

## **US regulations that FCMs must be aware of when marketing**

### **TAIFEX products to US customers**

#### **1. Preface**

The Commodity Futures Trading Commission (CFTC) granted Part 30 exemption to TAIFEX members on March 23, 2007. The exemption went into effect on March 28 after its publication in the US Federal Register. It allows FCMs in Taiwan that have completed the legal procedures required by the Part 30 exemption to market TAIFEX products to US customers.

#### **2. The CFTC Part 30 application**

The grant of a Part 30 exemption was predicated on the fact that Taiwan's futures-related regulations and systems are in line with US regulations designated by Part 30. These include regulations covering capital limits on FCMs, marketing by FCMs, information disclosure, protection of client accounts, bookkeeping management, sales, and supervision of FCMs. The Part 30 exemption requires that FCMs from Taiwan abide by the relevant TAIFEX rules and regulations. For example, overseas Chinese or foreign nationals who trade futures in Taiwan must designate a Taiwanese representative to open a futures account, exercise futures-trading-related rights, apply for exchange settlement, and pay taxes. In addition, overseas Chinese, foreign nationals, and mainland-area investors who trade futures in Taiwan must designate an FCM or a bank approved by the FSC to provide custodial services to act as their agent and to handle matters related to futures trading, such as clearing, settlement, and the reporting of relevant information.

In addition, FCMs in Taiwan who wish to apply for Part 30 exemption to market TAIFEX's products to US customers must first register with the National Futures Association (NFA) and appoint a receiver.

The "US investors" with whom Taiwan's FCMs may conduct business are US companies, institutions, and nationals.

#### **3. Registering with the NFA**

Taiwan's FCMs must register with the NFA, submit their application, and appoint a receiver.

The application must include:

- (1). A statement that the FCM is not registered in the US.
- (2). A statement that the FCM agrees to be bound under US jurisdiction and appoint a receiver in the US.
- (3). A statement that the FCM agrees to provide relevant trading information when requested to do so by the CFTC or US department of Justice.
- (4). A statement that the FCM's employees are qualified under Commodity Exchange Act 8(a)2.
- (5). A statement that the FCM agrees to be subject to the NFA's arbitration system to resolve Part 30-related disputes with customers.
- (6). A statement that the FCM shall abide by the futures-related rules and regulations of Taiwan.

According to the NFA, as of November 2023 Taiwan's registered FCMs include:

**Exempt Foreign Firm Information**

NFA ID	List	START DATE
0389667	CAPITAL FUTURES CORP	9/28/2007
0387085	FUBON FUTURES CO LTD	7/25/2007
0383719	JP MORGAN SECURITIES TAIWAN LIMITED	7/30/2007
0420604	MERRILL LYNCH SECURITIES TAIWAN LIMITED	5/7/2010
0435276	MORGAN STANLEY TAIWAN LIMITED	10/5/2011
0383723	SINOPAC FUTURES CORP	7/12/2007
0383722	YUANTA FUTURES CO LTD	6/20/2007

**Total Firms: 7**

**4. Products which can be marketed to US customers**

As of January 2024, Taiwan's FCMs may market the following products to US customers:

Products	Underlying(s)
TAIEX Futures	Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX)
Mini TAIEX Futures	Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX)
Finance Sector Index	TAIEX Finance and Insurance Sub-Index

Products	Underlying(s)
Futures	
Non-Finance Non-Electronics Sub-Index Futures	Taiwan Stock Exchange Non-Finance Non-Electronics Sub-Index
TPEX Stock Index Futures	Taipei Exchange Capitalization Weighted Stock Index
TPEX 200 Futures	TPEX 200 Index
TOPIX Futures	Tokyo Stock Price Index (TOPIX)
DJIA Futures	DJIA (Dow Jones Industrial Average®) Index
S&P 500 Futures	S&P 500® Index
Nasdaq-100 Futures	Nasdaq-100 Index®
FTSE® 100 Futures	FTSE® 100 Index
TIP Taiwan BIO Futures	TIP Taiwan Market Biotechnology and Medical Care Index
Mini Finance Sector Index Futures	TAIEX Finance and Insurance Sub-Index
PHLX Semiconductor Sector Futures	PHLX Semiconductor Sector™ Index
Mini-TAIEX Flexible Futures	Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX)
TAIFEX NT Dollar Gold Futures	Gold with a purity of 0.9999
TAIFEX Gold Futures	Gold with a purity of 0.995
Brent Crude Oil Futures	Brent Crude Oil
USD/CNT FX Futures	USD/ RMB(Renminbi) FX rate
USD/CNH FX Futures	USD/ RMB(Renminbi) FX rate
EUR/USD FX Futures	EUR/USD FX rate
USD/JPY FX Futures	USD/JPY FX rate
GBP/USD FX Futures	GBP/USD FX rate
AUD/USD FX Futures	AUD/USD FX rate