

Chinese National Futures Association  
Guidelines for Anti-Money Laundering and Countering Terrorism Financing  
for Futures Trust Enterprises and Managed Futures Enterprises (Template)

Approved by Financial Supervisory Commission per letter  
Jin-Guan-Zheng-Fa-Zi-0980009565 dated March 16, 2009.

Passed in the 11th Joint Session of 3th-term Directors and  
Supervisors' Meeting on April 27, 2012.

Approved by Financial Supervisory Commission per letter  
Jin-Guan-Zheng-Fa-Zi-1010020800 dated May 10, 2012.

Passed in the 2nd Joint Session of 4th-term Directors and  
Supervisors' Meeting on October 18, 2013.

Approved by Financial Supervisory Commission per letter  
Jin-Guan-Zheng-Chi-Zi-1020044329 dated November 12,  
2013.

Passed in the 6th Joint Session of 4th-term Directors and  
Supervisors' Meeting on April 11, 2014.

Approved by Financial Supervisory Commission per letter  
Jin-Guan-Zheng-Fa-Zi-1030015225 dated June 17, 2014.

Passed in the 13th Joint Session of 4th-term Directors and  
Supervisors' Meeting on June 12, 2015.

Approved by Financial Supervisory Commission per letter  
Jin-Guan-Zheng-Fa-Zi-1040024894 dated July 13, 2015.

- I. These Guidelines are formulated in accordance with Article 6 of the *Money Laundering Control Act*, Article 33, Paragraph 3 of the *Regulations for Futures Trust Enterprises*, Article 8, Paragraph 3 of the *Regulations for Managed Futures Enterprises* and the *Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Securities and Futures Sector*.
- II. Things to note in undertaking anti-money laundering and countering terrorism financing (AML/CFT) operation:
  - A. Things to note when customers subscribe futures trust funds (hereinafter the "funds") or request discretionary futures trading services:
    1. When accepting a customer's application for fund subscription or discretionary futures trading services the first time, Company employees shall ask the customer to provide the following documents for verification:
      - (1) In case of fund subscription application from a natural person customer who is a ROC national, ask the customer to provide his/her national identification (ID) card, except that household registration certificate may be used in lieu thereof for applicants who are less than 14 years old and who have not applied for a national ID card; and in case of a foreign national applicant, ask the customer to provide his/her passport. However, if the customer is a minor over 7 years of age, the national ID card or passport of the customer's legal agent shall be attached. For customers who have been declared by a court to be placed under assistance where such declaration is not yet voided, the assistant's letter of consent along with his/her national ID card or passport shall be attached. For customers under 7

years of age or subject to a declaration of interdiction where such declaration has not been voided, their legal representatives shall express and receive intent on their behalf and the national ID card or passport of such legal representative shall be attached. However, beginning November 23, 2009, Company employees shall not accept fund subscription applications from minors or adults who are declared by a court to be placed under guardianship where such declaration has not been voided, or from their guardians on their behalf.

- (2) For natural person customers applying for discretionary service, the customer must be at least 20 years of age and, in case of a ROC national, provide his/her national ID card; and in case of a foreign national, provide his/her passport. For applications made by an agent, the agent must present the identification papers of both the agent and the customer as well as a power of attorney personally signed or sealed by the customer. However, in case of adult customers who have been declared by a court to be placed under assistance where such declaration is not yet voided, the assistant's letter of consent along with his/her national ID card or passport shall be attached. In case of adult customers who are subject to a declaration of interdiction where such declaration is not yet voided, their legal representatives shall express and receive intent on their behalf and the national ID card or passport of such legal representative shall be attached. However, beginning November 23, 2009, Company employees shall not accept applications for discretionary service from adults who are declared by a court to be placed under guardianship where such declaration has not been voided, or from their guardians on their behalf.
  - (3) In case of customers who are a legal person or other entities, the authorized person shall be asked to present a power of attorney issued by the customer, the identification papers of the authorized person and of the legal person's representative, and registration documents, official documents or relevant support documents of the customer. However, proof of tax payment alone cannot be used as basis for account opening.
  - (4) Except for power of attorney where the original shall be retained, the Company should keep photocopies of the documents provided by the aforementioned customers for record.
  - (5) The Company does not keep anonymous accounts or accounts in fictitious names, nor accept applications for fund subscription or discretionary service through such accounts.
2. When handling businesses set out in Subparagraph 1 hereof, ask the customer to specify in the application form their reasons or purposes for applying for fund subscription or discretionary service. If the customer applies for the subscription or discretionary service by delivering cash in person, ask the customer to show two identification documents, and except for power of attorney where the original shall be retained, keep photocopies of the other documents provided for future reference. For verification purpose, customers shall be asked to provide the following documents:
- (1) In case of a natural person customer who is a ROC national, ask the customer to provide his/her national ID card, except that household registration certificate may be used in lieu

thereof for applicants who are less than 14 years old and who have not applied for a national ID card as provided in Item (1) of the preceding subparagraph, and in addition, other viable forms of identification, such as national health insurance card, passport, driver's license, student ID, household registration transcript, or other viable ID documents. In case of foreign nationals, ask the customer to provide passport and documents such as resident permit or other identification documents. However, in the event of any circumstance under Items (1) and (2) of the preceding subparagraph, such circumstance shall be dealt with pursuant to each respective proviso.

- (2) In case of customers who are a legal person or other entities, ask the authorized person to present a power of attorney issued by the customer, the identification papers of the authorized person and of the legal person's representative, and registration documents, official documents or relevant support documents of the customer, and in addition, the minutes of board meetings, articles of incorporation, or financial statements before the application for subscription or discretionary service may be accepted. However, proof of tax payment alone cannot be used as basis for account opening.
  - (3) The second identification paper in addition to national ID card, passport and registration documents described above shall have identifying power. The list of organizations, schools or entities may be accepted as the second identification paper only if it can verify the identity of the customer. If a customer refuses to provide a viable second identification paper, their application shall be politely declined or accepted after their identity is verified.
3. When examining the identification documents of customers and authorized persons, Company employees shall pay attention to applications for subscription or discretionary service made in pseudonym, borrowed identity, or via a bogus business entity or bogus corporate entity. Applications shall be politely declined if forged or altered identification documents are used; or suspicious or illegible documents or data are provided, or the applicant refuses to provide other supporting data or the documents provided cannot be verified; or the customer unreasonably stalls the provision of additional identification documents; or there are other irregular circumstances at the time of application for which the customer fails to provide a reasonable explanation.
  4. In case of application for subscription or discretionary service via an agent or authorized person, Company employees shall examine the appointment or authorization document as required and the identification documents of the customer and agent and dutifully verify the fact of appointment or authorization and identity information, and create a datafile on the detailed identity information of the customer and their agent. If necessary, Company employees should confirm with the customer by phone, in writing or by other appropriate means. In case the verification effort encounters difficulty, such type of application should be politely declined. For applications for subscription or discretionary service via an agent or authorized person, if the account is found suspicious after opening account, re-verification should be carried out by phone, in writing, by onsite visitation or other appropriate means.

5. For discretionary futures trading, the customer's financial status shall be thoroughly understood based on the information provided in customer datasheets. If necessary, ask the customer to provide support documents or conduct onsite visitations. If the status and income of a customer are apparently incompatible or if the sources of their funds are unspecified, particular attention shall be paid to suspicious money laundering activities.
6. Company employees should ascertain whether a customer is well-known political figure in a foreign country. If so, appropriate management measures shall be taken and regularly reviewed. If assessment indicates suspicious signs of money laundering, Company employees shall save the transaction records and support documents and report to the Investigation Bureau, Ministry of Justice.
7. The customer due diligence (CDD) measures for legal person customers shall include reasonable measures to ascertain if the customer is an agent of others or the actual beneficial owner, to inquire about the nature of their business and trading purposes and to review existing customers.
8. For a single subscription application in excess of NT\$500,000 (including equivalent foreign currencies) which is paid in cash, or in case of other suspicious money laundering activities, Company employees should thoroughly verify the identity of the customer and ask the customer to provide documents set out in Subparagraph 1 hereof, and in addition, record the name, date of birth, phone number, trading account number, trading amount, and identification document number of the customer. However, if it can be confirmed that the customer is the holder of the trading account, identity verification may be waived, provided that it shall be specified in the transaction records that trading is done by the account holder. If trading is conducted by an agent, the identity of the customer shall be confirmed based on identification documents such as national ID card or passport provided by the agent. In addition, the name, date of birth, home address, phone number, trading account number, trading amount and identification document number of the customer shall be recorded. The confirmation records, transaction records and support documents shall be retained in original formats for at least five years.
9. In the event of the following signs of suspicious transactions, a futures trust enterprise shall verify the identity of the customer, save the transaction records and support documents, and report to the Investigation Bureau, Ministry of Justice:
  - (1) The customer pays in cash but avoids providing previous transaction records or relevant documentation.
  - (2) The customer suddenly makes a large sum subscription (redemption) that is more than ten times the regular average trading amount, followed by quick redemption (subscription), and the transaction differs significantly from the customer's past trading level or patterns and does not appear to be commensurate with the customer's status or income, or there are no reasonable reasons for such transaction.
  - (3) The customer makes successive subscriptions in smaller amounts, followed by redemption

in one large-sum transaction or successive dispersed transactions which differs significantly from the customer's regular transaction pattern.

- (4) Subscription or redemption is made by persons other than the customer or by the same customer on behalf of or in the name of or through the accounts of several other customers.
  - (5) Other obviously irregular trading activities regardless of the trading amount or whether the transaction is completed or not, or other suspicious circumstances as identified by the employees.
10. When payment for subscription or discretionary service is remitted from a country or territory that is designated by international organizations on anti-money laundering and countering terrorism financing (AML/CFT) as a country or territory with serious deficiencies in its AML/CFT regime, and from other countries or regions that do not or insufficiently comply with the recommendations of international organizations on AML/CFT as advised by the competent authority and such transaction does not appear to be commensurate with the customer's status and income, the transaction shall be regarded as a suspicious transaction and reported in accordance with the requirements for reporting suspicious money laundering transactions under Point III herein.
  11. Where the trader or ultimate beneficiary of a subscription or discretionary transaction is a terrorist or terrorist group as advised by the competent authority based on information provided by foreign governments, or a terrorist organization identified or investigated by an international organization against money laundering; or where the fund for the transaction is suspected to be linked or it is reasonable to suspect that the transaction is linked with a terrorist activity, terrorist organization or terrorism financing, such transaction shall be regarded as a suspicious transaction and reported in accordance with the requirements for reporting suspicious money laundering transactions under Point III herein.
  12. For individuals implicated in special or major cases reported in the media such as TV, newspaper, magazine or the Internet, particular attention shall be paid to subscription or discretionary transactions made by those individuals to discover any money laundering attempt.
  13. For other matters that shall be noted in handling fund subscription or discretionary futures trading, the internal operating rules and procedures of the Company shall be followed.

B. Things to note after fund subscription:

1. For customers making a single cash subscription in excess of NT\$500,000 (including equivalent foreign currencies) or suspected to be engaging in money laundering, re-verify their identity (in a manner set out in Point II.A.2) and save the verification records and transaction records.
2. Pay particular attention if the cash transaction between a customer and the Company has any of the following circumstances:
  - (1) The customer subscribes or redeems the same fund on the same business day cumulatively

in excess of NT\$500,000 (including equivalent foreign currencies), and such transaction does not appear to be commensurate with the customer's status and income.

- (2) The customer subscribes or redeems the same or different funds in several transactions at one time at the same entity cumulatively in excess of NT\$500,000 (including equivalent foreign currencies), and the transaction amounts involved do not appear to be commensurate with the customer's status and income.
  - (3) The values of each subscription or redemption are comparable and with not much time difference in between.
  - (4) The subscription payment is derived from inward remittance from certain regions (non-cooperative countries) with redemption taking place within five business days or an outward remittance from Taiwan directly to such regions is requested, and the transaction does not appear to be commensurate with the customer's status and income. The countries or economies enumerated in this paragraph will be updated based on the list of non-cooperative countries or regions released by the Financial Action Task Force (FATF). The Company will take its own initiative to download and update the list of non-cooperative countries or regions from the FATF's website ([www.fatf-gafi.org](http://www.fatf-gafi.org)). The Company is not required to file with the competent authority in charge of the industry when it modifies these Guidelines for the sole purpose of updating the lists of non-cooperative countries or regions or designated terrorist organizations.
  - (5) Subscription or redemption is frequently carried out on behalf of customers or through different third parties.
  - (6) Other apparently irregular trading activities.
3. Continuously watch and review periodically the transaction reports of customers, and establish the trading pattern of each customer to serve as the reference for examining irregular transactions or identifying suspicious transactions. When having doubts about the veracity or adequacy of previously obtained customer identification data, re-verify customer's identity.
4. Ongoing monitoring of accounts and transactions:
- (1) The Company shall conduct ongoing due diligence on the business relationship with customers and scrutinize transactions undertaken throughout the course of the relationship to ensure that the transactions being conducted are consistent with the Company's knowledge of the customer, the customer's business and risk profile, and where necessary, on the source of funds.
  - (2) The Company shall periodically review the adequacy of customer identification information obtained in respect of customers and beneficial owners and ensure that the information is kept up to date.
  - (3) The Company may rely on customer identification and verification steps already undertaken and data on file without repeatedly identifying and verifying the identity of each customer every time a customer conducts a transaction unless the Company has

doubts about the veracity of customer information. For example, when a customer's transaction is suspected of being involved in money laundering or financing terrorism, or where there is a material change in the way that the customer's account is operated that is not consistent with the customer's business profile, the customer's identity should be re-verified.

- (4) The Company shall conduct customer due diligence (CDD) on existing customers based on the customer's materiality and risk profile, and conduct due diligence on such existing relationships at appropriate times, taking into account when CDD was previously conducted and the adequacy of data obtained.

C. Things to note after the signing of discretionary service agreement

1. Re-verify the identity of customers (in a manner set out in Point II.A.2) and save the customer application form and datasheets.
2. In case of any of the following circumstances after a customer has signed a discretionary futures trading agreement, notify the custodian entity for the discretionary futures trades to watch for signs of money laundering as indicated by cash flows in and out of the discretionary account, and re-verify the customer's identity, examine the customer's dealings, and save the transaction records and support documents, and if money laundering is suspected, report to the Investigation Bureau, Ministry of Justice.
  - (1) It is found that there is no such customer.
  - (2) The customer denies that he/she has signed a discretionary futures trading agreement.
  - (3) Statements or other documents mailed to the customer are returned by the post office due to "no addressee found."
  - (4) Sufficient evidence or facts exist that lead to the conclusion that the customer's account is a dummy account used by others.
  - (5) The customer's application documents contain falsified or misrepresented information.
  - (6) After signing the discretionary futures trading agreement, the customer swiftly terminates the contract without justified reasons.
  - (7) The customer adds large sum of funds or multiple small amounts of funds into the account during the term of the discretionary futures trading agreement where such funds do not appear to be commensurate with the customer's status and income.
  - (8) The customer requests to reduce discretionary funds during the term of the discretionary futures trading agreement without justified reasons.
  - (9) The customer shows irregularities by frequently increasing or reducing his/her discretionary funds during the term of the discretionary futures trading agreement.
3. During the term of a discretionary futures trading agreement, keep in touch with the customer and watch and grasp the customer's financial status from time to time. In addition, visit or interview the customer at least once every year to revise or supplement the customer

datasheets to serve as reference for examining suspicious money laundering transactions. When having doubts about the veracity or adequacy of previously obtained customer identification data, re-verify customer's identity.

4. Ongoing monitoring of discretionary futures trading agreements:

- (1) The Company shall conduct ongoing due diligence on the business relationship with customers and scrutinize transactions undertaken throughout the course of the relationship to ensure that the transactions being conducted are consistent with the Company's knowledge of the customer, their business and risk profile, including, where necessary, the source of funds.
- (2) The Company shall periodically review the adequacy of customer identification information obtained in respect of customers and beneficial owners and ensure that the information is kept up to date.
- (3) The Company may rely on customer identification and verification steps already undertaken and data on file without repeatedly identifying and verifying the identity of each customer every time a customer increases or decreases his/her assets placed under discretionary service unless the Company has doubts about the veracity of customer information. For example, when a customer's transaction is suspected of being involved in a money laundering or financing terrorism, or where there is a material change in the way that the customer's account is operated that is not consistent with the customer's business profile, the customer's identity should be re-verified.
- (4) The Company shall conduct customer due diligence (CDD) on existing customers based on the customer's materiality and risk profile, and to conduct due diligence on such existing relationships at appropriate times, taking into account when CDD was previously conducted and the adequacy of data obtained.

III. Internal control procedure for AML/CFT compliance program:

- A. For fund transactions valued above a certain threshold or suspected to be money laundering, the Company shall maintain complete and accurate transaction records and support documents for their subscription application, redemption or conversion; or in case of discretionary futures trading, the Company shall maintain transaction records sufficient to reveal all aspects of the transactions and records sufficient to confirm the identity and declaration of the customers, and in addition, act in accordance with the *Money Laundering Control Act* and the *Regulations Governing Cash Transaction Reports (CTR) and Suspicious Transaction Reports (STR) by Financial Institutions* and relevant requirements.
- B. Retention methods and duration for transaction records and retention periods
  1. For customer's discretionary transactions or a single cash transaction in excess of NT\$500,000 (including equivalent foreign currencies), the transaction records and support documents, confirmations and declaration records sufficient to reveal all aspects of transactions shall be



retained for at least five years.

2. For transactions suspected of money laundering or terrorism financing, the transaction records, confirmations and declaration records sufficient to reveal all aspects of the transactions shall be retained in their original formats for at least five years.
3. Relevant information on customers who have redeemed all of their funds or have terminated the discretionary futures trading agreement, such as photocopies of their identification documents, account information and contact information shall be retained for at least five years.
4. For cases under investigation conducted pursuant to law, if relevant confirmation records and transaction records have past their retention period, they shall still be properly retained and not be destroyed before the case is closed.
5. The Company shall pay particular attention to all complex and unusual large amount transactions which have no obvious economic or legal purposes and to all unusual patterns of transactions. The Company shall review the backgrounds and objectives of such transactions to the greatest extent possible and establish documentation of all discoveries, and retain such documentation for at least five years.
6. The Company shall maintain all necessary records on transactions, both domestic and international, for at least five years.
7. The Company shall keep all the following information for at least five years after the business relationship has ended, or after the date of the occasional transaction:
  - (1) All records obtained through CDD measures, such as photocopies or records of official identification documents like health insurance card, passport, national ID card, driver's license, student ID, household registration transcript, or similar documents.
  - (2) Account files.
  - (3) Business correspondence, including inquiries made to establish the background and purpose of complex, unusual large transactions and the results of any analysis undertaken.
- C. The following provisions shall be followed in conducting customer due diligence (CDD):
  1. The customer due diligence (CDD) measures shall include reasonable measures to ascertain if the customer is an agent of others or the actual beneficiary and to inquire about the nature of their business and trading purposes.
  2. When business relations with customers are being established or if it is suspected that customer information is not sufficient to confirm their identity, customer identity shall be confirmed based on government issued documents or other identification documents and such confirmation shall be documented.
  3. For discretionary accounts, transactions handled by professional intermediaries, or individuals or groups posing high risks to the goodwill of the futures trust enterprise or managed futures enterprise, special efforts shall be made to strengthen the verification of customer identity.

4. For customers not dealt with face to face, the customer verification procedure with the same effects shall be implemented to reduce risks.
  5. To the extent that no relevant laws are violated, if it is learned or has to be assumed that the sources of customer funds come from embezzlement or abuse of public assets, their application for subscription or discretionary service shall not be accepted.
  6. For customers whose account opening is authorized to another person or who are found to be suspicious after account opening, confirmation shall be made by phone, in writing or via onsite visitation.
- D. When the customer is a legal person or a trustee, the Company shall obtain the following information to identify the actual beneficial owners of the customer:
1. For legal persons:
    - (1) The identity of natural persons who have ultimate controlling interest in the legal person. A controlling interest means owning more than 25 percent of a company's shares or capital.
    - (2) When no natural person with controlling interest is identified or there is doubt as to whether the person(s) with controlling interest are the actual beneficial owner(s), inquire whether there are other natural persons who exercise control of the customer through other means.
    - (3) Where no natural person is identified under (1) or (2) above, take reasonable measures to verify the identity of the relevant natural person who holds the position of senior managerial officer in the legal person.
  2. For trustees: Verify the identity of trustor, trustee, trust supervisor, beneficiaries, and any other person exercising effective control over the trust.
  3. Unless otherwise provided for in the proviso of Point 5 of the *Directions Governing Anti-Money Laundering and Countering Terrorism financing of Securities and Futures Sectors*, the Company is not required to inquire if there exists any beneficial owner in relation to a customer that is:
    - (1) a R.O.C government entity;
    - (2) an enterprise owned by the R.O.C government;
    - (3) a foreign government entity;
    - (4) a public company and its subsidiaries;
    - (5) an entity listed on a stock exchange outside of R.O.C. that is subject to regulatory disclosure requirements of its principal shareholders, and the subsidiaries of such entity;
    - (6) a financial institution supervised by the R.O.C. government, and an investment vehicles managed by such institution;
    - (7) a financial institution incorporated or established outside R.O.C. that is subject to and

supervised for compliance with AML/CFT requirements consistent with standards set by the FATF, and an investment vehicle managed by such institution; or

(8) Public Service Pension Fund, Labor Insurance, Labor Pension Fund, Postal Savings of R.O.C, government fund or school fund.

4. For customers who refuse to cooperate in CDD, refuse to provide information on the actual beneficiary or who exercise control of the customer, or disincline to provide explanation on the nature and purpose of their transactions or sources of funds, a futures trust enterprise or managed futures enterprise may suspend the customer from trading or suspend or terminate business relationship with the customer.

E. The Company shall determine the extent of CDD and ongoing monitoring measures using a risk-based approach (RBA). Enhanced CDD and ongoing monitoring measures shall be adopted to those circumstances with higher risk while simplified CDD measures are allowed where a lower risk has been identified. However, simplified CDD measures are not allowed in the following circumstances:

1. Where the customers are from or in countries and jurisdictions known to have inadequate AML/CFT regimes, including but not limited to those which designated by international organizations on AML/CFT as countries or regions with serious deficiencies in their AML/CFT regime, and other countries or regions that do not or insufficiently comply with the recommendations of international organizations on AML/CFT as advised by the Financial Supervisory Commission (FSC); or
2. Where a customer or a transaction is suspected of money laundering or terrorism financing.

F. The Company shall establish an appropriate process for prudently selecting/recruiting employees, including examining the integrity of character of prospective employees and the professional knowledge required to perform their duties, especially for employees who will be responsible for performing prevention of money laundering and countering terrorism financing. In addition, attention should be paid to any potential conflict of interest between employees and their duties of preventing money laundering and countering terrorism financing.

G. The Company's internal reporting process and the procedure for reporting to designated organizations:

1. The head office shall designate personnel above (including) the rank of vice president or in comparable position to serve as the designated compliance officer in charge coordinating and supervising the implementation of the Guidelines. The designated officer shall have attended relevant money laundering control training courses, and the newly appointed officer shall attend such training courses within six months of appointment. The designated compliance officer from the head office may set up below him/her dedicated supervisors who are senior managerial officers. Each affiliate shall also designate senior managerial officer to serve as the designated supervisor to supervise work relating to money laundering control.

2. If a customer has any of the following situations, Company employees shall politely decline the customer's application for subscription or discretionary service and report to the designated supervisor:
  - (1) When informed that they are required by law to provide relevant information to verify their identity for cash transactions, the customer still refuses to provide such information.
  - (2) They coerce or attempt to coerce Company employees not to retain and create files for confirmation records, transaction records or declaration forms.
  - (3) They attempt to persuade Company employees to waive the information required for such transactions.
  - (4) They inquire about the possibility of avoiding declaration of the transaction.
  - (5) They are eager to explain that source of their funds is legal or that they are not trying to launder money.
  - (6) They insist that transactions be completed immediately without valid explanation.
  - (7) They attempt to offer benefits to Company employees to achieve the purpose of receiving services from the securities or financial institution.
3. Reporting process:
  - (1) Comply staff shall file any single cash transaction in excess of NT\$500,000 (including equivalent foreign currencies) by electronic media with the Investigation Bureau, Ministry of Justice through the head office within five business days after the transaction is completed. In case of the inability to file by electronic media with justified reasons, Company staff may file the transaction in written form with the approval of Investigation Bureau.
  - (2) Reporting of suspicious money laundering transactions:
    - a. When detecting circumstances of irregular transactions or having money laundering concerns, Company staff shall immediately report the matter to the dedicated supervisor.
    - b. Upon receipt of such a report, the dedicated supervisor shall promptly decide if it is indeed a matter that should be reported. If it is determined that such matter should be reported, the supervisor shall instruct the original staff to fill out a report immediately.
    - c. After the report is submitted to and approved by the dedicated supervisor for referral to the designated compliance officer at the head office, the designated compliance officer shall immediately report the matter to the Investigation Bureau, Ministry of Justice pursuant to relevant laws and regulations.
    - d. The reporting to the Investigation Bureau mentioned above shall be completed within ten business days from the day when the suspicious money laundering transaction is detected.
    - e. After giving general considerations of reported cases, dedicated supervisor who believes

that the case is of urgent nature shall immediately report orally to the designated compliance officer at the head office and then promptly report the matter to the Investigation Bureau by fax or by other feasible means, followed by immediate submission of a written report. However, if the Investigation Bureau replies to the Company by fax confirming the receipt of report, no submission of a written report is required. The Company shall retain the fax reply message.

- f. If the Company has filed reports with the Investigation Bureau, Ministry of Justice, the Company shall, within 15 days after the end of each fiscal year, compile the types, signs and items of suspicious money laundering transactions and case count reported in the previous year and report the information to the competent authority in charge of the industry for record and send a copy of the same to Taiwan Futures Exchange and the Chinese National Futures Association.

H. Confidentiality provisions:

1. Company employees shall maintain the confidentiality of the reporting information and messages set forth in the preceding paragraph and shall not disclose the same without authorization.
2. All reporting information and all relevant documents thereof shall be regarded as classified documents. Any unauthorized disclosure shall be dealt with pursuant to relevant laws and regulations.

I. The Company's risk control mechanism or internal control system shall include the following items:

1. The policies and procedures for identifying, assessing and managing money laundering and terrorism financing risks established in accordance with the Guidance on Assessment of Money Laundering and Terrorism Financing Risks and Formulating Related Control Programs by Futures Trust Enterprises and Managed Futures Enterprises (Appendix), and an AML/CFT program established based on said Guidance and the result of risk assessment. For branches or subsidiaries of foreign financial groups in Taiwan, the policies and procedures for identifying, assessing and managing money laundering and terrorism financing risks established in accordance with the Guidance, or the relevant policies and procedures established by the parent company, provided those policies and procedures are not less than the requirements in Taiwan and do not violate Taiwan's laws and regulations; and
2. A standard operating procedure for complying with the AML/CFT regulations, which shall be included in the self-inspection and internal audit system.

J. Periodic review as to whether internal control measures are adequate to prevent money laundering and terrorism financing:

1. The head office shall periodically review the anti-money laundering guidelines formulated and produce relevant records.
2. The types and extent of control measures adopted are commensurate with the money

laundering and terrorism financing risks and business scale.

3. In case the Company has a considerable number of branches that are widely scattered, meetings attended by relevant personnel may be held by region to discuss money laundering control operations and gather collective wisdom.

K. Audit of AML/CFT operations by the internal audit unit:

1. The Company shall incorporate the Guidelines for Anti-Money Laundering and Countering Terrorism financing into its internal control system, and the audit unit shall conduct regular audits according to the established audit guidelines and test the effectiveness of its AML/CFT program as well as the risk management quality of company operations, departments and branches.
2. If the internal auditors find any deficiencies in the anti-money laundering operations performed by Company employees, they shall prepare an audit report for submission to the designated compliance officer and the Company president for signature and approval and offer improvement suggestions for reference in on-the-job training of employees.
3. If an internal auditor intentionally conceals any material violation discovered, the responsible unit at the head office shall take appropriate actions to address the matter

L. If a futures trust enterprise or managed futures enterprise concurrently operates the business of other sectors, the guidelines for anti-money laundering and countering terrorism financing for such business shall also apply.

M. To the extent that the laws and regulations of host countries or jurisdictions so permit, the Company shall ensure that its foreign branches and subsidiaries comply with the AML/CFT measures as stringent as those in Taiwan. In the event the minimum requirements in the countries at where the head office and the branch office are located differ, the branch office shall choose the higher standard of the two jurisdictions as the basis for compliance. If there is any question as to which standard is higher, the determination of the competent authority of the country at where the parent company is located shall prevail. If the same standard as that adopted by the head office cannot be adopted because it is prohibited by foreign laws and regulations, the head office shall adopt suitable additional measures to manage money laundering and terrorism financing risks and report the situation to the competent authority in charge of the industry.

IV. Regular holding of or participation in anti-money laundering training courses:

The Company shall conduct regular on-the-job training of anti-money laundering every year or arrange for employees to attend relevant training courses or workshops to enhance their judgment and enable them to fully understand money laundering characteristics and patterns of suspicious transactions.

V. Rewards to personnel contributing to money laundering prevention:

Appropriate rewards shall be granted to the following employees who have contributed to money laundering prevention with concrete facts of contribution:

- A. Such employees have contributed to the prevention or investigation of crime by the police and prosecution due to their reporting of suspicious money laundering activities.
- B. Such employees have performed well in attending relevant local or overseas seminars on money laundering prevention or have collected and researched laws and regulations of foreign countries which provide valuable information to securities and financial institutions in their money laundering prevention activities.

VI. These Guidelines shall be implemented after being approved by the Board of Directors and shall be submitted to the competent authority in charge of the industry for record. The same shall apply to the annual review or modification thereof.

