

I. Basics

Q1: What is the purpose of the facility?

A1: The block trading facility is established to provide market participants with a more convenient way to trade large positions without price impact and execution uncertainties or delays when transacting in the regular market.

Q2: What are trading methods of Block Trade?

A2: Block trade can be done by “continuous matching” or “negotiation”.

Q3: Who are the qualified users?

A3: There are no restrictions on who may use the block trading facility as long as the order quantity meets the block trading quantity criteria.

Q4: Which products can be traded on the facility?

A4: Eligible products include TAIEX Futures (TX), Mini-TAIEX Futures (MTX), TPEX 200 Futures (G2F), TAIEX Options (TXO), Single Stock Futures (STF), Single Stock Options (STO), USD/CNH FX Futures (RHF), USD/CNT FX Futures (RTF), USD/CNH FX Options (RHO), USD/CNT FX Options (RTO), EUR/USD FX Futures (XEF), USD/JPY FX Futures (XJF), GBP/USD FX Futures (XBF), AUD/USD FX Futures (XAF), TAIFEX Gold Futures(GDF), TAIFEX NT Dollar Gold Futures(TGF), Gold Options(TGO), DJIA Futures (DJF), S&P 500 Futures (SPF), Nasdaq-100 Futures (UNF) and Brent Crude Oil Futures (BRF).

Q5: What is the minimum quantity threshold?

A5: The minimum is 50 contracts for RHF, RTF, XEF, XJF, XBF, XAF, GDF and TGF, 100 contracts for TX, MTX, RHO, RTO, and TGO, 200 contracts for G2F, TXO, STF, DJF, SPF, UNF and BRF, and 400 contracts for STO. Each component (contract/leg) of a combination order must meet the minimum quantity threshold, except for combination orders that are composed of futures and options contracts with the same underlying. In this case, only each of the options contracts shall comply with the minimum quantity threshold.

✧ Example: the following combination order is eligible because TXO and TX have the same underlying. Therefore, only TXO shall be at or above 200 lots.

Contract	Price	Buy/Sell	Lots
TXO/8000call/201308	35.5	Sell	200
TXO/7900put/201308	45.5	Sell	200
TX/201308	7937	Buy	10

II. Trading

Q1: When are the trading hours?

A1: During regular trading session:

✧ TAIEX Futures (TX), Mini-TAIEX Futures (MTX), TPEX 200 Futures (G2F), TAIEX Options (TXO), Underlying Security of a Single Stock Futures or Options Contract is a stock or a domestic component securities ETF, DJIA Futures (DJF), S&P 500 Futures (SPF), Nasdaq-100 Futures (UNF) and Brent Crude Oil Futures (BRF) : 8:45am~1:45pm;

✧ Underlying Security of a Single Stock Futures or Options

Contract is an ETF with foreign component securities or an offshore ETF, USD/CNH FX Futures (RHF), USD/CNT FX Futures (RTF), USD/CNH FX Options (RHO), and USD/CNT FX Options (RTO), EUR/USD FX Futures (XEF), USD/JPY FX Futures (XJF), GBP/USD FX Futures (XBF), AUD/USD FX Futures (XAF), TAIEX Gold Futures (GDF), TAIEX NT Dollar Gold Futures (TGF) and Gold Options (TGO) : 8:45 am ~ 4:15pm;

✧ On the last trading day,

USD/CNH FX Futures (RHF), USD/CNT FX Futures (RTF), USD/CNH FX Options (RHO), and USD/CNT FX Options (RTO): 8:45am~11:00am.

TAIEX Futures (TX), Mini-TAIEX Futures (MTX), TPEX 200 Futures (G2F), TAIEX Options (TXO), Single Stock Futures (STF) and Single Stock Options (STO) are 8:45~1:30pm.

EUR/USD FX Futures (XEF), USD/JPY FX Futures (XJF), GBP/USD FX Futures (XBF) and AUD/USD FX Futures (XAF) : 8:45 am ~ 2:00pm

TAIEX Gold Futures (GDF), TAIEX NT Dollar Gold Futures (TGF) and Gold Options (TGO) : 8:45 am ~ 4:15pm

DJIA Futures (DJF), S&P 500 Futures (SPF) and Nasdaq-100 Futures (UNF) : 8:45 am ~ 1:45pm

✧ Block trade orders are not accepted before 8:45 am.

During after-hours trading session:

- ✧ TAIEX Futures (TX), Mini-TAIEX Futures (MTX), TAIEX Options (TXO), DJIA Futures (DJF), S&P 500 Futures (SPF), Nasdaq-100 Futures (UNF) and Brent Crude Oil Futures (BRF) : 3:00pm on trading day~5:00am of the following day;
- ✧ USD/CNH FX Futures (RHF), USD/CNT FX Futures (RTF), USD/CNH FX Options (RHO),and USD/CNT FX Options (RTO) , EUR/USD FX Futures (XEF), USD/JPY FX Futures (XJF), GBP/USD FX Futures (XBF), AUD/USD FX Futures (XAF), TAIEX Gold Futures (GDF), TAIEX NT Dollar Gold Futures (TGF) and Gold Options (TGO) : 5:25pm on trading day~5:00am of the following day.
- ✧ Brent Crude Oil Futures (BRF): 3:00pm~3:30am (or 2:30am) of the following day in the last trading session.

Q2: What is daily price limits?

A2: The same as the regular market.

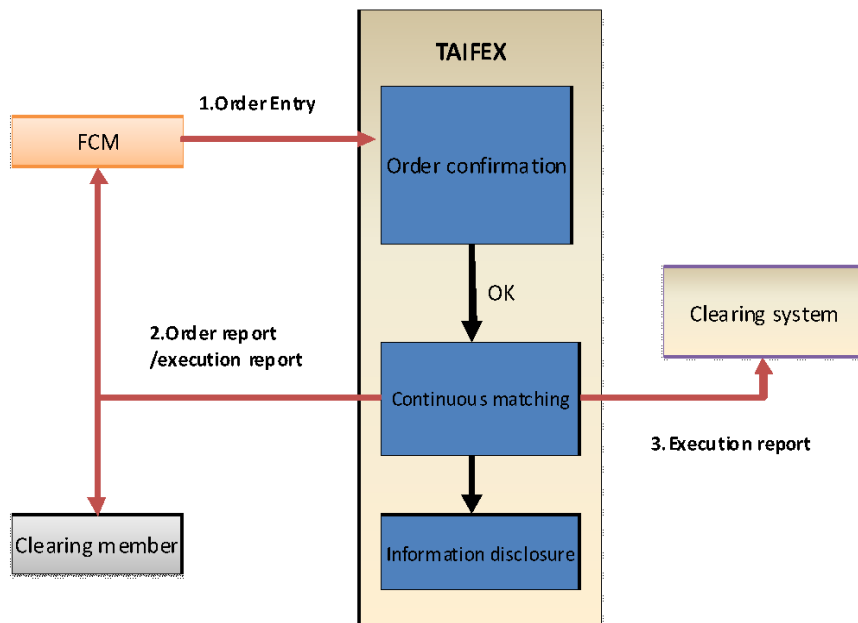
Q3: What is the Minimum Price Movement (tick)?

A3: The minimum price movement (tick) for TXO is 0.1. For the rest of the products, the same as the regular market.

Q4: What is the trading process for continuous matching block trade?

A4:

1) The trading process is the same as the regular market.



2) Order types:

- A single order consists of a single contract whilst a combination order consists of a basket of different contracts. Both orders are acceptable;
- Only limit orders are accepted, not market orders; limit orders may be further designated as fill-or-kill (FOK) or immediate-or-cancel (IOC);
- Combination orders are not placed by entering the difference between or sum of the prices of the different contracts, but by entering the price of each contract separately. In addition, combination of futures and options may be placed in one order as long as each contract meets its minimum quantity threshold. In the case of combination orders that are composed of futures and options contracts with the same

underlying, only options contracts are required to comply with the quantity criteria.

- Reducing the quantity or adjusting the price of the order is not allowed. The order must be canceled and a new one is placed.

3) Matching method:

- Block trades are matched only with other block trades;
- Single orders are matched on a continuous basis using the “price/time priority” principle: a buy order with a higher bid price has priority over that with a lower bid price; a sell order with a lower ask price has priority over that with a higher ask price. For orders placed at the same price, the priority is determined by the chronological order in which they are placed;
- In matching combination orders, the buy/sell contracts, prices, and quantities of the order must be identical to those of the counterparty’s order.

Q5: What is the trading process for negotiated block trade?

A5:

1) Trading Process

Participants privately negotiate the prices and quantities with counterparties, and then request their respective FCMs to file reports on line or through the trading system to TAIFEX for confirmations on acceptances and executions.

2) Order types:

- Both single orders and combination orders are acceptable;
- Combination orders are not placed by entering the difference between or sum of the prices of the different contracts, but by entering the price of each contract separately. In addition, combination of futures and options may be placed in one order as long as each contract meets its minimum quantity threshold. In the case of combination orders that are composed of futures and options contracts with the same underlying, only options contracts are required to comply with the quantity criteria.

3) Report filing method:

- Negotiated block trades could be executed bilaterally or multilaterally. The quantity of each contract for each trading account must meet the minimum quantity threshold. Repetitive accounts are not allowed.
- If there are more than two FCMs involved in a negotiated block trade, they should first designate one FCM to register with TAIFEX. All FCMs should complete filing details of their respective clients' trades within 10 minutes after receiving TAIFEX's confirmations on registration.
- Prior to TAIFEX confirmation of the trade, the designated FCM can apply for orders cancellation.

Q6: How can participants obtain block trade data for the trading day?

A6: Participants may access daily block trade data by means of the following:

1) TAIFEX Real-time Snapshot Quotes

(http://info512.taifex.com.tw/EN/index_home.aspx) data disclosed including:

- ① The prices and quantities of executed orders;
- ② The prices and quantities of block trades executed by continuous matching.

2) Information vendor systems:

Volume and prices of executed block trades disseminated from TAIFEX.

Q7: Is block trading data included in setting the high / low / close / settlement prices?

A7: Block trades do not affect open / high / low / close / settlement information in the regular market. However, block trade volumes will be included in all Exchange market data reporting.

Q8: Are block trades subject to position limits?

A8: Yes, block trade positions are aggregated to open interests in regular market. Positions exceeding limits will be handled in accordance with TAIFEX rules on controlling position limits. For negotiated block trade, TAIFEX will reject reports filing for trades exceeding position limits.

III. Clearing and Settlement

Q1: How does an FCM collect margin?

A1: Full margin must be collected prior to accepting block trade orders. TAIFEX's rule governing day-trading margin calculation and collection does not apply.

Q2: How does an FCM deal with block trade positions?

A2: Block trade positions will be aggregated or offset with participant's existing open interests in the regular market, depending on the agreements with the participants, SPAN can be used in calculating margin required for aggregated positions. Intraday Notice for Risky Accounts or Notice for After-hours Margin Calls will be issued should there any insufficiency of the maintenance margin. When the Risk Indicator falls below the ratio required, the FCM shall proceed to liquidate the customer's open position.