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Regulations

Chapter 400 Trading

***401 Trading Through the Trading System**

Trading shall be carried out through the trading system only, and trading or any other transaction having the result as if it were trading which is not carried out through the trading system is prohibited. Trading through the trading system shall be carried out by a member or persons in accordance with the rule 701.

*(*Amended March 31, 2010, Force April 1, 2010)*

401.01 Member's Operation in Relation to the Computer System Used in Trading

Member's Computer System used in trading which connects to the Trading System must perform in accordance with the standard prescribed by TFEX or the person authorized by TFEX. Member must trade through the channels permitted by TFEX, whereby this shall comply with the rules, conditions and risk management process as prescribed by TFEX.

401.02 Procedure when a Member's Computer System Used in Trading Fails to Meet TFEX's standard

If Member's Computer System fails to meet TFEX's standard or may cause damage to the Trading System, TFEX may:

- (1) inspect the computer hardware or software used in trading which is connected with the trading system;
- (2) require the member to make any modification or addition to the computer hardware or software used in trading which is connected with the trading system;
- (3) prohibit the member from using all or any part of the computer hardware or software used in trading which is connected with the trading system within a period of time as TFEX considers appropriate.

402 Trading Days, Trading Hours and Non-Trading Days

***402.01 Trading Days and Trading Hours**

Trading can be transacted on every business day of TFEX. The trading sessions of each type of exchanged trade derivative shall be as prescribed by TFEX in the contract specification. In the case contract specification requires trading in the period after 24.00 hrs. on the business day of TFEX continues on the next day Shall be considered that trading during that time period as trading on the trading days

In order to ensure that the trading is transacted properly or to protect the benefits of investors, TFEX may change the trading sessions of any type of exchange traded derivative on a temporary basis as considered appropriate.

*(*Amended January 29, 2020, Force February 24, 2020)*

402.02 Non-Trading Days

The non-trading days shall be:

- (1) weekly holidays, which are Saturday and Sunday;
- (2) other holidays as designated by TFEX.

***403 Member's Responsibility for Acts in the Trading System**

The member must be responsible for any bid or offer or trading or any acts carried out in the trading system either by itself or its agent or any other person who is permitted by the member to use its computer system.

In this regard, [the member's] responsibility shall include any other damages that may occur to the Trading System due to the Member' Computer System Used in Trading, or due to the connection of the Member' Computer System to any other person as permitted by the Member.

*(*Amended March 31, 2010, Force April 1, 2010)*

***404 Trading Methods**

The trading of derivatives contracts shall be carried out in accordance with the procedures below.

(1) The member shall record an order in the trading system to allow the trading system of TFEX to execute the automatic matching (Electronic Trading Transaction) based on the price and time priority as follows:

(1.1) a bid price which is higher than the other bid prices shall be matched first, and if there is more than one (1) order at each bid price, the bid price recorded into the trading system first, shall be matched first;

(1.2) an ask price which is lower than the other ask prices shall be matched first, and if there is more than one (1) order at each ask price, the ask price that is recorded into the trading system first, shall be matched first.

(2) The member may record two (2) types of block trades into the trading system (Block Trading Transaction) which are as follows:

(2.1) a two-firm transaction shall be negotiated between the buying member and the selling member, and when they reach the mutual agreement, the buying member and the selling member shall record the trading into the trading system, in accordance with regulation 405.02;

(2.2) a one-firm transaction shall be carried out as follows:

(a) the clients of the member have negotiated, and the member is allowed to record the trading into the trading system, in accordance with regulation 405.02; or

(b) the member and its client have negotiated, and the member is allowed to record the trading into the trading system, in accordance with regulation 405.02.

The block trading transaction shall become effective when the trading system sends a confirmation of the trading to the buying member and the selling member.

*(*Amended November 5, 2010, Forcen November 8, 2010)*

***405 Recording of the Orders and the Trading**

405.01 Recording of the Orders by Way of an Electronic Trading Transaction

405.01-1 Contents of the Order

When recording the trading orders in the trading system for trading via automatic order matching method, there must be at least the particulars prescribed by TFEX.

(Amended January 31, 2023, Force May 8, 2023)*

405.01-2 Price of the Order

The order price must be the price according to the minimum tick size, as prescribed by TFEX, and must not exceed the daily price limit as may be prescribed by TFEX in the contract specification.

405.01-3 Volume of the Order

Each order shall consist of at least one (1) trading unit, unless otherwise prescribed by TFEX, and the maximum volume shall not exceed the limit prescribed by TFEX.

***405.01-4 Type and Validity of the Order**

A member shall specify the order type and validity as prescribed by TFEX. TFEX may prescribe the order types and validity in relation to price, volume and validity time or period in the trading system.

*(*Amended April 18, 2014, Force May 6, 2014)*

***405.01-5 Types of seller and buyer**

(Cancelled January 31, 2023, Force May 8, 2023)*

***405.01-5/1 Order Session**

Orders of derivatives contracts can be conducted during the sessions prescribed by TFEX in the futures contract specification. In this regard, TFEX may prescribe that orders of certain types of derivatives contracts be conducted only for certain types of buyers and sellers during the sessions prescribed by TFEX.

*(*Amended August 23, 2017, Force September 4, 2017)*

***405.01-6 Order Submission during Pre-Open Session**

A member may submit orders during pre-open sessions (if allowed so in the contract specification) in order to calculate the opening price in the manner prescribed by TFEX.

*(*Amended April 18, 2014, Force May 6, 2014)*

405.01-7 Amendment or Cancellation of the Order

The amendment or cancellation of the order by a member for their own trading account, or for its client, shall be in accordance with the criteria, conditions and procedures prescribed by TFEX.

***405.02 Recording of the Trading by Way of Block Trading Transaction**

Recording of trading by way of Block Trading Transaction shall be conducted only in relation to certain derivatives contracts and during the sessions prescribed by TFEX. In this regard, TFEX may prescribe that recording of the trading for certain types of derivatives contracts be conducted only for certain types of buyers and sellers during the sessions prescribed by TFEX.

*(*Amended August 23, 2017, Force September 4, 2017)*

405.02-1 Recording of Trading and Contents of Trading

****Recording the trading in the trading system must be done by the members and must at least contain the particulars prescribed by TFEX.**

***A member may advertise the bids or offers in the trading system. However, such advertisement shall not have a binding effect on the member to buy or sell in accordance with such advertisement.**

*(*Added April 18, 2014, Force May 6, 2014)*

*(** Amended January 31, 2023, Force May 8, 2023)*

***405.02-2 Execution Price**

The execution price shall be subject to the minimum tick size as prescribed by TFEX, and subject to the maximum daily price limit stipulated in each contract specification as prescribed by TFEX. It shall also be appropriate and consistent with the market conditions of TFEX and/or of the market of the underlying asset(s), unless permission [for otherwise action] is granted by TFEX.

*(*Amended April 18, 2014, Force May 6, 2014)*

405.02-3 Trading Volume

Each trading record shall have the minimum trading volume as prescribed by TFEX. The member may not combine the trading volume of its own and/or its client's account, so that the trading volume reaches such minimum volume.

***405.02-4 Period for Recording the Trading**

Member shall record the trading into the Trading System within 15 minutes from the time of conclusion of the trade.

***Where the member is unable to record trading into the trading system within the specified period under paragraph one, the member shall enter trading into the trading system within the first 15 minutes of the next trading session where TFEX allows entry of trading by means of Block Trading Transaction.**

*(*Amended May 25, 2011, Force June 20, 2011)*

***405.02-5 Types of seller and buyer**

(Cancelled January 31, 2023, Force May 8, 2023)*

405.02-6 Amendment or Cancellation of the Recording of Trading

The amendment or cancellation of the recording of trading by a member for its own trading account, or for its client, shall be in accordance with the criteria, conditions and procedures prescribed by TFEX.

*(*Amended November 5, 2010, Force November 8, 2010)*

***405.03 Exchange of Futures for Physicals**

Exchange of futures for physicals can only be done for the futures as prescribed by TFEX. The physicals to be delivered must be the same type of physicals, and of approximate amount of the physicals of futures requested for exchange of futures for physicals, and the delivery must be done within appropriate time after the exchange of futures for physicals.

The member who wishes to undertake the exchange of futures for physicals shall request permission from TFEX in accordance with the rules, conditions and procedures prescribed by TFEX. The provision of Rule 405.02 shall apply *mutatis mutandis* to the exchange of futures for physicals, except where TFEX prescribes otherwise.

In the case that the member undertake the exchange of futures for physicals without complying with the rules prescribed by TFEX, or there is a reason to believe that such trading transaction is a result of trading abuse, TFEX may consider punishing the member and ordering such member to execute the opposite transaction of such transaction.

*(*Amended April 1, 2019, Force April 5, 2019)*

***405.04 Trading for the Purpose of Equalizing the Delivery of commodity**

Trading for the purpose of equalizing the Delivery of commodity can only be conducted by the Delivery Equalizer at the price, amount, during the sessions and in accordance with the conditions prescribed by TFEX, and the rule in 405.02. Recording of the Trading By Way of Block Trading Transaction shall apply to trading for the purpose of equalizing the delivery *mutatis mutandis*.

In an event the Delivery Equalizer conducted trading for the purpose of equalizing the Delivery of commodity without complying with the criteria and conditions prescribed by TFEX in paragraph one, TFEX will deem such trading transaction does not constitute trading for the purpose of equalizing the delivery.

*(*Amended August 23, 2017, Force September 4, 2017)*

***406 Binding Effect of the Order and the Trading**

406.01 Binding Effect of the Order

Each order shall be a definite order which is binding upon the member who makes such order, unless such order is amended or cancelled in accordance with regulation 405.01-7.

406.02 Binding Effect under the Derivatives Contract

Trading under regulation 404 (1) shall bind the member who makes the order, when the trading system automatically matches the bid and the ask based on the price and time priority.

In the case of trading under regulation 404 (2), such trading shall have a binding effect when the trading system sends the confirmation of the trade to the buying and selling member.

Trading under paragraph one and paragraph two shall constitute a binding contract upon the person making the bid, and the person making the ask, or the person making the trade, for the derivatives contract at the time recorded in the trading information kept by TFEX via the computer system.

*(*Amended November 5, 2010, Force November 8, 2010)*

407 Amendment or Cancellation of Trading Transactions

407.01 Amendment of Trading Transactions

Amendment of a trading transaction shall be made in accordance with the rules, conditions and procedures prescribed by TFEX.

***407.02 Cancellation of Trading Transaction**

Where any trading causes the execution price of the derivatives contract to deviate from the normal market conditions, or there is reasonable cause to believe that such trading results from inappropriate trading behavior, or TFEX deems that the trading may affect the trading conditions or cause the execution price to deviate from the normal market conditions, TFEX may cancel, or the member may request TFEX to cancel, such trading transaction.

The member, who requests TFEX to cancel the trading transaction under paragraph one, shall submit an application to TFEX and comply with the criteria, conditions and procedures prescribed by TFEX.

*(*Amended November 5, 2010, Force November 8, 2010)*

407.03 Responsibility and Action of Members

In the case that a member makes a mistake in its execution of trading for another person and such mistake cannot be rectified or such trading transaction cannot be cancelled, the member must take responsibility by transferring such erroneous trading transaction to its own trading account.

***408 Novation Process**

When the matching takes place in the trading system, or the confirmation of trading is received from the trading system, and there is no cancellation of any trading transaction, TCH shall immediately be bound by, or become the counterparty to, the derivatives contract in accordance with the criteria prescribed by TCH.

*(*Amended November 5, 2010, Force November 8, 2010)*

409 Derivatives Clearing

A member shall carry out a clearing under the derivatives contracts in accordance with the trading transaction that has taken place to TCH or through a member of TCH who acts as a derivatives clearing agent for such member in accordance with the rules and procedures prescribed by TCH.

410 Member's Operations Relating to the Trading

410.01 Recording of Information and Keeping of Documents Relating to the Trading

Members must record information and keep documents relating to the trading in complete order and in an up-to-date condition in accordance with the rules prescribed by the Office of SEC.

410.02 Supervision of Trading

For the purpose of preventing and halting unfair acts relating to derivatives contracts as well as the trading of derivatives contracts in an inappropriate manner, a member shall not do any acts of the following descriptions either in its capacity as an agent or in its own name:

(1) To trade in or submit an order, buy or sell or submit an order to buy or sell a commodity, or take any action in connection with a variable with an intent to maintaining the price of derivatives contracts at a level in contradiction to normal market conditions, or to cause the price of any derivatives contracts to rise or fall in contradiction to normal market conditions, or in a manner that results in or is likely to result in the maintenance of the price of derivatives contracts at a level in contradiction to the normal market conditions, or causes or is likely to cause the execution price of any derivatives contracts to rise or fall in contradiction to normal market conditions, unless such action is taken in good faith to protect its rightful interest.

(2) To take action with an intent to unduly seeking benefit from a derivatives position either for itself or for another person, to corner, dump, control or take any action in connection with a commodity underlying any derivatives contracts which results in a significant increase or decrease in the amount of commodity deliverable under such derivatives contracts.

(3) To make or disseminate any statement or make a representation which is false or might be misleading in materiality in connection with derivatives contracts, a commodity or a variable, if at the time of making or disseminating such statement or making such representation, it knows or should know that such statement or representation is false or might be misleading in materiality and that such act induces or is likely to induce other persons to trade in derivatives contracts, or causes or is likely to cause the price of any derivatives contracts to rise or fall, or results in or is likely to result in the maintenance of price level of derivatives contracts.

(4) To make any forecast regarding derivatives contracts, a commodity or a variable by distorting a fact or information which forms the basis of such forecast, or knowingly using false information as the basis of such forecast, or neglect to consider the truthfulness of the information, and such act will or is likely to induce other persons to trade in derivatives contracts, or will or is likely to cause the price of any derivatives contracts to rise or fall, or will or is likely to result in the maintenance of the price level of derivatives contracts.

(5) To disseminate any statement which signifies that the price of any derivatives contracts will or is likely to rise or fall, or which results in or is likely to result in the maintenance of price level of derivatives contracts because there is an act under (1), (2), (3) or (4) whereby such member is the person who commits the act under (1), (2), (3), or (4) or who receives or will receive any consideration or benefit in connection with the dissemination of such statement.

(6) Other conduct in the trading of derivatives contracts as well as any other acts as prescribed by TFEX.

***410.03 Process In Case That A Client Breaches TFEX Regulation**

If the bid or ask of any client has a characteristic that breaches or is contradictory to TFEX's Regulations, circular letters or orders, or that may cause damages to the working of the Trading System, Member's operation, TFEX's operation, or market as a whole, the Member must proceed with one or several of the following:

- (1) inform the client not to record the bid or ask with such characteristic into the Trading System;
- (2) cancel the client's bid or ask with such characteristic;
- (3) suspend the trading service [provided to]the client via any trading channel.

In the case that the Member fails to comply with paragraph one, TFEX may suspend the trading service via any channel of the Member.

*(*Amended March 31, 2010, Force April 1, 2010)*

411 Stipulation of Position Limit and Reporting on Derivatives Position

411.01 Stipulation of Position Limit

TFEX may stipulate the position limit that can be held by a person for derivatives contracts of any type or several types collectively by specifying it in the contract specification of each type of derivative.

The position limit for derivatives contracts of an omnibus account shall be equal to the position limit that a person may hold as prescribed in the contract specification, unless the member can cause its client to provide TFEX with information and documents and evidence that can assure or prove the identity of the client under such account.

For the purpose of supervising trading, TFEX may announce a change of the position limit that can be held by any person under the first paragraph as deemed appropriate.

411.02 Determination of Derivatives Position

In the determination of any person's derivatives position, all trading accounts of such person and/or related persons including all trading accounts under which such person is a beneficiary shall be combined.

411.03 Action When the Position Exceeds the Limit Prescribed in Contract Specification

(1) In the case that a member holds a derivatives position in excess of the limit stipulated in the contract specification, the member shall give notice thereof to TFEX immediately and close out its derivatives position that exceeds the limit stipulated in the contract specification in accordance with the rules prescribed by TFEX.

(2) In the case that a client holds a derivatives position in excess of the limit stipulated in the contract specification, the member shall notify the client to close out the derivatives position that exceeds the limit stipulated in the contract specification. If the client fails to do so, the member shall close out the position of such client and give notice of such action to TFEX immediately.

(3) In the case that the member or the client fails to close out its derivatives position according to (1) or (2), TFEX may close out the member's or the client's position or request TCH to close out or transfer its position or take any other action as deemed appropriate whereby the member or client who holds the derivatives position in excess of the stipulated limit must be

responsible for any loss and expense that arise from the action taken for the purpose of closing out such derivatives position.

***411.04 Request for Permission to Hold Derivatives Position in Excess of the Limit Stipulated in Contract Specification (Position Exemption)**

TFEX may consider granting a position exemption to a member or client for the purpose of risk hedging or for any other purposes as TFEX considers appropriate. The request for a position exemption must be in accordance with the rules and procedures prescribed by TFEX.

TFEX may prescribe qualifications and conditions for registration of a Hedger as well as the position limit of such person differently depending on the types of derivatives contracts in accordance with the rules and procedures prescribed by TFEX

A person who is granted a position exemption from TFEX under the first and second paragraph shall report information according to the rules prescribed by TFEX.

(Amended February 22, 2017, Force, February 22, 2017)*

411.05 Reporting on Derivatives Position (Reportable Position)

TFEX may require a member to report a derivatives position in its own account or that of its client when the member or its client holds a derivatives position at an amount stipulated in the contract specification. Such report shall be in accordance with the rules and procedures prescribed by TFEX.

TFEX may require a member to report additional information concerning its own derivatives position or that of or its client for the purpose of the supervision of trading by TFEX.

***412 Circuit Breaker in the Trading of Derivatives Contracts**

TFEX may consider implementing the circuit breaker measure in the trading of each type of derivatives contracts as it deems appropriate.

(Amended August 24, 2008, Force August 31, 2008)*

***413 Trading via the Internet System**

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(Cancelled March 31, 2010, Force April 1, 2010)*

***414 Trading Through the DMA (Direct Market Access) System**

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(Cancelled March 31, 2010, Force April 1, 2010)*
