application form, with the following documents attached, and apply to the competent authority for a certificate of license:

1. Its articles of incorporation and company registration amendment documents.

2. A description of the internal control system for the managed futures enterprise and a review opinion from a CPA expressing an unqualified opinion.

3. A CPA audited and attested financial report for the most recent period. The financial report need not be attached if for the same period as the report attached with the application for approval to operate a managed futures enterprise.

4. A register, issued by the Futures Association, of the managerial officers and associated persons for the managed futures enterprise who have passed the review of their qualifications, with documentation showing their qualifications.

5. A declaration stating that none of the circumstances in Article 5 applies with respect to the directors and supervisors or the persons serving as the managerial officers and associated persons of the managed futures enterprise.

6. A declaration stating that for juristic person directors and supervisors, none of the circumstances of Article 5 apply to the juristic person's representatives or the persons designated by the juristic person when they carry out business on their behalf.

7. A declaration stating that none of directors, supervisors, or persons serving as managerial officers of the managed futures enterprise have violated Article 55 of the Regulations Governing Managed Futures Enterprises.

8. Documentation showing that the required operating bond has been lodged pursuant to Article 17 of the Regulations Governing Managed Futures Enterprises. When a futures broker or a securities investment consulting enterprise applies to concurrently operate a managed futures enterprise, it shall also submit documentation showing allocation of operating capital earmarked for that purpose in accordance with Article 15, paragraph 2

herein and documentation showing that paid-in capital conforms with the requirements of Article 15, paragraph 4 herein.

9.Documentation showing compliance with the provisions of Article 7.

10.A case review checklist.

11.A declaration stating that the application and attachments contain no misrepresentation or concealment.

The internal control system of subparagraph 2 of the preceding paragraph shall set out preventative measures and risk segregation measures to ensure that there are no conflicts with the interests of customers or with business of the enterprise other than the managed futures enterprise, and no occurrence of acts prejudicial to the rights or interests of customers, in connection with codes governing the concurrent appointment and conduct for persons serving as managerial officers and associated persons of the managed futures enterprise, the segregation of authority and duties between departments, information sharing, joint use of operating facilities or premises, procedures for handling of business-related disputes, or advertising, public information meetings, and other business promotion activities.

The approval granted to the enterprises first named in paragraph 1 will be revoked upon failure to apply to the competent authority for the issuance of a certificate of license for concurrent operation of a managed futures enterprise within the time period set by paragraph 1. Given a legitimate reason, such an enterprise may apply to the competent authority for an extension prior to the deadline; such an extension shall not exceed six months and shall be granted one time only.

A managed futures enterprise concurrently operated by an enterprise named in paragraph 1 that enters the Futures Association under any designation other than managed futures enterprise may not commence the business operations of a managed futures enterprise.

#### Article 20

When a foreign futures broker establishes a branch unit within the ROC, and when permission is granted by its head office along with a declaration by the head office that it is allowed to operate discretionary futures trading in its home country, the foreign futures broker may apply for concurrent operation of a managed futures enterprise by a branch unit in the ROC.

When a foreign futures broker applies for concurrent operation of a managed futures enterprise by a branch unit in the ROC, it shall submit a certified copy of the minutes of the board of directors meeting at which it was resolved to do so and a power of attorney for the designated representative appointed to handle the application for concurrent operation of the managed futures enterprise.

The provisions of Article 15 paragraphs 2 and 3, Article 16, Article 17, Article 18 paragraph 1, Article 19, Article 23, and the supplementary provisions of Chapter 5 apply mutatis mutandis to the application of a foreign futures broker for concurrent operation of a managed futures enterprise by a branch unit within the ROC.

#### Article 21

When a futures broker, futures trust enterprise, securities investment trust enterprise, or securities investment consulting enterprise that concurrently operates a managed futures enterprise applies for promotion



and solicitation of business by existing branch units in relation to the business activities allowed for enterprises concurrently operating managed futures business, it shall apply to the competent authority for permission by filling out an application form with the following documents attached:

- 1.The certificate of incorporation of the branch unit.
  - 2.An operations plan, setting out the operating principles by which the branch unit shall carry out promotions and solicitations in relation to the business activities allowed for the concurrent operation of a managed futures enterprise, its internal organization and divisions, a personnel recruiting and training plan, a general description of the site and facilities, and a financial status forecast for the first year of operations.
  - 3.The minutes of the board of directors meeting at which it was resolved that the branch unit could carry out promotions and solicitations in relation to the business activities allowed for the concurrent operation of a managed futures enterprise.
  - 4.A description of the internal control system for the branch unit. The internal control system need not be submitted, however, when it is the same as one submitted for the enterprise's previous application for permission for the branch unit to carry out promotions and solicitations in relation to the business activities allowed for the concurrent operation of a managed futures enterprise.
  - 5.A CPA audited and attested financial report for the most recent period. When the application is submitted more than six months after the beginning of the fiscal year, a CPA audited and attested financial report for the first six months of the year shall also be submitted.
  - 6.A case review checklist.
  - 7.A declaration stating that the application form and attached documents contain no concealment or misrepresentation of fact.
- The internal control system under subparagraph 4 of the preceding paragraph shall include a code governing the concurrent duties and the conduct of the managerial officers and associated persons of the branch unit carrying out promotions and solicitations in relation to the business activities allowed for the concurrent operation of a managed futures enterprise.
- When the enterprises named in paragraph 1 apply for promotions and solicitations by a branch office in relation to the business activities allowed for the concurrent operation of a managed futures enterprise, the provisions of Article 24 will apply mutatis mutandis to the qualifications required for each such enterprise.

#### Article 22

Within six months after receiving approval from the competent authority, a futures broker, futures trust enterprise, securities investment trust enterprise, or securities investment consulting enterprise that submits an application in accordance with the preceding article shall fill out an application form, attaching the following documents, and apply to the competent authority for a certificate of license for the promotions and solicitations by its branch office in relation to the business activities allowed for the concurrent operation of a managed futures enterprise:

- 1.A CPA audited and attested financial report for the most recent period. The report need not be attached if it is for the same period as the report

attached with the application for approval for existing branch units to promote and solicit business in relation to the business activities allowed for enterprises concurrently operating managed futures business.

2.A register, issued by the Futures Association, of the managerial officers and associated persons for the branch unit who have passed the review of their qualifications, with documentation showing their qualifications.

3.A declaration stating that none of the circumstances of Article 5 apply to the managerial officers and associated persons of the branch unit.

4.A declaration stating that none of the managerial officers of the branch unit have violated Article 55 of the Regulations Governing Managed Futures Enterprises.

5.Documentation showing compliance with the provisions of Article 7.

6.A case review checklist.

7.A declaration stating that the application and attachments contain no misrepresentation or concealment.

An approval granted to an enterprises named in the preceding paragraph will be revoked upon failure to apply to the competent authority for the issuance of a certificate of license for the promotions and solicitations by its branch office in relation to the business activities allowed for the concurrent operation of a managed futures enterprise within the time period set by the preceding paragraph. With a legitimate reason, such an enterprise may apply to the competent authority for an extension prior to the deadline; such an extension may not exceed six months and shall be granted one time only.

An enterprise named in paragraph 1 that obtains a certificate of license for promotions and solicitations by its branch office in relation to the business activities allowed for the concurrent operation of a managed futures enterprise but fails to carry out recordation of the matter with the Futures Association may not commence operating the business of a managed futures enterprise.

#### Article 23

Under any of the following circumstances, the competent authority may refuse to grant approval to an application for the concurrent operation of a managed futures enterprise by a futures broker, futures trust enterprise, securities investment trust enterprise, or securities investment consulting enterprise:

1.The operations plan or the internal control system lacks specificity or cannot be effectively implemented.

2.One of the circumstances of Article 5 applies to a director, supervisor, or person serving as managerial officer of the managed futures enterprise.

3.Persons serving as managerial officers or associated persons of the managed futures enterprise fail to meet the qualifications of Article 49 or Article 51 of the Regulations Governing Managed Futures Enterprises.

4.A director, supervisor, or person serving as managerial officer of the managed futures enterprise violates Article 55 of the Regulations Governing Managed Futures Enterprises.

5.Misrepresentation or concealment is discovered in the content or matters set out in the application form.

6.Other circumstances under which refusal to grant approval is deemed necessary to protect the public interest.

## Chapter 4 Establishment of Branch Units

### Article 24

A managed futures enterprise that possess the following qualifications may apply to establish a branch unit to carry out promotions and solicitations in connection with the business that may be operated by a managed futures enterprise:

- 1.It must have been in operation one full year, provided that the establishment of a branch unit through merger or acquisition shall not be subject to this requirement.
- 2.It must have a net value per share not lower than par value as stated in the CPA audited and attested financial report for the most recent period.
- 3.It must not have received any disposition issued pursuant to Article 100, paragraph 1, subparagraph 1 of the Futures Trading Act, Article 103, subparagraph 1 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraph 1 of the Securities and Exchange Act within the past three months.
- 4.It must not have received any disposition issued pursuant to Article 100, paragraph 1, subparagraph 2 of the Futures Trading Act, Article 103, subparagraphs 2 or 3 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraph 2 of the Securities and Exchange Act within the past half year.
- 5.It must not have received any disposition issued pursuant to Article 100, paragraph 1, subparagraph 3 of the Futures Trading Act, Article 103, subparagraph 4 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraph 3 of the Securities and Exchange Act within the past six months.
- 6.It must not have received any disposition issued pursuant to Article 100, paragraph 1, subparagraph 4 of the Futures Trading Act, Article 103, subparagraph 5 of the Securities Investment Trust and Consulting Act, or Article 66, subparagraph 4 of the Securities and Exchange Act within the past two years.

A managed futures enterprise that does not meet the conditions of subparagraphs 3 through 6 of the preceding paragraph but has made substantive improvement and received approval from the competent authority is not subject to the restrictions of subparagraph 4.

### Article 25

A managed futures enterprise that establishes a branch unit to carry out promotions and solicitations for the business it is allowed to operate shall apply to the competent authority for approval by filling out an application form with the following documents attached:

- 1.A copy of its articles of incorporation.
- 2.An operations plan, setting out the operating principles by which the branch unit shall carry out promotions and solicitations in relation to the business activities allowed for the concurrent operation of a managed futures enterprise, its internal organization and divisions, a personnel recruiting and training plan, a general description of the site and facilities, and a financial status forecast for the first year of operations.
- 3.The minutes of the board of directors meeting at which it resolved that the branch unit could carry out promotions and solicitations in relation to

the business activities allowed for the concurrent operation of a managed futures enterprise.

4.A system of internal control for the branch unit. The internal control system need not be submitted, however, when it is the same as the one submitted for the enterprise's previous application for permission to establish a branch unit.

5.A CPA audited and attested financial report for the most recent period. When the application is submitted more than six months after the beginning of the fiscal year, a CPA audited and attested financial report for the first six months of the year shall also be submitted.

6.A case review checklist.

7.A declaration stating that the application form and attached documents contain no concealment or misrepresentation.

#### Article 26

A managed futures enterprise that applies to establish a branch unit to carry out promotions and solicitations for the business it is allowed to operate shall carry out registration of the branch unit's incorporation within six months from the date of approval by the competent authority, and shall apply to the competent authority for issuance of a certificate of license by filling out an application form and attaching the following documents:

1.Documentary proof of incorporation registration.

2.A CPA audited and attested financial report for the most recent period. The report need not be attached if it is for the same period as the report attached with the application to establish a branch unit.

3.A register, issued by the Futures Association, of the managerial officers and associated persons for the branch unit who have passed the review of their qualifications, with documentation showing their qualifications.

4.A declaration stating that none of the circumstances of Article 5 apply to the managerial officers and associated persons of the branch unit.

5.A declaration stating that none of the managerial officers of the branch unit have violated Article 55 of the Regulations Governing Managed Futures Enterprises.

6.A case review checklist.

7.Documentation showing compliance with the provisions of Article 7.

8.A declaration stating that the application and attachments contain no misrepresentation or concealment.

The approval granted to a managed futures enterprise for the establishment of a branch unit will be revoked if the managed futures enterprise does not apply for the issuance of a certificate of license within the time period set by the preceding paragraph. With legitimate reason, such an enterprise may apply to competent authority for an extension prior to the deadline; such an extension may not exceed six months and shall be granted one time only.

#### Chapter 5 Supplementary Provisions

#### Article 27

When a managed futures enterprise applies to the competent authority to reorganize as a futures trust enterprise that concurrently operates a managed futures enterprise, the qualifications it must possess after its application for restructuring as a futures trust enterprise that

concurrently operates a managed futures enterprise, and the application form and relevant procedures to be used shall be as given in the relevant provisions of the Standards Governing the Establishment of Futures Trust Enterprises, while the provisions of Articles 17 through 19, Article 23, and Article 28, paragraph 1, subparagraph 4 shall not apply.

#### Article 28

A managed futures enterprise that applies to the competent authority for the issuance of a certificate of license shall pay a license fee in accordance with the following provisions:

1. An enterprise that establish a managed futures enterprise shall pay a fee of one four-thousandth of the minimum capital requirement set out in Article 9, paragraph 1.

2. A managed futures enterprise that establishes a branch unit shall pay a fee of NT\$3000.

3. A futures broker that concurrently operates a managed futures enterprise shall pay a fee of one four-thousandth of the operating capital specially earmarked for that business in accordance with Article 15, paragraph 2. A foreign futures broker that applies for concurrent operation of a managed futures enterprise by a branch unit within the ROC shall pay the same fee.

4. A futures trust enterprise that concurrently operates a managed futures enterprise shall pay a fee of one four-thousandth of its statutory minimum paid-in capital.

5. A securities investment trust enterprise that concurrently operates a managed futures enterprise shall pay a fee of one four-thousandth of its statutory minimum paid-in capital.

6. A securities investment consulting enterprise that concurrently operates a managed futures enterprise shall pay a fee of one four-thousandth of the operating capital specially earmarked for that business in accordance with Article 15, paragraph 2.

7. A futures broker, futures trust enterprise, securities investment trust enterprise, or securities investment consulting enterprise that applies for its branch office to carry out promotions and solicitations in relation to the business activities allowed for the concurrent operation of a managed futures enterprise shall pay a fee of NT\$3000.

A managed futures enterprise shall pay a fee of NT\$1500 when it applies to the competent authority for reissuance of a certificate of license.

No fee will be required in applications for re-issuance of licenses due to a redrawing of administrative districts or a change in the street address of the managed futures enterprise.

#### Article 29

Applications will be refused given failure to submit in full all application documents or information required under these Standards, followed by failure to supplement the required materials within a time period specified by the competent authority.

#### Article 30

The format of documents required under these Standards will be prescribed by the competent authority.

#### Article 31

These Standards will be enforced from the date of promulgation.

