

2018Q1 TAIFEX TOPIX Futures, Nifty 50 Futures, Gold Futures, and Domestic Equity Index Futures Institutional Liquidity Provider Incentive Program¹

1. Program Purpose

TAIFEX provides incentives to encourage institutional investors to actively participate in the TAIFEX products and provide liquidity.

2. Program Term

Effective from January 1, 2018 to March 31, 2018. Program may be evaluated and updated on a quarterly basis.

3. Eligible Participants

- Approved TAIFEX market makers
- Institutional investors: fill out the application form and E-mail to TAIFEX

4. Eligible Contracts²

- TOPIX Futures (TJF)
- Nifty 50 Futures (I5F)
- US Dollar Gold Futures (GDF)
- NT Dollar Gold Futures (TGF)
- Taipei Exchange Stock Index Futures (GTF)
- Taiwan 50 Futures (T5F)
- Electronic Sector Index Futures (TE)
- Finance Sector Index Futures (TF)

5. Programs

- (1) Rewards based on competition performance for TJF, I5F, GDF, TGF, GTF and T5F:

I. Obligations :

i. TJF

¹ This translated English document is for information purpose only. In the event of discrepancies between the English version and the Chinese version, the Chinese version shall prevail.

² Approved TAIFEX market makers shall utilize Double-sided Quote Orders to provide bid-ask quotes. Institutional investors shall utilize the combination of regular orders to provide quotes.

- a. Quote for the front month and second month contracts of TJF and daily average quote time (bid and ask order coexisting time) not less than 4 hours.

- b. Quote bid-ask spread obligations:

Contracts	Bid-ask spread
Spot month	4 ticks
Second month	6 ticks

- c. Each quote order size for TJF not less than 10 lots
- d. Daily average trading volume for TJF exceeds 25 lots

ii. I5F

- a. Quote for the front month and second month contracts of I5F and daily average quote time (bid and ask order coexisting time) not less than 4 hours.

- b. Quote bid-ask spread obligations:

Contracts	Bid-ask spread
Spot month	5 ticks
Second month	7 ticks

- c. Each quote order size for I5F not less than 5 lots
- d. Daily average trading volume for I5F exceeds 25 lots

iii. GDF

- a. Quote for the front month and second month contracts of GDF and daily average quote time (bid and ask order coexisting time) not less than 4 hours.
- b. Maximum quote bid-ask spread is 12 ticks(1 tick=0.1 points)
- c. Each quote order size for GDF is not less than 5 lots
- d. Daily average trading volume for GDF exceeds 5 lots

iv. TGF

- a. Quote for the front month and second month contracts of TGF and daily average quote time (bid and ask order coexisting time) not less than 4 hours.
- b. Maximum quote bid-ask spread is 12 ticks(1 tick=0.5 points)
- c. Each quote order size for TGF not less than 5 lots
- d. Daily average trading volume for TGF exceeds 40 lots

v. GTF

- a. Quote for the front month and second month contracts of GTF and daily average quote time (bid and ask order coexisting time) not less than 2.5 hours.
- b. Maximum quote bid-ask spread is 10 ticks(1 tick=0.05 points)
- c. Each quote order size for GTF is not less than 5 lots
- d. Daily average trading volume for GTF exceeds 5 lots

vi. T5F

- a. Quote for the front month and second month contracts of T5F and daily average quote time (bid and ask order coexisting time) not less than 2.5 hours.
- b. Maximum quote bid-ask spread is 15 ticks(1 tick=1 point)
- c. Each quote order size for T5F not less than 5 lots
- d. Daily average trading volume for T5F exceeds 5 lots

II. Measurement of Performance:

- i. Performance will be evaluated according to the length of quote time, time period, bid-ask spread and quote order size. Rewards will be given according to the ranking of performance scores.
- ii. Performance scores= $\sum \{ \text{Quote time (in seconds) for the front and second month contracts} * \text{products weights}^3 * \text{quote order} \}$

³ Products weights:

Products	Weights	Products	Weights	Products	Weights	Products	Weights
TJF	4	I5F	6	GDF 、 TGF	3	GTF 、 T5F	2

size weights⁴ * time period weights⁵ * bid-ask spread weights⁶

- iii. Performance scores of TJF and I5F= Σ (TJF Performance scores+ I5F Performance scores)
- iv. Performance scores of GDF,TGF,GTF, and T5F= Σ (GDF Performance scores+ TGF Performance scores+ GTF Performance scores+ T5F Performance scores)

III. Rewards:

A. Quote Rewards

- i. Quote Rewards for TJF and I5F : Performance scores of TJF and I5F ranking
 - 1st: NTD 150,000 (ADV 200 lots required⁷)
 - 2nd: NTD 120,000 (ADV 150 lots required)
 - 3rd: NTD 100,000 (ADV 100 lots required)
 - 4th: NTD 80,000 (ADV 50 lots required)

⁴ Quote order size weights:

TJF		GDF 、 TGF 、 GTF 、 I5F 、 T5F	
Quote order size	weights	Quote order size	weights
Over 26 lots	2	Over 16 lots	2
21-25 lots	1.5	11-15 lots	1.5
11-20 lots	1	6-10 lots	1

⁵ Time period weights:

TJF		ISF		GDF、TGF		GTF、T5F	
Time	Weights	Time	Weights	Time	Weights	Time	Weights
8:00~9:00	4	8:45~11:30	2	8:45~13:45	1	8:45~13:45	1
9:00~14:00	1	11:30~16:15	1	13:45~16:15	2		
14:00~16:15	2	16:15~18:15	4				

⁶ Bid-ask spread weights:

TJF		I5F		Wei.	GDF 、 TGF		GTF	T5F	Wei
Front Month	Second Month	Front Month	Second Month		Spread	Wei.	Spread	Spread	
4 ticks	6 ticks	4-5 ticks	5-7 ticks	1	9-12 ticks	1	8-10 ticks	12-15 ticks	1
Within 3 ticks	Within 5 ticks	Within 3 ticks	Within 4 ticks	2	6-8 ticks	2	6-7 ticks	7-11 ticks	2
					Within 5 ticks	3	Within 5 ticks	Within 6 ticks	3

⁷ Minimum average daily volume required to receive 1st place Quote Reward for TJF and I5F. For example, a participant ranked 1st but only with ADV of 200 lots, the participant can only receive NTD 150,000.

- ii. Quote Rewards for GDF, TGF, GTF, and T5F: Performance scores of GDF, TGF, GTF, and T5F ranking
 - 1st: NTD 120,000 (ADV 100 lots required⁸)
 - 2nd: NTD 80,000 (ADV 75 lots required)
 - 3rd: NTD 50,000 (ADV 55 lots required)

B. Volume Rewards :

- i. Volume Rewards for TJF and I5F: Those who receive TJF and I5F Quote Rewards with ADV greater than 100 lots (TJF +I5F. Based on ADV ranking:
 - 1st: NTD 200,000
 - 2nd: NTD 120,000
 - 3rd: NTD 80,000
 - 4th: NTD 50,000
- ii. Volume Rewards for GDF, TGF, GTF, and T5F: Those who receive GDF, TGF, GTF, and T5F Quote Rewards with ADV greater than 60 lots (GDF+TGF+GTF+T5F). Based on ADV ranking:
 - 1st: NTD 120,000
 - 2nd: NTD 80,000
 - 3rd: NTD 50,000

C. Trader Rewards:

- i. TJF Trader Rewards based on TJF performance score ranking:
 - 1st: NTD 50,000
 - 2nd: NTD 30,000
 - 3rd: NTD 20,000
- ii. I5F Trader Rewards based on I5F performance scores ranking:

⁸ Minimum average daily volume required to receive 1st place Quote Reward for GDF, TGF, GTF, and T5F. For example, a participant ranked 1st but only with ADV of 80 lots, the participant can only receive NTD 80,000.

1st: NTD 50,000

2nd: NTD 30,000

3rd: NTD 20,000

- iii. Gold Trader Rewards based on GDF and TGF performance scores ranking

1st: NTD 30,000

2nd: NTD 20,000

3rd: NTD 10,000

- iv. GTF and T5F Trader Rewards based on GTF and T5F performance scores ranking

1st: NTD 30,000

2nd: NTD 20,000

3rd: NTD 10,000

(2) Rebates based on providing quotes for TE or TF:

I. Obligations :

i. TE or TF

- a. Quote for the front month⁹ contracts and daily average quote time (bid and ask order coexisting time) not less than 3 hours.
- b. Maximum quote bid-ask spread is 7 ticks (When multiple buy and sell order exist, the best/smallest spread will be chosen).
- c. Each quote order size not less than 5 lots (When volume of buy and sell order do not equal, the smallest volume will be chosen).

II. Rebates¹⁰ :

Participants meet the obligations will receive the rebates below :

⁹ 5 days prior to the expiry of front month contract, for either the front month or the second month contract.

¹⁰ Transaction fee and clearing fee rebates may be applied to the month and one following month when quotes are provided, and will be invalid afterwards.

<u>Quote obligations</u>		<u>Electronic Sector Index Futures</u>		<u>Finance Sector Index Futures</u>	
<u>Daily average quote time</u>	<u>Time weighted quote bid-ask spread</u>	<u>Transaction fee rebates</u>	<u>Clearing fee rebates</u>	<u>Transaction fee rebates</u>	<u>Clearing fee rebates</u>
<u>Best 3 hours</u>	<u>Less than 5 ticks</u>	<u>NTD 36,000</u>	<u>NTD 24,000</u>	<u>NTD 36,000</u>	<u>NTD 24,000</u>
	<u>7 ticks</u>	<u>NTD 24,000</u>	<u>NTD 16,000</u>	<u>NTD 24,000</u>	<u>NTD 16,000</u>
<u>Best 4 hours</u>	<u>Less than 5 ticks</u>	<u>NTD 48,000</u>	<u>NTD 32,000</u>	<u>NTD 48,000</u>	<u>NTD 32,000</u>
	<u>7 ticks</u>	<u>NTD 36,000</u>	<u>NTD 24,000</u>	<u>NTD 36,000</u>	<u>NTD 24,000</u>

6. Miscellaneous

- Any self-match volume will not be aggregated once found. Participants will be disqualified if not abide by relevant rules or regulations.
- Payments will be distributed by way of remittance. TAIFEX will deduct 0.4% Stamp tax for all rewards and 10% withholding income tax for institutions or for individual winning rewards more than NTD 20,000.
- Winners must claim rewards within 1 month of TAIFEX notice, those who fail to claim by the deadline will be considered as giving up their rewards.
- TAIFEX reserves the rights to explain and amend the terms of the Program should there any matters not mentioned herein.
- TAIFEX reserves the rights in its absolute discretion to cancel, terminate, amend or suspend the Program. Such news will be announced on TAIFEX website. No individual notice will be given.
- Institutional participants may request TAIFEX to send Trader Rewards winned by their traders to their belonging institutions.
- Should any discrepancy between the Chinese version and the English Translation exist, the Chinese version shall prevail.
- TAIFEX reserves the rights to approve and reject the qualification of applying institutions.

- Participants shall provide their trading accounts (non-omnibus accounts) information by filling in the application form. For those who want to participate through an omnibus account, only when there is just one subaccount under the omnibus account then such omnibus account may be used. If there are multiple subaccounts under an omnibus account, such omnibus account shall not be used for this program.
- For more information, please refer to TAIFEX website(www.taifex.com.tw)
- For any question, please contact Trading Department:
 - Ms. Meg Chiu (megchiu@taifex.com.tw)
 - Mr. Joseph Fang (josephfang@taifex.com.tw)
 - Mr. Sean Chuang (sean@taifex.com.tw)

Taiwan Futures Exchange

Application Form - TOPIX Futures, Nifty 50 Futures, Gold Futures, and Domestic Equity Index Futures Institutional Liquidity Provider Incentive Program (Non-Omnibus Accounts)

Company Name	
FINI ID	
Trading Account	FCM ID - - - - - Account- - - - -
Contact Information	Name :
	TEL :
	E-mail :
Authorized Trader	Signature :
	Date :

TAIFEX email : megchiu@taifex.com.tw;

josephfang@taifex.com.tw; sean@taifex.com.tw

Taiwan Futures Exchange

Application Form - TOPIX Futures, Nifty 50 Futures, Gold Futures, and Domestic Equity Index Futures Institutional Liquidity Provider Incentive Program (Omnibus Accounts)

Omnibus Account	Company Name	
	FINI ID	
	Trading Account	FCM ID _ _ _ _ _ Account _____
Sub-Account (Institutional Investor)	Company Name	
	FINI ID	
Contact Information	Name :	
	TEL :	
	E-mail :	
Authorized Trader	Signature :	
	Date :	

TAIFEX email : megchiu@taifex.com.tw;

josephfang@taifex.com.tw; sean@taifex.com.tw

For those who want to participate through an omnibus account, only when there is just one subaccount under the omnibus account then such omnibus account may be used. If there are multiple subaccounts under an omnibus account, such omnibus shall not be used for this program.

**Agreement of Personal Information Usage for Registration of TOPIX
Futures, Nifty 50 Futures, Gold Futures, and Domestic Equity Index
Futures Institutional Liquidity Provider Incentive Program**

I agree that Taiwan Futures Exchange Co., Ltd is authorized to collect, process, and use my personal information after receiving my company's above application form regarding Institutional Liquidity Provider Incentive Program.

I agree that Taiwan Futures Exchange Co., Ltd is authorized to collect my personal information but the collection is limited to the name, telephone number, and e-mail address. The time period is limited from whenever I provide the information to 5 years after the end of the incentive program.

I understand that according to the regulation of Article 3 of the Personal Information Protection Act, I have the right to request Taiwan Futures Exchange Co., Ltd for review, duplication, and supplement or correction of my personal information. I also have the right to request Taiwan Future Exchange Co., Ltd to discontinue collection and possessing or usage of my personal information and delete my personal information 5 years after the end of the incentive program.

To: Taiwan Futures Exchange Co., Ltd

Client: _____(Signature)