Content

Title：	Regulations Governing Futures Trust Funds Ch
Date：	2016.05.16
Legislative：	1. Full text of 101 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 2. Articles 15, 20, 24, 25, 38, 39, 40, 49, and 52 amended and issued per 30 October 2008 Order No. Financial-Supervisory-Securities-VII-0970055757 of the Financial Supervisory Commission, Executive Yuan 3. Article 28 amended and issued per 6 June 2009 Order No. Financial-Supervisory-Securities-Investment-0980027137 of the Financial Supervisory Commission, Executive Yuan 4. Articles 15, 27, 37, 39, 49, 53, 74 and 75 amended and issued, and Articles 10-1 to 10-3, and 34-1 newly added, per 25 April 2014 Order No. Financial-Supervisory-Securities-Futures-1030012154 of the Financial Supervisory Commission 5. Articles 9, 40, 50 and 66 amended and issued, and Article 99 deleted, per 29 May 2014 Order No. Financial-Supervisory-Securities-Futures-1030013322 of the Financial Supervisory Commission 6. Articles 16, 38, 49, and 52 amended and issued, and Article 10-4 newly added, per 16 May 2016 Order No. Financial-Supervisory-Securities-Futures-1050015607 of the Financial Supervisory Commission
Content：	Chapter 1: General Principles Article 1 These Regulations are adopted pursuant to Article 85, paragraph 2 of the Futures Trading Act. Article 2 "Futures trust fund," as used in these Regulations, means the trust property under a futures trust deed, including the subscription prices obtained from an offering of beneficial certificates, accrued interest, and assets purchased with those monies. When the value of futures contract trading exceeds a certain percentage of the net asset value of a mutual trust fund offered and issued by a trust enterprise, or a securities investment trust fund offered and issued by a securities investment trust enterprise, the enterprise shall make an application in accordance with the regulations of the competent authority to concurrently operate a futures trust enterprise. Article 3 Other terms used in these Regulations are defined as follows: 1. "Futures trust deed" means a trust deed signed between a futures trust enterprise as the settlor and a fund custodian as the trustee for purposes of regulating the mutual rights and obligations between the futures trust enterprise, the fund custodian, and the beneficial owners. 2. "Fund custodian" means a trust company, or a bank that concurrently operates trust business, that on the basis of a trust relationship established pursuant to the Futures Trading Act serves as the trustee pursuant to a futures trust contract and handles the custody, disposition, and collections and payments of a futures trust fund according to the

instructions of the futures trust enterprise, and conducts the business of fund custody in accordance with these Regulations and the futures trust contract.
3. "Beneficial owner" means a person who, under the provisions of the futures trust deed, is entitled to benefit from the futures trust fund.
4. "Beneficial certificates" means securities issued for purposes of offering a futures trust fund and serving to represent the rights enjoyed by the beneficial owners of the futures trust fund.
5. "Futures contract" means one of the categories of futures trades publicly announced by the competent authority pursuant to Article 5 of the Futures Trading Act.
6. "Futures-related spot instruments" means foreign or overseas spot instruments that are related to futures contracts and whose trading has been approved by the competent authority.
7. "Securities" means securities as defined under Article 6 of the Securities and Exchange Act.
8. "Business day" means a trading day on the futures or securities markets.
Article 4
Except where otherwise provided by the competent authority, a futures trust deed shall include each of the following:
1. The names and addresses of the futures trust enterprise and the fund custodian.
2. The name and the duration of the futures trust fund.
3. The rights, obligations, and legal liabilities of the futures trust enterprise.
4. The rights, obligations, and legal liabilities of the fund custodian.
5. The rights, obligations, and legal liabilities of the beneficial owners.
6. The basic policies and scope of utilization of the futures trust fund in regard to futures trading and investment in futures-related spot instruments.
7. Matters regarding distribution of gains from the futures trust fund.
8. Matters relating to redemption of beneficial certificates.
9. The fees to be borne by the futures trust fund.
10. The managerial or custodial fees of the futures trust enterprise and the fund custodian.
11. Calculation of the net asset value of the fund and net asset value per beneficial unit.
12. Matters relating to termination of the futures trust deed.
13. Reasons for convening beneficial owners meetings, quorum requirements, votes required for passage, and the means of resolving on a matter.
If a trust enterprise that concurrently operates a futures trust enterprise has received approval from the competent authority to keep custody of the futures trust fund assets and has an established trust supervisor, then the rights, obligations, and legal liabilities of the trust supervisor shall be set out pursuant to subparagraph 4 of the preceding paragraph.
A template for futures trust deeds shall be drafted by the Chinese National Futures Association ("the Futures Association") and submitted to the competent authority for approval. The same shall be true for any amendment to the template.
Chapter 2：The Offering of Futures Trust Funds

Article 5
A futures trust enterprise may not offer a futures trust fund without the approval of the competent authority.
Procedures for the offering, issuance, and sale of a futures trust fund and for subscriptions or redemptions shall be drafted by the Futures Association and submitted to the competent authority for approval.
Consent shall be obtained from the Central Bank for any futures trust fund under the preceding two paragraphs if the fund is offered overseas but will invest domestically or is offered domestically but will invest overseas.
The categories and scope of overseas futures trading and investment in futures-related spot instruments by a futures trust fund offered overseas by a futures trust enterprise shall without exception be determined according to the applicable laws and regulations of the country where the fund is offered.
Article 6
The name of a futures trust fund shall include the word "futures" and shall not be at variance with the fund's basic policies and scope of investment, nor may it cause a mistaken belief that the security of the principal or the profitability of the fund are guaranteed.
Article 7
Except where the competent authority provides otherwise, a futures trust enterprise may offer futures trust funds denominated in foreign-currencies.
Subscriptions, redemptions, and related fees to be paid shall be in a denominating currency chosen by the futures trust enterprise. Subsequent to such selection, the denominating currency may not be arbitrarily changed.
Consent must first be obtained from the Central Bank for any futures trust fund denominated in a foreign currency pursuant to the preceding paragraph.
Article 8
A futures trust enterprise may offer and issue umbrella-type futures trust funds for asset allocation purposes. The following conditions shall be observed when offering and issuing a futures trust umbrella fund to unspecified persons:
1. The futures trust subfunds shall be no more than three in number; a single application shall be used for the approval of all subfunds, which shall also be offered simultaneously, and the futures trust umbrella fund will not be established if any single subfund fails to meet the criteria for establishment.
2. A single type or a combination of multiple types of futures trust funds may be chosen for the futures trust subfunds in accordance with asset allocation objectives.
3. Individual futures trust deeds shall be signed for each futures trust subfund, and shall expressly state the following:
A. Given the failure of any single subfund to meet its criteria for establishment, the futures trust umbrella fund will not be established.
B. No mechanism may be provided for automatic conversions between futures trust subfunds; no conversion between subfunds may take place except following an application by a beneficial owner. The fees for such conversion may be set by the futures trust enterprise.
Article 9
A futures trust enterprise may offer and issue principal protection futures

trust funds, including principal guaranteed and principal protected futures trust funds.
As used in the preceding paragraph, "principal guaranteed futures trust fund" means a futures trust fund in which the beneficial owner is provided at maturity with principal guaranteed at a specific rate through the action of a guaranty from a guarantor institution ("guarantor") during the duration of the fund.
"Principal protected futures trust fund," as used in paragraph 1, means a futures trust fund in which the beneficial owner is provided at maturity with principal protected at a specific rate through the action of the futures trust fund's investment instruments during the duration of the fund.
The principal protection percentage of a principal protection fund must be ninety percent or more. For the purpose of protecting principal, assets may be invested in foreign or domestic fixed-income instruments approved by the competent authority, or may be kept in term deposit. Term deposits must be deposited at a bank that is approved by the competent authority to operate custodial business, and meets the conditions prescribed by the competent authority, and the ceiling ratio of the deposit to net asset value is not subject to restriction.
A futures trust enterprise's utilization of a principal protection futures trust fund is restricted to the scope set out in Article 38, paragraph 1, subparagraphs 1 and 2, and is subject to related regulations.
A principal guaranteed futures trust fund shall be guaranteed by a guarantor. The guarantor must be a domestic bank that is approved by the competent authority to operate guaranty business, and meets the conditions prescribed by the competent authority.
The prospectus and marketing documents of a principal protected futures trust fund shall clearly explain that the fund does not provide a mechanism for guarantee by a guarantor, and may not use the words "guaranteed," "safe," "risk-free," or other similar terms.
Article 10
A futures trust enterprise may offer and issue futures trust funds-of-funds.
As used in the preceding paragraph, a "futures trust fund-of-funds" means a fund that invests in beneficial certificates, fund shares, or investment units issued or managed by a futures trust enterprise, a securities investment trust enterprise (SITE), or a foreign fund management institution.
A futures trust enterprise that offers a futures trust fund-of-funds to unspecified persons shall invest at least five subfunds unless otherwise approved by the competent authority. No subfund may be a futures trust fund offered to one of the persons specified under Article 13, or a privately placed securities investment trust fund, or the privately placed beneficial certificates, fund shares, or investment units issued or managed by a foreign fund management institution, nor may it be a fund of funds.
Article 10-1
A futures trust enterprise may offer and issue exchange-traded futures trust funds (Futures ETFs).
As used in the preceding paragraph, a "futures ETF" means a futures trust

fund that tracks, simulates, or replicates the performance of an underlying index and is traded on a securities exchange market, with subscription and redemption performed in cash or by the method prescribed in the futures trust deed.

The underlying index referred to in paragraph 2 shall meet the following requirements:

1. The index provider shall have professional ability and experience in producing indexes.

2. The index shall be representative of the defined contractual underlying market.

3. The index's components shall be a broad sampling and liquid, provided that with the competent authority's approval broad sampling need not be required.

4. Index data shall be sufficiently disclosed and easily accessible.

5. There is no violation of laws or regulations in connection with the index, nor any matter that would make the index unsuitable as an underlying index.

Article 10-2

The name of a futures ETF shall clearly indicate the index or index performance that is being tracked, simulated, or replicated.

Article 10-3

In addition to the matters specified in Article 4, paragraph 1 herein, the futures trust deed of a futures ETF shall also set out the following:

1. The name of the underlying index.

2. Essential content of the index licensing agreement: the parties to the agreement and their rights and obligations; licensed use of the index name; index licensing fees; matters relating to termination of the agreement; other important content.

3. Methods for notification and public announcement of material events in connection with the subject index, when those events have a material bearing on investor rights and interests.

4. Information on the components of the underlying index and the intervals at which it will be released.

5. Essential matters relating to the trading of the ETF on the securities exchange market, the method of subscription and redemption, and the participant agreement.

A futures trust enterprise offering a futures ETF need not specify the total face value issued, total number of beneficial units, or whether there may be any follow-on offerings.

Article 10-4

A futures trust enterprise offering a futures ETF that tracks, simulates, or replicates a multiple of the performance of an index ("leveraged futures ETF") or a multiple of the inverse performance of an index ("inverse futures ETF") shall comply with the following provisions in addition to these Regulations and the futures trust deed:

1. The name of a leveraged or inverse futures ETF shall clearly indicate the multiple of the daily performance or inverse performance of the underlying index that is being tracked, simulated, or replicated.

2. To meet trading or investment strategy needs, the total payments by a leveraged or inverse futures ETF, in engaging in trading of futures trust

fund beneficial certificates and foreign futures funds, or in investing in beneficial certificates of securities investment trust funds, may respectively be exempted from the restrictions against exceeding 10 percent of the net asset value of the futures ETF under Article 41, paragraph 1, or Article 49, paragraph 1, subparagraph 12. However, the total payments in engaging in the aforesaid trading or investing, plus investments in foreign beneficial certificates, fund shares, or investment units under Article 43, paragraph 3, may not in aggregate exceed 30 percent of the net asset value of the futures ETF.

Article 11

A futures trust enterprise may only offer or make a follow-on offering of a futures trust fund to unspecified persons after submitting an application to the Futures Association with the following documents attached, followed by the Futures Association's review and forwarding of the application, along with a review opinion, to the competent authority and the competent authority's subsequent approval:

1. An application form.
2. A futures trust fund review form.
3. An offering or follow-on offering plan.
4. A futures trust deed.
5. A prospectus (overseas offerings or follow-on offerings exempted).
6. The board of directors meeting minutes in regard to the offering or follow-on offering of the futures trust fund.
7. Documentary proof that the futures trust fund managers meet the qualifications under Article 46 of the Regulations Governing Futures Trust Enterprises.
8. A declaration that none of the circumstances set out in Article 66 apply to the trust supervisor of a fund custodian or a trust enterprise that concurrently operates a futures trust enterprise and that has been approved to keep custody of the futures trust fund assets.
9. An attorney's opinion stating that discrepancies in content between the futures trust deed and the template are reasonable and that the futures trust deed secures beneficial owners' rights and interests as fully as the template deed does.
10. A statement of information on the current status of the futures trust fund (for use in follow-on offerings).
11. A declaration that the content of application documents for the offering or follow-on offering of a futures trust fund is complete, accurate, free from error, and in compliance with the most recent laws and regulations.
12. A photocopy of the Central Bank letter of consent shall be attached with applications for offerings of futures trust funds denominated in foreign currencies.
13. When full discretionary authority to carry out futures trades or to invest in futures-related spot instruments has been granted to another professional institution, the documents specified by the competent authority shall be attached.
14. When an overseas professional institution is engaged to provide consultation, the contract signed with that institution shall be attached.
15. Other documents to be submitted in accordance with the regulations of

the competent authority.
A futures trust enterprise shall act in accordance with Article 15 when offering futures trust funds, and when offering a futures trust fund to unspecified persons, shall also submit a bank proof of deposit document to the competent authority within five days after the date when payment for the beneficial certificates has been completed, showing that the total proceeds from the certificates meet the minimum required amount for a futures trust fund offering.
Article 12
A futures trust enterprise may offer a futures trust fund to persons meeting certain eligibility requirements only after submitting an application, with the following documents attached, to the Futures Association, followed by the Futures Association's review and forwarding of the application, along with a review opinion, to the competent authority and the competent authority's subsequent approval of the application:
1. An application form.
2. A futures trust fund review form.
3. A futures trust deed.
4. A prospectus (overseas offerings exempted).
5. The board of directors meeting minutes in regard to the offering of the futures trust fund.
6. Documentary proof that the futures trust fund managers meet the qualifications under Article 46 of the Regulations Governing Futures Trust Enterprises.
7. A declaration that none of the circumstances set out in Article 66 apply to the fund custodian.
8. A photocopy of the Central Bank letter of consent shall be attached with applications for offerings of futures trust funds denominated in foreign currencies.
A futures trust enterprise shall act in accordance with Article 15 when offering a futures trust fund, and when offering the fund to persons meeting certain eligibility requirements, shall also submit the following documents to the competent authority within five days after the date on which payment for the certificates has been completed:
1. A declaration that the beneficial owners meet the requirements set out in Article 13, paragraph 1.
2. A bank proof of deposit document showing that the total proceeds from the beneficial certificates meet the minimum required amount for a futures trust fund offering.
Article 13
"Persons meeting certain eligibility requirements," as used in the preceding article, means:
1. Banking enterprises, bills finance enterprises, trust enterprises, insurance enterprises, securities enterprises, futures enterprises, or other juristic persons or institutions approved by the competent authority.
2. Natural persons, juristic persons, or funds meeting qualifications set by the competent authority.
No more than ninety-nine persons meeting the qualifications of subparagraph 2 of the preceding paragraph may be the beneficial owners of a fund.
Article 14

When a futures trust enterprise that applies to make an offering or a follow-on offering of a futures trust fund undergoes material financial or operational changes prior to the competent authority's approval of the application, or when matters set out in the application documents are subject to material change, and when such changes have a material influence on the issuance plan, the futures trust enterprise shall report the matter to the competent authority within two days of its occurrence. When the fund is offered to unspecified persons, then in accordance with the circumstances, an attorney or a certified public accountant (CPA) shall be requested to issue an opinion, for submission to the competent authority, regarding the influence of the changes on the offering plan.

Article 15

Any futures trust enterprise, except when operated concurrently by an enterprise in another line of business, shall apply to offer a futures trust fund within one month after being issued a permission license.

When a futures trust enterprise's first application to offer a futures trust fund is for a futures trust fund to be offered to unspecified persons, the fund shall comply with the following provisions:

1. The fund shall be domestically offered.
2. The minimum amount for establishment of the fund shall be 500 million New Taiwan Dollars.
3. Beneficial owners may only apply for redemption a full 45 days after the fund's establishment.

Offering of the futures trust fund of paragraph 1 shall commence within six months from the date on which the enterprise receives the letter of approval for the offering, and the fund shall be established within 45 days after offering is begun.

A futures trust enterprise that receives approval for a non-first-time application to offer a fund, when the fund is offered to unspecified persons, shall begin the offering within six months from the date on which it receives the letter of approval for the offering, and the fund shall be established with 30 days after offering is begun. When, for legitimate reason, the futures trust enterprise is unable to begin the offering within six months, it may apply to the competent authority for a one-time extension of three months only.

Article 16

After applying and obtaining approval, unless the competent authority has provided otherwise, a futures trust enterprise may make a follow-on offering of a futures trust fund offered to unspecified persons if for the five business days preceding the application, the average ratio of units issued to units originally approved for issuance is 80 percent or more.

Article 17

Given any of the following circumstances, the competent authority may deny approval to the application of a futures trust enterprise for a futures trust fund offering or follow-on offering, provided that subparagraphs 4, 7, 9, and 11 do not apply to a futures trust fund offered to persons meeting certain eligibility requirements:

1. Particulars of the application are in violation of laws or regulations, affecting the offering or follow-on offering of the futures trust fund.
2. The futures trust enterprise's application for the offering or follow-on

offering is made within three months after the date on which it receives a notice from the competent authority for non-approval, voiding, or revocation of such application, or three months after the futures trust enterprise's own withdrawal of such an application.
3. The futures trust enterprise has already submitted an application to the competent authority and approval has not yet been granted.
4. The application documents of the futures trust enterprise provide factual evidence of inability to carry out the issuing plan.
5. Important parts of the plan for the current offering or follow-on offering of the futures trust fund have not been written in a proposal and submitted to the board of directors for deliberation and passed by them.
6. The application documents submitted or the information required therein are incomplete and the futures trust enterprise fails to fully supplement the application materials within the deadline set by the competent authority.
7. There is a material instance of a financial report of the futures trust enterprise or of a futures trust fund managed by it not being prepared in accordance with laws and regulations or generally accepted accounting principles.
8. There is a significant deficiency in the design or implementation of the internal control system.
9. A net worth per share was lower than par value in the most recent fiscal year. This provision is not applicable when fewer than two full fiscal years have elapsed since the futures trust enterprise acquired its business license.
10. A period of suspension by the competent authority of the futures trust enterprise's applications pursuant to the Futures Trading Act has not expired.
11. The basic investment policy and scope of the given futures trust fund offering have not been appropriately differentiated from preexisting futures trust funds, or the fund's planned objects of trading and investment are clearly inappropriate.
12. There is a material instance of the futures trust enterprise's violation of futures, securities, or trust laws and regulations, or violation of a futures trust deed.
13. A material instance of error, omission, misrepresentation, or nondisclosure has been discovered within the past year in the application documents for a prior offering or follow-on offering approved by the competent authority.
14. Other circumstances deemed necessary by the competent authority for the protection of the public interest.
Article 18
The provisions of the preceding article apply when a futures trust enterprise applies to offer a futures trust fund domestically for the purpose of conducting overseas futures transactions or investing in futures-related spot instruments, and the competent authority may in addition deny approval of the application given any of the following circumstances:
1. The futures trust enterprise has received any disposition within the past year pursuant to Article 100 of the Futures Trading Act, Article 66 of

the Securities and Exchange Act, or Article 103 of the Securities Investment Trust and Consulting Act. This provision will not apply given substantive improvement by the futures trust enterprise, recognized by the competent authority, with respect to the subject matter of the disposition.
2. The futures trust enterprise lacks the capacity for research and investment in overseas futures or securities markets and has not obtained the necessary technical capacity for global trade or investment through cooperation with an overseas professional institution.
3. Within the preceding year, the futures trust enterprise was involved in speculation regarding New Taiwan Dollar exchange rate trends in connection with recommending a futures trust fund.

Article 19

After approving a futures trust enterprise's application for the offering or follow-on offering of a futures trust fund, the competent authority may void or revoke the approval under any of the following circumstances:
1. The futures trust enterprise fails to begin offering or to establish the fund from the date of its receipt the approval letter until the deadline prescribed in Article 15.
2. The futures trust enterprise has engaged in false, fraudulent, or other misleading activities when operating a futures trust enterprise, fund custody business, or other businesses authorized by the Futures Trading Act, or when a financial report or any other related business document reported or publicly announced by the futures trust enterprise or the fund custodian contains a misrepresentation or nondisclosure.
3. The futures trust enterprise is in violation of Article 14.
4. The futures trust enterprise experiences an event with a material impact on the rights and interests of beneficial owners and fails to act as prescribed in Article 10 of the Regulations Governing Futures Trust Enterprises by publicly announcing the matter or informing the beneficial owners within two days of the event and reporting the event to the competent authority.
5. There have been other violations of these Regulations or the restrictions or prohibitions set by the competent authority at the time it approved the application.

When the approval granted to a futures trust enterprise is voided or revoked, fund-related matters shall be carried out by the futures trust enterprise in accordance with the futures trust deed.

Article 20

Prior to accepting a customer's subscription to a futures trust fund's beneficial certificates, a futures trust enterprise shall provide a risk disclosure statement and assign a registered and qualified associated person to inform the subscriber of the nature and potential risks of the futures trust fund.

The subscriber shall sign or place their personal seal on the risk disclosure statement of the preceding paragraph and add the date. One copy shall be retained by the futures trust enterprise and another copy given to the subscriber as a receipt.

When a futures trust enterprise is providing information on the nature and potential risks of a futures trust fund pursuant to paragraph 1 to a customer who has previously subscribed to a futures trust fund of a similar

nature and with similar sources of risk, then the futures trust enterprise may be exempted from the paragraph 1 requirement to provide such information by consent of the customer. It must still provide a risk disclosure statement, however, and retain a copy of the customer's consent form exempting it from explaining the risks, a copy of the risk disclosure statement signed by the customer, and other relevant documentation.

Article 21

A futures trust enterprise offering a futures trust fund shall provide subscribers with the fund's prospectus. Offerings of futures trust funds overseas shall be carried out in accordance with the laws and regulations of the place the fund is offered.

The prospectus of the preceding paragraph shall be prepared in accordance with the Regulations Governing Information to be Published in Prospectuses by Futures Trust Enterprises Offering Futures Trust Funds. No misrepresentations or nondisclosures may be contained in the principal content of the prospectus.

Article 22

Rules governing the form, content, production, and dissemination of advertisements and promotional materials used by futures trust enterprises in offering futures trust funds to unspecified persons shall be prescribed by the Futures Association and submitted to the competent authority for recordation; the same shall be true of any amendment of the rules.

Records relating to the advertisements and promotional materials of the preceding paragraph shall be retained for a period of two years.

A futures trust enterprise that offers a futures trust fund to persons meeting certain eligibility requirements may not engage in general advertising or public solicitation during the period of offering and sale of the fund.

A futures trust enterprise in violation of the preceding paragraph will be deemed to be making an offering to unspecified persons.

The competent authority or an agency designated by it may at any time make random checks of the advertising or promotional materials used by a futures trust enterprise or its authorized futures trust fund distributor as well as records related to the advertising. The futures trust enterprise may not reject or impede the checks.

Article 23

A futures trust enterprise may not take any of the following actions in its advertising, public informational meetings, or in any other business promotion activities aimed at unspecified persons:

1. Using in its promotions the approval granted by the competent authority for offering of the futures trust fund as a verification of application particulars or as a guarantee of the value of the fund's beneficial certificates.

2. Creating a mistaken belief that the security of the principal or the profitability can be guaranteed.

3. Offering gifts or other benefits as an inducement to solicit the purchase of the fund's beneficial certificates, except where otherwise provided by the competent authority.

4. Making exaggerated publicity claims about past performance or using advertising that attacks industry competitors.

5. Engaging in false or deceptive conduct or other conduct sufficient to cause mistaken belief by another.
6. Engaging in advance advertising or promotional activities for futures trust fund whose offering has not yet been approved by the competent authority.
7. Using advertising content that violates laws or regulations or the content of the futures trust deed or prospectus.
8. Making predictions of the fund's future performance.
9. Promotion of the futures trust fund involving speculation about New Taiwan Dollar exchange rate trends.
10. Any other act prejudicial to the operation of the enterprise or the rights and interests of the beneficial owners of the fund.
When a fund distributor authorized by a futures trust enterprise engages in advertising, public promotional meetings, or other promotional activities that violate the provisions of the preceding paragraph, the futures trust enterprise and the fund distributor shall both bear legal liability under applicable laws and regulations.
Chapter 3：The Sale of Futures Trust Funds
Article 24
A futures trust enterprise that offers a futures trust fund to unspecified persons may authorize futures brokerage merchants, futures advisory enterprises, banks, trust enterprises, securities brokers, securities investment consulting enterprises, enterprises for insurance of the person, and other institutions approved by the competent authority to act as fund distributors.
A trust enterprise acting as a fund distributor pursuant to these Regulations may enter into non-discretionary trust of money agreements with their customers for that purpose.
Article 25
A futures trust fund distributor shall meet the following requirements for eligibility:
1. A net worth per share no lower than par value in the CPA-audited and attested financial report for the preceding period. This requirement does not apply, however, to futures trust fund distributors who have had their business licenses for less than one full accounting year.
2. Having received no disciplinary sanction pursuant to Article 100, paragraph 1, subparagraphs 2 through 4 of the FTA, Article 103, subparagraphs 2 through 6 of the Securities Investment Trust and Consulting Act, Article 66, paragraph 2, subparagraphs 2 through 4 of the Securities and Exchange Act, Article 44, subparagraphs 1 through 4 of the Trust Enterprise Act, Article 61-1, paragraph 1, subparagraphs 1 through 5 of the Banking Act, or Article 149, paragraph 1, subparagraphs 1 through 4, paragraph 2, or paragraph 4 of the Insurance Act within the preceding two years as a result of engaging in futures trust fund, offshore fund, or securities investment trust fund business. This requirement does not apply to dispositions of the competent authority ordering the dismissal of personnel or when there has been substantive improvement, recognized by the competent authority, with regard to the matters in which the distributor was in violation.
3. Not being currently subject to a period of prohibition by order of the

competent authority in which it may not serve as a fund distributor for futures trust enterprises due to its violation of these Regulations or the self-regulatory rules of the Futures Association.
4. Sufficient associated persons to carry out futures trust fund sales business and to comply with the provisions of Article 48 of the Regulations Governing Futures Trust Enterprises.
5. The necessary information transmission facilities for executing futures trust fund sales business.
6. Other qualification prescribed by the competent authority.
Article 26
A futures trust fund distributor shall establish a sales agreement with the futures trust enterprise for which it handles futures trust fund sales, and shall abide by the relevant laws and regulations governing the offering, issuance, sales, advertising, subscription, and redemption of futures trust funds and the self-regulatory rules of the Futures Association.
The matters to be included in the sales agreement that the fund distributor is to establish with the futures trust enterprise in accordance with the preceding paragraph shall be prescribed by the Futures Association and submitted to the competent authority for approval; the same shall apply for any amendment of those matters.
Article 27
A futures trust enterprise that authorizes a futures trust fund distributor to conduct futures trust fund sales on its behalf may do so only after submitting a declaration stating that the futures trust fund distributor meets the required qualifications, and a copy of the sales agreement, to the Futures Association for review and approval.
A futures trust enterprise may not pay the futures trust fund distributor or its personnel any remuneration, fees, or other benefits not specified in the sales agreement.
Article 28
A futures trust fund distributor that handles futures trust fund sales business shall fully understand and evaluate the investment knowledge, investment experience, financial condition, and the level of investment risk tolerance of its customers.
A futures trust fund distributor shall require a customer subscribing for the first time to furnish a proof of identity or its juristic person registration and to fill out basic identifying information.
The futures trust fund distributor shall maintain complete and accurate transaction records and documents regarding the purchase, redemption, or conversion of futures trust funds in any transaction of a specified amount or higher or that is suspected of being a money laundering transaction, and shall comply with the provisions of the Money Laundering Control Act.
The futures trust fund distributor shall put in place an internal control system that includes adequate operation principles for Know Your Customer practices, the conduct of sales, prevention of short-swing trades, prevention of money laundering, and compliance with matters prescribed by laws and regulations. The internal control system shall be submitted by the futures trust enterprise to the Futures Association for review.
Article 29
A futures trust fund distributor may not subscribe to a futures trust fund

in its own name on behalf of a customer except by means of non-discretionary trusts of money or as approved by the competent authority.
Except when subscribing to a futures trust fund in its own name on behalf of a customer, a futures trust fund distributor handling futures trust fund sales business shall require that the subscriber remit the funds for the subscription directly into the special futures trust fund account established by the fund custodian, and shall handle the subscription in accordance with the procedural rules prescribed by the Futures Association in regard to the offering, issuance, sale, subscription, and redemption of futures trust funds.

Article 30

carrying out futures trust fund sales business, the futures trust fund distributor and its managerial officers and employees shall act with all due diligence and fiduciary responsibility and in accordance with the principle of good faith.
When handling futures trust fund sales business, a futures trust fund distributor and its personnel shall maintain the confidentiality of its customers' personal information, their trading histories, and other related information except where laws or regulations provide otherwise.

Article 31

A futures trust fund distributor that subscribes to a futures trust fund in its own name on behalf of a customer shall fully implement money laundering controls and the measures for prevention of short-swing trading given in the fund's prospectus. For trades by a fund customer that conform to the definition of short-swing trading given in the prospectus, the distributor shall provide the futures trust enterprise with relevant information on the customer in the format prescribed by the competent authority, and the futures trust enterprise may require the fund distributor to refuse any new subscriptions by the given customer.
The futures trust enterprise shall maintain confidentiality of any information provided by the futures trust fund distributor pursuant to the preceding paragraph.

Article 32

Personnel at a futures trust fund distributor who handle futures trust fund sales business may not misappropriate customer money or beneficial certificates, nor engage in any other act prejudicial to the rights or interests of customers.
Beneficial certificates will be delivered by book-entry transfer; futures trust fund distributors may not be requested to deliver the certificates.

Article 33

A futures trust fund distributor shall properly preserve all supporting source documents relating to futures trust fund sales business it handles; the method and the period of preservation shall be determined according to the Business Accounting Act and related laws and regulations.
When a customer subscribes to a futures trust fund through any method other than a written application, the futures trust fund distributor shall handle the subscription in accordance with applicable laws and regulations and the rules for electronic trading adopted by the Futures Association.

Article 34

Upon receiving a notice of a beneficial owner's meeting, a futures trust

fund distributor that subscribes to a futures trust fund in its own name on behalf of a customer shall immediately notify its customer of any event with a material impact on customer rights and interests, and shall tabulate the opinions of its customer and notify the futures trust enterprise of the same.

Article 34-1

In conducting the business of selling futures trust funds, a futures trust fund distributor shall, before commencing to sell, disclose to the investors any remuneration, fees, or other benefits it receives from the futures trust enterprise.

The futures trust enterprise shall promptly give notice to the investors of any change in the information disclosed under the preceding paragraph.

The enforcement directions for the content of information to be disclosed and notification of changes under the preceding two paragraphs, and any amendments thereto, shall be drafted by the Futures Association and submitted to the FSC for approval.

In conducting the business of selling futures trust funds, a futures trust fund distributor and its personnel may not receive from the futures trust enterprise any remuneration, fees, or other benefits not specified in the sales agreement.

Article 35

When a futures trust fund distributor terminates its handling of futures trust fund sales business, it shall immediately notify the futures trust enterprise, and within two days after the fact, the termination shall be reported to the Futures Association and publicly announced by the futures trust enterprise.

After the futures trust fund distributor terminates its handling of the sales business of the preceding paragraph and prior to the transfer of any such business to other futures trust fund distributors, the distributor shall assist customers in carrying out any follow-up redemptions, conversions, or other matters relating to the futures trust fund.

Article 36

a futures trust enterprise discovers that, in the course of handling futures trust fund sales business, a futures trust fund distributor or its personnel have violated applicable laws or regulations or the self-regulatory rules of the Futures Association or have exceeded their scope of authorization, the futures trust enterprise shall immediately supervise the distributor in correcting the matter and shall notify the competent authority.

Chapter 4：The Scope of Utilization, Limitations, and Handling of a Futures Trust Fund

Article 37

A futures trust enterprise that utilizes a futures trust fund to engage in futures trading or investment in futures-related spot instruments shall do so in accordance with the regions, markets, categories of futures, and the scope set out in the futures trust deed and in accordance with the provisions of these Regulations.

A futures trust enterprise that utilizes a futures trust fund to engage in futures trading or investment shall adopt measures relating to risk monitoring and control and accounting treatment as part of the internal

control system to be passed by its board of directors.
The risk monitoring and control measures of the preceding paragraph shall include individual assessments of each type of possible risk associated with the trades or investments of the futures trust fund and a thorough control plan. The methods, parameters, and standards for assessment of each type of risk shall accord with the related rules prescribed by the Futures Association.
The board of directors of a futures trust enterprise shall review at least every quarter the overall level of risk exposure, the method of calculating risk, and the maximum possible losses associated with all futures trust funds under its management and all futures trust funds for which it has granted other professional institutions discretionary authority for utilization.
When a futures trust enterprise or its fund custodian discovers that the average net asset value per unit of a fund for the most recent three business days has fallen by a cumulative 40% or more from the initial net asset value per unit of the fund:
1. For funds other than futures ETFs, it shall immediately report the matter to the competent authority and the Futures Association. The futures trust enterprise shall also immediately formulate a concrete plan for improvement, and report it to the board of directors.
2. For futures ETFs, it shall immediately report the matter to the competent authority, the Futures Association, and the Taiwan Stock Exchange Corporation (TWSE). The futures trust enterprise shall also provide a concrete description of the cause.
The beneficial owners of a futures trust fund are responsible only for payment of the price of subscription at the time they subscribe to a fund. When the net asset value of the fund is negative, the futures trust enterprise shall bear responsibility for the amount of the shortfall in the net asset value.
Article 38
A futures trust enterprise that utilizes a futures trust fund offered to unspecified persons for futures trades or investments in futures-related spot instruments shall do so within the scope of transactions set out below except as otherwise approved by the competent authority, while ensuring reasonable diversification of risk:
1. Futures trades that may be brokered by a futures commission merchant per public announcement by the competent authority pursuant to Article 5 of the Futures Trading Act.
2. Off-futures-exchange trades of futures trading approved by the competent authority and derived from currencies, securities, interest rates, indices, or other commodities.
3. Beneficial certificates of futures trust funds issued by futures trust enterprises, or futures funds offered or managed by foreign fund management institutions.
4. Securities other than those of the preceding subparagraph.
5. Futures-related spot instruments other than securities.
A futures trust enterprise may only utilize a futures trust fund for investments in the items of subparagraph 5 of the preceding paragraph after submitting an investment and risk management plan to the competent

authority and receiving its approval.

Article 39

A futures trust enterprise that utilizes a futures trust fund offered to unspecified persons to engage in trading referred to in paragraph 1, subparagraph 1 of the preceding article shall do so according to the following conditions, except with the approval of the competent authority:

1. The sum of the initial margins necessary for open positions in futures contracts, futures option contracts ("futures options") and options contracts and the net amount of premiums paid and collected for trades of futures options and options contracts may not exceed 70 percent of the net asset value of the given futures trust fund.

2. The initial margin required for open positions in the nearest and next-nearest contract months, respectively, of any single futures contract may not exceed 10 percent of the net asset value of the given futures trust fund; the initial margin required for open positions in any other contract month of the same single futures contract may not exceed 5 percent of the net asset value of the given futures fund.

3. The sum of the amount of the initial margin required for an open position in a single options series and the net amount of premiums paid and collected for trades of the same options series may not exceed 10 percent of the net asset value of the given futures trust fund.

4. The sum of the initial margin required for open positions in futures contracts, futures options and options contracts with a single underlying commodity or financial instrument and the net amount of premiums paid and collected for trades of futures options and options contracts with the same single underlying commodity or financial instrument may not exceed 20 percent of the net asset value of the given futures trust fund.

The restrictions of subparagraphs 2 and 4 of the preceding paragraph shall not apply to a futures trust enterprise that utilizes a futures ETF offered to unspecified persons to engage in trades specified in paragraph 1, subparagraph 1 of the preceding article, and that discloses its relevant risk monitoring and control measures in the prospectus.

The term "options series" as used in paragraph 1, subparagraph 3 means call and put options contracts of the given futures option and option contracts with the same underlying, maturity date, and strike price.

Article 40

A futures trust enterprise that utilizes a futures trust fund offered to unspecified persons for the trades prescribed under Article 38, paragraph 1, subparagraph 2 shall ensure that it has obtained a fair or reasonable price for the trade and shall notify the fund custodian. The total risk exposure associated with the trade may not exceed ten percent of the net asset value of the given fund, except with the approval of the competent authority.

The standard for measurement of the total risk exposure of the preceding paragraph shall be based on the maximum possible losses associated with the trades, excluding foreign currency futures trades conducted as a hedge against future exchange rate risks at the time of settlement.

When a futures trust enterprise utilizes a futures trust fund offered to unspecified persons for selling futures options and option contracts in relation to the trades of paragraph 1, the options shall be adequately

covered. The related self-regulatory rules shall be adopted by the Futures Association.
When a futures trust enterprise utilizes a futures trust fund offered to unspecified persons for the trades of paragraph 1, the trading counterparty shall be a financial institution that meets the conditions prescribed by the competent authority.
Article 41
Total payments made for the trades of Article 38, paragraph 1, subparagraph 3 by any futures trust fund offered to unspecified persons by a futures trust enterprise may not exceed ten percent of the net asset value of the fund. This restriction does not apply to futures trust funds-of-funds.
Total payments made for the investments of Article 38, paragraph 1, subparagraph 3 by a futures trust fund-of-funds offered to unspecified persons as referred to in the preceding paragraph may not be lower than sixty percent of the net asset value of the futures trust fund-of-funds, and except with the approval of the competent authority, the total amount paid toward any subfund may not exceed thirty percent of the net asset value of the futures trust fund-of-funds.
Article 42
When a futures trust enterprise utilizes a futures trust fund to hold securities, their total market value may not exceed the percentage of the fund's net asset value prescribed by the competent authority. The offering and issuance of futures trust funds-of-funds and principal protection futures trust funds are not subject to this provision.
When utilization by a futures trust enterprise of the securities held by a futures trust fund exceeds the prescribed percentage of the preceding paragraph, the futures trust enterprise shall apply to concurrently operate a securities investment trust enterprise in accordance with the regulations of the competent authority.
Article 43
When a futures trust enterprise utilizes a futures trust fund offered to unspecified persons for investment in the domestic securities prescribed under Article 38, paragraph 1, subparagraph 4, the types and the scope of those securities shall be limited to the following:
1. Exchange-listed securities.
2. Securities that may be traded over the counter pursuant to Article 3 of the Taipei Exchange Rules Governing Review of Securities Traded on Over-the-Counter Markets ("OTC-listed securities").
3. Securities whose underwriting has been approved by the competent authority or which have received effective registration.
4. Government bonds.
5. Corporate bonds or financial bonds offered and issued in accordance with the law.
6. Securities investment trust fund beneficial certificates.
7. Bonds issued by international financial institutions and approved by the competent authority.
8. Other investment items approved by the competent authority.
A futures trust enterprise that invests in the items of subparagraph 5 of the preceding paragraph shall disclose the credit rating of the bonds in the given fund's prospectus.

The types and scope of the foreign securities under Article 38, paragraph 1, subparagraph 4 in which a futures trust enterprise utilizing a futures trust fund offered domestically to unspecified persons may invest will be prescribed by the competent authority.

Article 44

A futures trust enterprise shall observe the following conditions in utilizing a futures trust fund offered to unspecified persons for investment in beneficial securities or asset-backed securities publicly offered in accordance with the Financial Asset Securitization Act:

1. The investment shall be restricted to public offerings of beneficial securities or asset-backed securities that have been approved by the competent authority or have received effective registration.

2. The total amount invested by any fund in beneficial securities or asset-backed securities issued by any single trustee institution or special-purpose company may not exceed ten percent of the total amount of the given issue of beneficial securities or asset-backed securities (or tranche, where the issue is tranched), nor may the investment amount exceed ten percent of the net asset value of the given futures trust fund.

3. The total amount invested by any fund in any originator's stocks, corporate bonds, financial bonds, or in the beneficial securities or asset-backed securities issued by the originator through entrusting financial assets to a trustee organization or a special-purpose company may not exceed ten percent of the net asset value of the fund.

4. Beneficial securities or asset-backed securities in which a fund invests shall have a credit rating at or above a prescribed level issued by a credit-rating institution approved or recognized by the competent authority.

When the futures trust enterprise is an interested company as referred to in Article 51 with respect to either the originator of beneficial securities or asset-backed securities, the trustee organization, or the special-purpose company, the futures trust enterprise may not utilize the fund offered to unspecified persons for investment in those beneficial securities or asset-backed securities.

Article 45

A futures trust enterprise shall observe the following conditions in utilizing a futures trust fund offered to unspecified persons for investment in the beneficial securities of a real estate investment trust fund or a real estate asset trust offered in accordance with the Real Estate Securitization Act:

1. The fund shall be restricted to investment in the beneficial certificates of a closed-end real estate investment trust fund or a real estate asset trust approved by the competent authority.

2. The total investment by any fund in real estate investment trust fund beneficial units issued by any single trustee institution may not exceed ten percent of the beneficial units already issued.

3. The total investment by any such fund in real estate asset trust beneficial securities issued by any single trustee institution may not exceed ten percent of the total value of the given issue (or tranche, where the issue is tranched).

4. The total investment by any fund in the real estate asset trust

beneficial securities and real estate investment trust fund beneficial securities issued by any single trustee institution may not exceed ten percent of the total asset value of the fund.
5. The total amount invested by any fund in the real estate asset trust beneficial securities issued by any single principal through entrusting real estate assets to a trustee organization, the beneficial securities or asset-backed securities issued by that principal through entrusting financial assets to a trustee organization or a special-purpose company, and the stocks, corporate bonds, or financial bonds issued by that principal may not exceed 10 percent of the net asset value of the fund.
6. The beneficial securities of the real estate investment trust fund or real estate asset trust in which a fund invests shall have a credit rating at or above a prescribed level issued by a credit-rating institution approved or recognized by the competent authority.
When the futures trust enterprise is an interested company as referred to in Article 51 with respect to the trustee institution of a real estate investment trust fund beneficial security, or with respect to the principal or trustee institution of a real estate assets trust beneficial security, the futures trust enterprise may not utilize the fund offered to unspecified persons for investment in those beneficial securities of real estate investment trust fund or real estate assets trust.
Article 46
A futures trust enterprise shall observe the following conditions in utilizing the futures trust fund offered to unspecified persons for investment in subordinated corporate bonds or subordinated financial bonds:
1. Fund investment shall be restricted to exchange-listed or OTC-listed subordinated corporate bonds or subordinated financial bonds.
2. The total investment by any fund in subordinated corporate bonds or subordinated financial bonds issued by any single company may not exceed ten percent of the total value of the given issue (or tranche, where the issue is tranched).
3. Subordinated corporate bonds or subordinated financial bonds in which the fund invests shall have a credit rating at or above a prescribed level issued by a credit-rating institution approved or recognized by the competent authority.
Article 47
The total amount invested in any exchange-listed or OTC-listed domestic stock by a futures trust fund that a futures trust enterprise offers overseas to unspecified persons may not exceed 20 percent of the net asset value of that fund; other restrictions on its investment shall be those imposed by the laws and regulations of the place of the overseas offering.
Article 48
The categories and scope of trading in foreign futures and investment in foreign securities by a futures trust fund that a futures trust enterprise offers overseas shall without exception be determined according to the applicable laws and regulations of the place of the offering.
Article 49
A futures trust enterprise offering a futures trust fund to unspecified persons shall utilize the futures trust fund assets in accordance with these Regulations and the provisions of the futures trust deed, and shall

observe the following conditions unless the competent authority provides otherwise:
1. The futures trust enterprise may not invest in non-listed or non-OTC-listed stocks, privately-placed securities, or the beneficial certificates of a futures trust fund offered to persons meeting certain eligibility requirements.
2. The aggregate amount of all margins and premiums collected and paid in relation to the trades under Article 38, paragraph 1, subparagraphs 1 and 2 may not be lower than a certain percentage of the net asset value of the futures trust fund prescribed by the competent authority.
3. The futures trust enterprise may not make loans or provide security. This restriction shall not apply to futures trust enterprises in compliance with Article 25 of the Regulations Governing Futures Trust Enterprises.
4. The futures trust enterprise may not engage in securities margin transactions.
5. The futures trust enterprise may not engage in trading of futures and securities with the various other futures trust funds, securities investment trust funds, mutual trust funds, discretionary investment accounts, or accounts for the trading of securities with self-owned funds under the common management of the futures trust enterprise. This restriction does not apply, however, when such trading results from trades made through centralized exchange markets or through a securities firm's place of business, and was not produced deliberately.
6. The futures trust enterprise may not invest in securities issued by the futures trust enterprise itself or an interested company, with the exception of fund beneficial certificates, fund shares, and investment units.
7. When the futures trust fund is utilized to invest in any other futures trust fund or securities investment trust fund managed by the same futures trust enterprise, a management fee may not be charged.
8. The futures trust enterprise may not use a futures trust fund to purchase the beneficial certificates of that same fund. This restriction shall not apply in the case of requests by beneficial owners for redemption of beneficial certificates, or when beneficial certificates are redeemed due to the discontinuance of all or some part of the fund.
9. The total amount invested by any fund in the stocks, corporate bonds, or financial bonds of any single listed or OTC-listed company may not exceed ten percent of the net asset value of the fund.
10. The total amount invested by any futures trust fund in the shares of any single listed or OTC-listed company may not exceed ten percent of the total issued and outstanding shares of that company; the total amount invested by all futures trust funds and securities investment trust funds under the common management of a futures trust enterprise in the shares of any single listed or OTC-listed company may not exceed ten percent of the total issued and outstanding shares of that company.
11. The total amount invested by any futures trust fund in an underwriting of shares of any single listed or OTC-listed company may not exceed one percent of the total shares underwritten; the total amount invested in any single underwriting by all futures trust funds and securities investment trust funds under the common management of a futures trust enterprise may

not exceed three percent of the total of shares being underwritten.
12. The total amount invested by any futures trust fund in beneficial certificates of securities investment trust funds may not exceed 10 percent of the futures trust fund's net asset value; the total investment by all of the futures trust funds and securities investment trust funds under the common management of a futures trust enterprise in the beneficial units of any single futures trust fund or securities investment trust fund may not exceed twenty percent of the number of beneficial units already issued by the invested fund.
13. The total amount invested by any futures trust fund in the unsecured corporate bonds of any single company may not exceed ten percent of the unsecured corporate bonds issued by that company.
14. The securities held by a futures trust fund may not be loaned to another person. This restriction shall not apply to loans meeting the conditions of Article 53.
15. Proxy forms for shareholders' meetings of an issuing company whose shares are purchased by a fund may not be sold or transferred.
16. The total monetary amount of stock transactions by any futures trust fund brokered by any single securities firm may not exceed 30 percent of the total amount of the fund's stock transactions during the given year. This condition does not apply, however, when less than one full accounting year has elapsed since the fund's establishment.
17. The total amount that a futures trust fund may invest in a bills finance company's guaranteed bills may not exceed ten percent of the fund's net asset value nor exceed 500 million New Taiwan Dollars.
18. The total amount invested by any futures trust fund in the bonds of any single international financial institution approved for domestic issuance by the competent authority may not exceed ten percent of the fund's net asset value, nor may it exceed ten percent in the total monetary amount of the international financial institution bonds issued within Taiwan by the given international financial institution.
19. The futures trust enterprise may not engage in any improper trading activity and thereby affect the net asset value of a fund under its management.
20. The futures trust enterprise may not engage in any other acts prohibited by the competent authority.
When a futures trust enterprise utilizes a futures trust fund offered to unspecified persons for investment in an underwriting of stock, the amount of the investment shall be calculated as an aggregate share number or monetary amount inclusive of the shares of exchange-listed and OTC-listed companies of a similar type already held, and the ceiling on investment ratios shall be based on those aggregate figures. Investments in depository receipts shall be calculated as an aggregate share number or monetary amount inclusive of the shares of the issuer of the depository receipts already held, and the ceiling on investment ratios shall be based on those aggregate figures.
"Corporate bonds" as referred to in paragraph 1, subparagraphs 9 and 13 shall include common corporate bonds, convertible corporate bonds, exchangeable corporate bonds, and corporate bonds with warrants.
Article 50

A futures trust enterprise shall maintain the assets of each futures trust fund in the following forms and in the ratios prescribed by the competent authority:
1. Cash.
2. Bank deposits.
3. Short-term bills purchased from bill houses.
4. Repo-style bond transactions.
5. Other types of assets approved by the competent authority.
The banks, trading counterparties, and subject forms of assets of subparagraphs 2 through 5 of the preceding paragraph shall meet the conditions prescribed by the competent authority.
The total holdings of items under paragraph 1, subparagraphs 2 through 5 by a futures trust funds that is offered domestically, with the exception of a principal protection futures trust fund, may not exceed a percentage to be prescribed by the competent authority.
Article 51
"Interested company," as used in these Regulations, means one of the following:
1. A company having a relationship defined in Chapter 6-1 of the Company Act with the futures trust enterprise.
2. A director or supervisor of a futures trust enterprise or a shareholder whose total shareholdings equal five percent or more of its shares.
3. Persons of the preceding subparagraph or managerial officers of the futures trust enterprise who are the same person as the given company's director, supervisor, managerial officer, or shareholder with a ten percent or greater shareholding or are the spouse of such person.
"Total shareholdings," as used in subparagraph 2 of the preceding paragraph, means the total number of shares of the futures trust enterprise held by a given entity, plus the shares of the same futures trust enterprise held by the directors, supervisors, and managerial officers of the given entity and any enterprise directly or indirectly controlled by that entity.
The provisions of paragraph 1 apply mutatis mutandis to a representative or designated representative of a juristic person director or supervisor who performs duties on its behalf.
Article 52
A futures trust enterprise shall utilize a futures trust fund offered to persons meeting certain eligibility requirements in accordance with the futures trust deed. Except where otherwise provided by the competent authority, the scope of such utilization shall comply with the provisions of Articles 38, 40, and 42, and the futures trust enterprise shall observe the following conditions:
1. Fund assets may not be loaned.
2. The futures trust enterprise may not engage in trading of futures and securities with the various other futures trust funds, securities investment trust funds, mutual trust funds, discretionary investment accounts, or accounts for the trading securities with self-owned funds under the common management of the futures trust enterprise. This restriction does not apply, however, when such trading results from trades made through centralized exchange markets or through a securities firm's

place of business, and was not produced deliberately.
3. The futures trust enterprise may not invest in securities issued by the futures trust enterprise itself or an interested company, with the exception of fund beneficial certificates, fund shares, and investment units.
4. When the futures trust fund is utilized to invest in any other futures trust fund or securities investment trust fund managed by the same futures trust enterprise, a management fee may not be charged.
5. The futures trust enterprise may not use a futures trust fund to purchase the beneficial certificates of that same fund. This restriction shall not apply in the case of requests by beneficial owners for redemption of beneficial certificates, or when beneficial certificates are redeemed due to the discontinuance of all or some part of the fund.
6. The total amount a futures trust fund-of-funds invests in the beneficial certificates of a securities investment trust fund may not exceed ten percent of the net asset value of the futures trust fund.
7. Proxy forms for shareholders' meetings of an issuing company whose shares are purchased by a futures trust fund may not be sold or transferred.
8. The total holdings of items under Article 50, paragraph 1, subparagraphs 2 through 4 may not exceed a certain prescribed percentage.
9. The futures trust enterprise may not accept the direction of specified persons to assist others in performing a merger or acquisition, evading income tax, or other actions influencing compliance with the law, observance of good faith, or professional investment management by the futures trust enterprise.
10. The futures trust enterprise may not take other actions prohibited by the competent authority.
A futures trust enterprise that offers a futures trust fund to persons meeting certain eligibility requirements shall make explicit in the futures trust contract the upper limits on off-exchange futures trades, securities margin trades, and borrowing of securities or money, and shall explain in the public prospectus the related measures for risk monitoring and control.
Article 53
Securities lending by the futures trust fund managed by a futures trust enterprise shall be carried out in accordance with the applicable regulations of the TWSE or the Taipei Exchange (TPEx), and must meet the following conditions:
1. A futures trust fund may not loan any single security in an amount exceeding 50 percent of the total of that security held by the fund. This restriction shall not apply when the futures trust deed of a futures trust fund offered to persons meeting certain eligibility requirements stipulates otherwise.
2. The period of a securities loan shall at most be six months from the beginning date of the lending transaction.
3. When a loan of securities takes the form of a negotiated securities lending transaction, the types of collateral provided by the borrower shall be limited to cash, government bonds, and exchange-listed or OTC-listed stocks eligible for margin trading or short sale transactions. When the borrower's collateral is in the form of the above bonds or stocks, the

futures trust enterprise may provide such a securities loan only after reporting its risk monitoring and control measures for collateral management to the competent authority and receiving its approval.
The provisions of subparagraph 3 of the preceding paragraph regarding collateral shall be applied with reference to the TWSE and TPEx regulations applicable to fixed-price trading and auction trading.
A futures trust enterprise that loans securities held by one of its managed futures trust funds shall draft measures for the monitoring and management of risk in securities lending as a part of the internal control system to be passed by its board of directors.

Article 54

A futures trust enterprise utilizing a futures trust fund for investment or trading shall produce a written trading decision based on its analysis reports, and shall produce a record of the transaction when the trading decision is implemented. The futures trust enterprise shall produce a monthly report of review, and its analysis reports and written trading decisions shall employ a reasonable analytical basis and source data.
The analysis report referred to in the preceding paragraph shall provide an analytical basis, source data, and recommendations; the written trading decision shall state the type, amount, price, and time of execution for the subject of the trade; the record of implementation shall state the actual type, amount, price, and time of execution for the given subject and state the reasons for any discrepancies with the written decision.
The analysis reports, written trading decisions, records of implementation, and review reports of paragraph 1 shall be recorded sequentially, with the signatures and seals of the personnel responsible for analysis, trading decisions, and execution of trades placed thereon, and retained for at least five years on file. The format of the written information shall be prescribed by the Futures Association and submitted to the competent authority for approval.

Article 55

A futures trust enterprise shall have the power to direct the fund custodian of a futures trust fund in the custody, disposal, and receipt and payment of futures trust fund assets, and may also inspect and inventory fund assets on an irregular basis.
Except where laws or regulations otherwise provide, when a futures trust enterprise uses a futures trust fund to invest in exchange-listed or OTC-listed securities, it shall authorize a securities broker to conduct the transaction on the centralized securities market or an OTC market on a cash-on-delivery basis.
A futures trust enterprise using a futures trust fund to invest in government bonds, corporate bonds, or financial bonds shall do so on a cash-on-delivery basis.
A futures trust enterprise utilizing assets held by a futures trust fund shall register the transaction under the name of the fund custodian's special futures trust fund account. When the fund holds foreign assets, however, the transaction may take place in accordance with agreements between the fund custodian and the foreign trustee custodian.

Article 56

A futures trust enterprise that utilizes a futures trust fund for

investment in the overseas securities of Article 38, paragraph 1, subparagraph 4 may authorize a professional institution that provides consulting services for overseas investment or a member of its own group that provides centralized market trading services to place a trading order on its behalf through an overseas securities firm.
When futures trust enterprise authorizes a company providing it with consulting services for overseas investment or a member of its own group that provides centralized market trading services to place a trading order on its behalf through an overseas securities firm, it shall adopt risk monitoring and management measures for such transactions as a part of its internal control system, as well as setting out the standards for selection of a company to provide consulting services for overseas investment; those measures and standards shall be submitted to the board of directors for approval.
The term "member of its own group," as used in the preceding paragraph, means a holding company to which the futures trust enterprise belongs that has shareholdings in excess of 50 percent in the futures trust enterprise, or a subsidiary in which the futures trust enterprise has shareholdings in excess of 50 percent, or a subsidiary belonging to the same holding company in which the holding company has shareholdings in excess of 50 percent.
Article 57
When a futures trust enterprise gives full discretionary authority to another professional institution to use a futures trust fund to conduct trading or investment on its behalf, its transactions shall conform with the trading and investment policies adopted by the futures trust enterprise and shall be disclosed in the fund's prospectus.
The futures trust enterprise must adopt risk monitoring and control measures for the discretionary operations of the preceding paragraph as part of an internal control system passed by its board of directors; the futures trust enterprise shall also formulate standards for selection of the professional institution authorized to perform discretionary services, draft a written proposal, and establish a discretionary services agreement with the professional institution it authorizes.
When a futures trust enterprise gives full discretionary authority to another professional institution, matters regarding investment ratios, items to be included in the internal control system, items to be set out in the written proposal and the discretionary services agreement, the qualification requirements of the authorized institution, information disclosure and reporting requirements, and other matters for compliance shall be prescribed by the competent authority.
A futures trust enterprise shall expressly state in the discretionary services agreement and the prospectus that the futures trust enterprise will be liable for damages should its selection of a professional institution or its instructions to that institution, whether due to intent or negligence, results in loss to the fund. When a futures trust enterprise authorizes an institution to perform on its behalf any duty or obligation of the futures trust enterprise under the futures trust deed, if the institution or an employee of the institution causes loss to a fund through intent or negligence, the enterprise shall bear liability as it would for intent or negligence on its own part, and where such an act causes a

futures trust fund to incur a loss, the future trust enterprise shall bear liability for damages.

Article 58

The futures trust enterprise and the fund custodian shall provide for public reference the futures trust fund prospectus, the fund sales and marketing documents, the futures trust deed, and the most recent financial statement at the places of business of the futures trust enterprise, the fund custodian, and the fund distributors, or shall make those documents available in another manner as instructed by the competent authority.

Chapter 5：Beneficial Certificates

Article 59

Beneficial certificates shall be in registered form.

Beneficial certificates shall be issued in dematerialized form and shall be delivered by registry and book-entry transfer.

Rules governing the handling of beneficial certificates shall be formulated by the Futures Association and submitted to the competent authority for approval.

Regulations governing the registry and book-entry transfer of beneficial certificates shall be prescribed by the competent authority.

Article 60

Beneficial interest in a futures trust fund shall be divided equally based on the total number of beneficial units. The number of beneficial units represented by each beneficial certificate shall be set out in the related documents delivered to the beneficial owners of the fund.

The rights of the beneficial owner are exercisable according to the number of beneficial units. Identical beneficial rights shall be enjoyed under any follow-on offerings or issuances of the fund.

Article 61

After the issuance date of beneficial certificates, a futures trust enterprise shall duly deliver the beneficial certificates to the subscribers by the book-entry method within three business days from the date upon which the fund custodian has received the subscription price in full.

The term "issuance date of beneficial certificates," as used in the preceding paragraph, refers to the date of the futures trust enterprise's initial delivery of the beneficial certificates of a futures trust fund.

Article 62

Where beneficial certificates are held jointly by more than one person, one of the joint owners shall be selected to exercise the associated rights.

When the government or a juristic person is a beneficial owner, a natural person shall be chosen as a representative to exercise of associated rights.

Article 63

Beneficial certificates are freely transferable unless otherwise prohibited by law or regulation.

Parties to a transfer of beneficial certificates shall have no recourse against the futures trust enterprise when the name of the person or the entity and the domicile or residence of the transferee is not listed in the futures trust enterprise's register of beneficial owners.

Article 64

Beneficial certificates of a futures trust fund offered to persons meeting certain eligibility requirements may not be resold by beneficial owners, except under one of the following circumstances:
1. An application for redemption from the futures trust enterprise.
2. Transfer to one of the eligible persons under Article 13, paragraph 1.
3. A transfer by the operation of law.
4. Other circumstances approved by the competent authority.
The restrictions of the preceding paragraph regarding transfers of beneficial certificates shall be set out in the written documents issued to beneficial owners of the fund.
Article 65
The period of prescription for a beneficial owner's right to claim distribution of gains, ownership after extinguishment of the period of prescription, the period of prescription for beneficial owners' claims for payment on beneficial certificates redeemed, and the period of prescription for a beneficial owner's rights to claim distribution of residual assets at liquidation of a fund shall be handled in accordance with applicable laws and regulations and the stipulations of the futures trust deed.
Chapter 6：Custody and Redemption of Futures Trust Funds
Article 66
Under any of the following circumstances, an entity may not be a custodian of a futures trust fund:
1. The entity has violated these Regulations or the self-regulatory rules of the Futures Association and the period has not yet expired in which the competent authority has prohibited futures trust enterprises from authorizing it to act as a fund custodian.
2. A trust company does not have a credit rating credit rating at or above a specified level issued by a credit rating agency approved or recognized by the competent authority.
3. A bank that concurrently operates trust business does not meet the conditions prescribed by the competent authority.
Under any of the following circumstances, neither a trust company nor a bank that concurrently operates trust business may serve as the fund custodian of a futures trust enterprise:
1. The trust company or bank has an investment in the given futures trust enterprise equal to ten percent or more of the futures trust enterprise's total issued shares.
2. The trust company or bank is a director or supervisor of the given futures trust enterprise, or a director or supervisor of the trust company or bank serves as a director, supervisor, or managerial officer of the futures trust enterprise.
3. The given futures trust enterprise holds ten percent or more of the total issued shares of the trust company or bank.
4. The given futures trust enterprise or its representative serves as the director or supervisor of the trust company or bank.
5. The trust company or bank is a subsidiary under the same financial holding company as the given futures trust enterprise, or they are affiliated enterprises.
6. Other circumstances prescribed by the competent authority for the protection of the public interest under which serving as fund custodian

would be inappropriate.
The provisions of subparagraph 2 of the preceding paragraph apply mutatis mutandis to a representative or designated representative of a juristic person director or supervisor that performs duties on its behalf.
The meaning of "subsidiary" in paragraph 2, subparagraph 5 is as defined in Article 4 of the Financial Holding Company Act.
A futures trust enterprise shall adopt standards to govern its selection of fund custodians and shall implement those standards.
Article 67
When a trust enterprise that concurrently operates a futures trust fund enterprise offers a futures trust fund to unspecified persons and receives permission from the competent authority to keep custody of futures trust fund assets, the obligations of the fund custodian shall be executed by the trust enterprise and placed under the supervision of the trust supervisor.
Article 68
A futures trust fund offered by a futures trust enterprise shall be segregated from the proprietary assets of the futures trust enterprise and those of the fund custodian.
No creditor in respect of a debt against proprietary assets of the futures trust enterprise or the fund custodian may file for attachment or make any other claim against the assets of the futures trust fund.
In accordance with regulations authorized and adopted pursuant to the Futures Trading Act and with the stipulations of futures trust deeds, the fund custodian shall establish a segregated account for each futures trust fund in its custody.
Article 69
The fund custodian, in accordance with laws and regulations and the provisions of futures trust deeds, shall act with all due diligence and fiduciary responsibility and in the principle of good faith in keeping custody of futures trust fund assets.
The directors, supervisors, managerial officers, associated persons, and other employees of the fund custodian may not engage in futures trades or invest in futures-related spot instruments using information they have gained in the course of their duties nor divulge such information to other parties.
Article 70
A futures trust fund custodian shall utilize the futures trust fund assets in accordance with the directions of the futures trust enterprise, and shall exercise the rights associated with those assets.
The fund custodian may make the following dispositions of futures trust fund assets only at the direction of the futures trust enterprise:
1. Adjusting the fund’s investment portfolio as required by trading and investment strategies.
2. Making adjustments to the margin account or paying premiums, as required by futures trading strategy requires.
3. Paying fees to be borne by the fund per stipulations of the futures trust deed.
4. Paying distributable income to beneficial owners of the fund per stipulations of the futures trust deed.
5. Paying the redemption price to beneficial owners for redemption of their

beneficial certificates.

Article 71

If a fund custodian learns that a futures trust enterprise has violated a futures trust deed or applicable laws or regulations, it shall immediately request, pursuant to the futures trust deed, that the futures trust enterprise perform its obligations under the deed or under the applicable laws or regulations; if there is a likelihood of injury to the rights or interests of beneficial owners, it shall immediately report to the competent authority and copy the report to the Futures Association.

When intent or negligence by a futures trust enterprise results in a negative impact on the assets of a futures trust fund, the fund custodian shall seek recovery of the assets in accordance with the futures trust deed in the interests of the fund's beneficial owners.

When the fund custodian performs its custodial duties and, pursuant to the provisions of paragraph 1, requests the futures trust enterprise to perform its obligations, and the futures trust enterprise fails to perform those obligations with resulting injury to the interests of beneficial owners, and if the fund custodian thereupon issues written notification directing the futures trust enterprise to rectify the matter within a prescribed time period and the futures trust enterprise subsequently fails to comply, the custodian institution, after applying and receiving permission from the competent authority, may convene a beneficial owners meeting to transfer management of the fund to another futures trust enterprise.

Article 72

If a fund custodian violates the Futures Trading Act, regulations authorized and adopted pursuant to that Act, or the stipulations of the futures trust deed with a resulting negative impact on futures trust fund assets, the futures trust enterprise shall seek recovery of the assets in the interests of the fund's beneficial owners.

When a trust enterprise that concurrently operates a futures trust enterprise and keeps custody of futures trust fund assets pursuant to approval from the competent authority, and through intent or negligence violates the Futures Trading Act, regulations authorized and adopted pursuant to that Act, or the stipulations of a futures trust deed with a resulting negative impact on futures trust fund assets, and when there is an established trust supervisor, the trust supervisor shall seek recovery of the assets in the interests of the beneficial owners of the fund.

Article 73

If a fund custodian is unable to continue performing its custodial obligations for a futures trust fund due to dissolution, suspension or termination of business or the cancellation or voiding of its business approval, the futures trust enterprise shall consult with other fund custodians to find one to succeed to the obligations of the original fund custodian, subject to the approval of the competent authority.

If a fund custodian is obviously deficient in performing its custody obligations for a futures trust fund, the competent authority may order the futures trust enterprise to transfer the fund to the custody of another fund custodian.

When the futures trust enterprise is unable to act as required pursuant to paragraph 1 and the preceding paragraph, the Futures Association may

consult with the Trust Association of the R.O.C to arrange for another fund custodian to succeed to the custodial obligations; if no other fund custodian is available, the futures trust enterprise shall terminate the futures trust deed.
If a fund custodian resigns from its custodial obligations for a given fund and negotiates with the futures trust enterprise for a change to another custodian or the change is made by resolution of a meeting of the fund's beneficial owners, the matter shall be reported to and approved by the competent authority.
The successions, transfers, or changes referred to in the preceding four paragraphs shall be publicly announced by the futures trust enterprise.
Article 74
When the futures trust deed for a futures trust fund offered to unspecified persons stipulates that beneficial owners are entitled to request redemption of the beneficial certificates, the beneficial owners may request in writing or by other stipulated means that the futures trust enterprise redeem the beneficial certificates, and the futures trust enterprise may not refuse to do so; payment of the redemption price may not be delayed, provided that under any of the following circumstances, and with the permission of the competent authority, this provision shall not apply:
1. Futures, securities, OTC, foreign exchange, or other related markets suspend trading for reasons other than regular holidays.
2. Normal communications are interrupted.
3. Remittance transactions are restricted.
4. Other extraordinary circumstances make it impossible to receive redemption requests or to pay redemption prices.
The redemption price of the beneficial certificates referred to in the preceding paragraph shall be calculated based on the net asset value of the futures trust fund as of the business day following the receipt of a redemption request by the futures trust enterprise or its fund distributor. When the redemption prices payable exceed the level of assets to be maintained according to the ratio set by Article 50, another method of calculating the redemption price may be adopted in accordance with the futures trust deed.
Redemption procedures for futures ETFs may be carried out as stipulated in the futures trust deed without regard for the restrictions of the preceding two paragraphs.
Redemption procedures and time periods for payment of redemption prices for futures trust funds offered to persons meeting certain eligibility requirements are as stipulated in the futures trust deed.
Article 75
When a futures trust enterprise offers a futures trust fund to unspecified persons for purposes of domestic investment, it shall pay redemption prices within five business days after the business day following its receipt of a beneficial owner's request for redemption. For futures trust fund engaging in trades conducted pursuant to Article 38, paragraph 1, subparagraph 2, the futures trust enterprise may pay redemption prices within five business days after the second business day following receipt of a beneficial owner's request for redemption.

When a beneficial owner requests redemption of a portion of its beneficial certificates, the futures trust enterprise shall pay the redemption price in accordance with the time limits of the preceding paragraph, and shall carry out registry and book-entry transfer within seven business days after the second business day following receipt of the beneficial owner's request for redemption.
When a beneficial owner requests redemption of a futures ETF offered by a futures trust enterprise to unspecified persons, the payment of the redemption price shall be handled in accordance with the futures trust deed.
Chapter 7：Accounting Treatment of Futures Trust Funds
Article 76
A futures trust enterprise shall calculate the net asset value of each of its futures trust funds each business day. The methods used to calculate the net asset value of futures trust funds shall comply with applicable laws and regulations and generally accepted accounting standards.
For calculation of the net asset value of futures trust funds, the standards for calculation of asset value of futures trust funds shall be formulated by the Futures Association and submitted to the competent authority for approval.
The net asset value per beneficial unit shall be the net asset value of the futures trust fund on the date of calculation divided by the total number of beneficial units.
Article 77
A futures trust enterprise that offers a futures trust fund to unspecified persons shall publicly announce each business day the net asset value of futures trust funds per beneficial unit as of the previous business day. This does not apply to futures trust funds offered overseas through issuance of beneficial certificates, or when otherwise approved by the competent authority.
A futures trust enterprise that offers a futures trust fund to persons meeting certain eligibility requirements shall report the net asset value of the futures trust fund per beneficial unit to the beneficial owners in accordance with the provisions of the futures trust deed.
Article 78
Any income from trading and investment of a futures trust fund distributable pursuant to the stipulations of the futures trust deed shall be distributed within six months from the close of the fiscal year unless otherwise approved by the competent authority, and the distribution date shall be specified in the futures trust deed.
Article 79
A separate account shall be established for each futures trust fund offered by a futures trust enterprise. Accounting books and records shall be established as provided by the competent authority, and except when otherwise provided by the competent authority, shall be kept in the manner and for the period set out in the Business Accounting Act and applicable regulations.
Article 80
The fiscal year of a futures trust fund shall be from 1 January to 31 December each year unless otherwise stipulated in the futures trust deed.

Article 81
A futures trust enterprise shall prepare an annual financial report on the utilization of each futures trust fund, with the format and content as prescribed by the competent authority, within two months from the close of each fiscal year, and monthly reports within 10 days from the end of each month, for submission to the competent authority.
The annual financial report referred to in the preceding paragraph shall be audited and attested by a CPA approved by the competent authority in accordance with Article 37, paragraph 1 of the Securities and Exchange Act, and signed by the fund custodian. A futures trust enterprise that offers a futures trust fund to unspecified persons shall publicly announce its annual reports.
The annual financial reports and monthly reports of paragraph 1 shall be submitted through the Futures Association, which shall collect them for a single submission to the competent authority.
Chapter 8：Change, Duration, Termination, and Liquidation of Futures Trust Funds
Article 82
Any amendment to the futures trust deed for a futures trust fund offered to unspecified persons shall be submitted to the competent authority for approval; the futures trust enterprise shall publicly announce the content of any amendments within two days after their approval.
Any amendment to the futures trust deed for a futures trust fund offered to persons meeting certain eligibility requirements shall be filed with the competent authority within five days after the amendment.
Article 83
The duration of a futures trust fund shall be as stipulated by the futures trust deed.
In any of the following circumstances, a futures trust deed shall be terminated after reporting to and receiving approval from the competent authority:
1. The futures trust enterprise or fund custodian undergoes dissolution or bankruptcy or its approval is voided or revoked, or its management or custody of the futures trust fund is obviously unsound and the competent authority has ordered that it be replaced, making it unable to continue executing its duties, and there is no other suitable futures trust enterprise or fund custodian to assume the rights and obligations of the original enterprise or custodian.
2. A beneficial owners meeting resolves to change to another futures trust enterprise or fund custodian, and there is no other suitable futures trust enterprise or fund custodian to assume the rights and obligations of the original enterprise or custodian.
3. The net asset value of the futures trust fund is lower than the standard set by the competent authority.
4. The futures trust fund is unable to continue operating because of market conditions, the characteristics or scale of the futures trust fund, or other legal or factual reasons.
5. A beneficial owners meeting resolves to terminate the futures trust deed.
6. The futures trust enterprise or fund custodian cannot accept the

resolution of the beneficial owners meeting, and there is no other suitable futures trust enterprise or fund custodian to assume the rights and obligations of the original enterprise or custodian.
7. Other reasons for termination as stipulated by the futures trust deed.
When it is desirable to terminate the futures trust deed to protect the public interest or the rights and interests of beneficial owners, the competent authority may order the deed’s termination.
When a futures trust deed is terminated because its period of duration has expired, a report shall be filed with the competent authority for recordation within two days from the date of the expiration.
A futures trust enterprise shall publicly announce the termination of the futures trust deed within two days from the expiration date of the period of duration or the approval date.
Article 84
When a futures trust deed is terminated, the futures trust enterprise shall complete liquidation of the futures trust fund within three months from the date the competent authority approves liquidation, and shall distribute the balance after liquidation to the beneficial owners pro rata to the number of beneficial units. When for legitimate reason the liquidation cannot be completed within three months, the futures trust enterprise may apply to the competent authority before expiration of the time limit for a one-time extension of three months only.
The liquidator shall report to the competent authority and publicly announce the methods for the liquidation and distribution of the preceding paragraph and notify the beneficial owners of the same. Within two months from conclusion of the liquidation procedures, the liquidator shall report the liquidation results to the competent authority for recordation and notify the beneficial owners of the same.
The methods for liquidation and distribution of a futures trust fund offered to persons meeting certain eligibility requirements shall be reported to the beneficial owners pursuant to the futures trust deed; the provisions of the preceding paragraph regarding public announcement will not apply.
Article 85
The futures trust enterprise shall serve as the liquidator of the futures trust fund. When the circumstances of Article 83, paragraph 2, subparagraph 1 or subparagraph 2 apply to the futures trust enterprise, the fund custodian shall serve as the liquidator. When the circumstances of Article 83, paragraph 2, subparagraph lor subparagraph 2 also apply to the fund custodian, a beneficial owners meeting shall select by resolution a futures trust enterprise or fund custodian as liquidator that complies with the provisions of the competent authority.
When the futures trust deed of a futures trust fund is terminated because the circumstances of Article 83, paragraph 2, subparagraph 1 or subparagraph 2 apply to the fund custodian, the liquidator may select a suitable fund custodian to assume the fund custody duties during the liquidation period, after obtaining approval from the competent authority.
Unless otherwise provided by laws or regulations or the futures trust deed, the rights and obligations of the liquidator and the fund custodian during the duration of the futures trust fund shall be the same as those of the

original futures trust enterprise and fund custodian.
Article 86
From the date the conclusion of the liquidation is reported to the competent authority, the liquidator shall retain all account books and statements for a period of not less than 10 years.
Chapter 9：Mergers of Futures Trust Funds
Article 87
If a futures trust fund managed by a futures trust enterprise meets the following conditions, the futures trust enterprise may apply to the competent authority for approval to merge the given fund with another futures trust fund of the same enterprise:
1. The futures trust funds to be merged shall both be futures trust funds of the type offered to unspecified persons or of the type offered to persons meeting certain eligibility requirements.
2. There shall be no obvious difficulty in the utilization of futures trust fund assets or in carrying out the futures trades or investments of the merged futures trust funds.
3. The merger shall be approved by a resolution of the beneficial owners meeting.
This provision does not apply when the average net asset value of the terminating futures trust fund for the preceding 30 business days has been below the standard set by the competent authority and the futures trust deed of the continuing futures trust fund does not undergo amendment.
Article 88
A futures trust enterprise shall fill out an application, attaching the following documents, to apply for a merger of futures trust funds:
1. A declaration that there are no misrepresentations or nondisclosures in the matters set out in the application and attachments to the application.
2. Minutes of the board meeting where the merger resolution was deliberated and passed.
3. Minutes of meetings of beneficial owners (not required given exemption from the meeting requirement pursuant to the proviso of subparagraph 3 of the preceding Article).
4. The futures trust deeds and prospectuses of the futures trust funds to be merged.
5. An estimate of the beneficial interest reissuance ratio and the basis of its calculation (including balance sheets and statements of the merged futures trust fund's assets in inventory on the estimation date).
6. Workflow schedule of the merger of futures trust funds.
7. Purpose of the merger and the expected benefits.
8. The total number of beneficial owners and the total dollar amount of the futures trust funds during the seven days prior to the application date.
9. A letter of consent from the fund custodian of the continuing fund.
10. A letter of consent from the fund custodian of the terminating fund (not required when a beneficial owners meeting is held).
11. An attorney's evaluation of the merger's legality.
Article 89
After the competent authority approves the application for a merger of futures trust funds, the futures trust enterprise shall publicly announce the following matters and notify the beneficial owners of the terminating

and continuing futures trust funds:
1. The date and reference number of the competent authority's approval letter.
2. The name of the continuing futures trust fund, its fund manager, and its investment strategies.
3. The name of the terminating futures trust fund.
4. The purpose of the merger and the expected benefits.
5. The record date of the merger.
6. The formula for calculating the number of beneficial units per beneficial certificate reissued for the continuing fund in exchange for those of the terminating fund.
7. A description that from the date of announcement until two days prior to the record date of the merger, a beneficial owner who does not agree to the merger of futures trust funds may make a declaration to the futures trust enterprise for a redemption of the beneficial certificates.
8. A declaration that the futures trust enterprise is suspending acceptance of subscriptions and redemptions for the beneficial certificates of the terminating futures trust fund from the day preceding the record date of the merger to the date the assets of the terminating futures trust fund are transferred in full to the continuing futures trust fund.
9. The time period, method, and location for the registry or book-entry transfer of the new beneficial certificates.
10. Other matters prescribed by the competent authority.
There shall not be less than 15 business days between the dates referenced in the preceding paragraph for public announcement and for the record date of merger for futures trust funds.
The provision of paragraph 1 regarding public announcement does not apply to futures trust funds offered to persons meeting certain eligibility requirements.
Article 90
Within two business days after the record date of the merger, the futures trust enterprise shall transfer the assets of the terminating futures trust fund to the continuing futures trust fund; trading and investment by the terminating futures trust fund is prohibited from the record date of the merger until completion of the asset transfer.
The terminating futures trust fund may be exempt from liquidation.
When the terminating futures trust fund holds futures trading contracts, futures-related spot instruments, or securities under central custody, the futures trust enterprise shall request the fund custodian to make an application to the futures commission merchant and the Central Securities Depository, with the futures trust fund merger approval letter attached, to carry out matters related to their transfer.
Article 91
Within five days after the merger of futures trust funds is completed, the futures trust enterprise shall submit the following documents to the competent authority for recordation:
1. Statistical listing of the numbers of beneficial owners and the total dollar amounts, as of the record date of the merger, for the terminating futures trust fund, the continuing futures trust fund, and the post-merger continuing futures trust fund.

2. A CPA opinion confirming the accuracy of calculation of net asset values as of the record date of the merger for the terminating futures trust fund, the continuing futures trust fund, and the post-merger futures trust fund.
3. Balance sheets and statements of assets in inventory as of the record date of the merger.

Article 92

Fees related to the merger of futures trust funds shall be born solely by the futures trust enterprise.

Article 93

When, due to merger, assets held by the continuing futures trust fund exceed ratios prescribed by these Regulations, then except for bonus shares issued or underlyings obtained due to physical deliveries on trades predating the merger, no new assets may be added, and the ratio shall be adjusted to the prescribed level within two years.

Chapter 10：Beneficial Owners Meetings

Article 94

The exercise of rights of beneficial owners shall require resolutions of meetings of beneficial owners. However, this restriction does not apply to action taken solely for of the personal interest of a beneficial owner.

Article 95

The following matters shall be done by means of a resolution of a beneficial owners meeting, except where the competent authority has provided otherwise:

1. Changing the fund custodian.
2. Changing the futures trust enterprise.
3. Terminating the futures trust deed.
4. Increasing the management or custodial fees of the futures trust enterprise or fund custodian.
5. Materially amending the basic policies or scope of futures trading or investment in futures-related spot instruments by the futures trust fund.
6. Making other amendments to the futures trust deed with a material effect on the rights or interests of beneficial owners.

Article 96

When any event occurs that by law, regulation, or the futures trust deed requires a resolution of a beneficial owners meeting, the futures trust enterprise shall convene a beneficial owners meeting. When the futures trust enterprise is unable or fails to convene the meeting, it shall be convened by the fund custodian. When the fund custodian is unable or fails to convene the meeting, it shall be convened as provided in the futures trust deed or by the beneficial owners themselves. When all are unable or fail to convene the meeting, it shall be convened by a person appointed by the competent authority.

For beneficial owners to themselves convene a beneficial owners meeting, the beneficial owners who, for at least one continuous year, have held beneficial certificates representing beneficial units accounting for at least three percent of the total beneficial units of the fund issued and outstanding at the time of the proposal shall file a written application with the competent authority, stating the matters proposed and the reasons for convening the meeting, and convene the meeting after obtaining the competent authority's approval.

When a beneficial owners meeting is convened by a party other than the futures trust enterprise, then the futures trust enterprise, at the request of the fund custodian, the beneficial owners, or the person appointed by the competent authority shall provide any documents or materials necessary for convening the beneficial owners meeting.

Article 97

The competent authority shall prescribe the time limits, procedures, resolution methods, meeting protocol, and other matters for compliance in convening a beneficial owners meeting.

The competent authority may order the amendment of provisions of futures trust deeds regarding quorum requirements, the number of votes required to adopt a resolution, or methods of resolution as it deems necessary in order to protect the public interest or the interests of beneficial owners.

Article 98

The provisions of Article 6, paragraph 3, Article 16, Article 32, Article 36, paragraph 1 through 3, Articles 39 through 41, Article 42, paragraph 1, Articles 43 and 44, Article 45, paragraph 1 and 2, Article 51, Articles 52 through 59, and Article 65, paragraph 1, subparagraph 2 of the Trust Act shall not apply to a futures trust.

Article 21 of the Trust Enterprise Act shall not apply to a fund custodian.

Chapter 11：Supplementary Provisions

Article 99

(Deleted)

Article 100

The format for all documentation required by these Regulations shall be announced by the competent authority.

All public announcements to be made by a futures trust enterprise as provided in these Regulations shall be made in the manner designated by the competent authority.

Article 101

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

Data Source：Financial Supervisory Commission Laws and Regulations Retrieving System